CITY AND COUNTY OF DENVER, COLORADO
2013 DISCLOSURE STATEMENT

PUBLISHED IN ACCORDANCE WITH THE SECURITIES
AND EXCHANGE COMMISSION RULE 15c2-12

For the year ended December 31, 2012

ISSUED TO FULFILL AGREEMENTS CONTAINED IN CONTINUING DISCLOSURE UNDERTAKINGS EXECUTED IN CONNECTION WITH MUNICIPAL BONDS AND OTHER OBLIGATIONS

2012 DISCLOSURE STATEMENT
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DENVER
THE MILE HIGH CITY
MICHAEL B. HANCOCK
Mayor

DEPARTMENT OF FINANCE

CARY KENNEDY
CHIEF FINANCIAL OFFICER

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September 19, 2013

Dear Reader:

Material contained in this disclosure statement has been prepared to comply with Rule 15c2-12 of the U.S. Securities and Exchange Commission and the Denver Mayor's Executive Order 114, first enacted in 1996, which further commits the City to providing ongoing information about the City's 2012 financial condition. It also contains certain post 2012 information as noted. The Disclosure Statement for the Year Ended December 31, 2012 must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR), which can be found on the City Controller's Website at www.denvergov.org/controller, or by contacting the Office of the Controller. The Disclosure Statement includes information the City has contracted to provide on an ongoing basis.

In January, 2012, the City, for and on behalf of the Wastewater Management Division of its Department of Public Works issued $50,425,000 Series 2012 Revenue Bonds for the purpose of refunding $20,350,000 of Series 2002 Revenue Bonds and funding $30,075,000 of its capital program.

In January, 2012, the City also entered into a lease purchase transaction. $13,055,000 Series 2012A-B Certificates of Participation were executed and delivered by the related trustee for the purpose of refunding 2002A-B and 2003A Certificates of Participation.

The City also entered into a lease purchase transaction in June, 2012. $45,000,000 Series 2012C1-C3 Certificates of Participation were executed and delivered by the related trustee for the purpose of funding certain rail projects related to the train line to DIA.

The City, for and on behalf of its Department of Aviation (the "Airport"), executed bond transactions in 2012 for the purpose of refunding certain Airport obligations and funding the Airport's capital program. In October, 2012, the City issued $856,205,000 of Series 2012A-C Airport Bonds for the purpose of purchasing and retiring all or portions of outstanding Series 1998A, 1998B, 2002E, 2003A-B Bonds and $56,000,000 of Commercial paper. In addition Series 2012A-C funded $347,765,000 of the Airport's capital program.

For those who seek additional information about the City's 2012 transactions or other financings, the Official Statements can be found in the files of the Municipal Securities Rulemaking Board, online at http://emma.msrb.org or may be obtained by calling the City's Debt Management offices at 720-913-5500.

As the Manger of Finance and Chief Financial Officer, I am responsible for the City's compliance with Rule 15c2-12 and Denver Mayor's Executive Order 114. Please contact my office if you have questions about the material contained within this Disclosure Statement for the Year ended December 31, 2012, or if you have any comments regarding future disclosures.

Sincerely,

Cary Kennedy
Manager of Finance, Chief Financial Officer
City and County of Denver

CITY AND COUNTY OF DENVER OFFICIALS
AS OF DECEMBER 31, 2012

Mayor
Michael B. Hancock

City Council
Mary Beth Susman, President

Albus Brooks	Paul D. Lopez
Charles V. Brown Jr.	Judy H. Montero
Jeanne Faatz	Chris Nevitt
Christopher Herndon	Deborah Ortega
Robin Kniech	Jeanne Robb
Peggy A. Lehmann	Susan K. Shepherd

Auditor
Dennis J. Gallagher

CABINET OFFICIALS

Cary Kennedy	Deputy Mayor, Manager of Finance/ *Ex-Officio Treasurer*
Adrienne Benavidez	Manager of the Department of General Services
Lauri Dannemiller	Manager of the Department of Parks and Recreation
Kim Day	Manager of the Department of Aviation
Jose Cornejo	Manager of the Department of Public Works
Doug Linkhart	Manager of the Department of Environmental Health
Alex Martinez	Manager of the Department of Safety
Penny May	Manager of the Department of Human Services
Rocky Piro	Manager of Community Planning and Development
Douglas J. Friednash	City Attorney

Clerk and Recorder
Debra Johnson

BOARD OF WATER COMMISSIONERS

Gregory Austin	President
John R. Lucero	First Vice President
Thomas A. Gougeon	Member
Paula Herzmark	Member
Penfield Tate III	Member

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THE CITY AND COUNTY OF DENVER, COLORADO

General Information

The City and County of Denver is located on the front range of the Rocky Mountains in the north-central part of the State of Colorado. Denver is the capital of the State and is the service, retail, financial, transportation and distribution center of the Rocky Mountain region. Over 2.8 million people, representing more than half of the population of the State, currently reside in the Denver metropolitan area, of which approximately 634,265 reside in the City limits.

Organization

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

Government

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

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

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

The Manager of Finance serves on the Mayor's cabinet and is responsible for the management of the City's debt and financial obligations and the appointment of the Manager of Cash, Risk & Capital Funding, Controller, Treasurer, Budget Manager and Assessor. Responsibilities for issuance of payments, payroll and other general accounting functions are performed by the Department of Finance.

In May 2011, The City held its municipal election and Michael B. Hancock was elected Mayor. As of December 31, 2012, the appointed members of the Mayor's cabinet were the following individuals:

Cary Kennedy	Deputy Mayor, Manager of Finance/Chief Financial Officer/*Ex-Officio Treasurer*
Adrienne Benavidez	Manager of the Department of General Services
Lauri Dannemiller	Manager of the Department of Parks and Recreation
Kim Day	Manager of the Department of Aviation
Jose Cornejo	Manager of the Department of Public Works
Doug Linkhart	Manager of the Department of Environmental Health
Alex Martinez	Manager of the Department of Safety
Penny May	Manager of the Department of Human Services
Rocky Piro	Manager of Community Planning and Development
Douglas J. Friednash	City Attorney

In addition to the members of the cabinet other advisers include: Chief of Staff Janice Sinden, and Deputy Chiefs of Staff Stephanie O'Malley and Evan Dreyer.

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

Budget Policy

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

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

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

Ratings

The City and County of Denver currently has the highest possible general obligation bond ratings from all three major credit ratings agencies; however, is on negative watch by Moody's. Denver is the only city or county in Colorado to hold AAA ratings from all three rating agencies.

Constitutional Revenue and Spending Limitations

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

TABOR restricts the total amount of expenditures and reserve increases (excluding changes in debt service payments) that may be made by the City for all purposes to the total amount of the preceding year, adjusted for inflation and local growth. Any excess must be refunded to citizens the next fiscal year; however, provisions of TABOR provide that voters may approve a public entity to retain excess revenues.

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

In November 2000, Denver voters approved an exemption from the TABOR limits for all non-tax revenues received by the City in Fiscal Year 1999 and thereafter. Denver voters approved an additional TABOR waiver in November 2005, which authorizes the City to exempt all non-property tax revenues received by the City in Fiscal Years 2005 through 2014, provided that the revenues retained in excess of the limits are to be appropriated for public safety, public works, parks and recreation, health care, libraries and other essential services. Thereafter, the revenue cap was to be determined by the highest excess revenue for any given year during the preceding ten fiscal year period for the years from 2005 through 2014 as adjusted for inflation and certain other factors.

On November 6, 2012 Denver voters passed ballot measure 2A that permanently removed all TABOR restrictions regarding the collection of all taxes. The measure permanently allows the City to collect, retain, and spend all lawful non-property taxes, the ability of which was set to expire in 2014. The measure also allows the collection, retention, and expenditure of all lawful property taxes.

General Fund

The General Fund is the principal operating fund of the City. Information contained in this section has been drawn from the annual financial reports of the City, the General Fund budget for the years 2012 and 2013, and information prepared by the Department of Finance.

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

The general sales tax, at the end of December 31, 2012, was a fixed-rate (3.62%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. Included in the sales tax rate is 0.12% authorized by voters to fund increased access to and quality of preschool programs for City residents. The revenue from this increase is only available for such purpose, and cannot be used for General Fund purposes. Collection started January 1, 2007. The general use tax, at the end of December 31, 2012, was a fixed-rate (3.62%) tax imposed on the storage, use and consumption of tangible personal property not specifically exempted. In practice, sales and use taxes are accounted for on a combined basis.

Property taxes are levied on all real property, personal property and public utilities within the City, except for certain property that has been specifically exempted in whole or in part. General categories of exempt property include property used for religious or charitable purposes and property owned by governmental entities. For collection years after 2008, the City made a policy change to direct a portion of its general property taxes to its Capital Improvement Project Fund (the "CIP Fund"). As part of this policy change occupational privilege taxes ("OPT" or "Head Tax") previously credited to the CIP Fund were redirected to the General Fund resulting in 100% of the OPT revenues being credited to the General Fund. These levies take into account temporary mill levy rate reductions as needed to comply with State Constitutional revenue and spending limitations. See "THE CITY AND COUNTY OF DENVER, COLORADO - Constitutional Revenue and Spending Limitations."

The table below reflects the mill levy portion that was redirected to the CIP fund in exchange for the OPT tax being credited to the General Fund.

Property Tax Mill Levies

Collection Year	2009	2010	2011	2012	2013
To General Fund	6.389	5.867	6.174	7.174	10.61[1]
Redirected to CIP Fund	2.35	2.17	2.281	2.631	2.752
Total	8.739	8.037	8.455	9.805	13.362

1 The increase in General Fund mill levies in 2013 is the result of passage of ballot measure 2A that permanently removed all TABOR restrictions regarding the collection of taxes. See "THE CITY AND COUNTY OF DENVER, COLORADO - Constitutional Revenue and Spending Limitations."

The OPT is levied on each employee, with certain exemptions, earning $500 or more per month who performs services within the City for an employer for any period of time. Proceeds are used to partially compensate for the City's services as an employment center. OPT revenues accounted for approximately 5.0% of total annual General Fund revenues from 2008 through 2012.

Other amounts collected by the City and accounted for in the General Fund include the lodgers' tax, prepared food and beverage tax, short-term car rental tax, the automobile ownership tax, franchise fees and the telecommunications business tax. A portion of the lodgers, car rental and prepared food and beverage taxes are pledged towards debt service on excise tax revenue bonds of the City. The lodgers' tax is levied on the purchase price of hotel, motel and similar temporary accommodations in the City. The automobile ownership tax is levied on all motor vehicles registered with the City's Division of Motor Vehicles and is based on the age and value of the vehicle. Franchise fees include the utility franchise fees imposed upon Xcel Energy for its franchise to serve customers in the City and the franchise fee imposed on Comcast for operation of its cable television franchise within the City. The telecommunications business tax is imposed on providers of local exchange telecommunication service based upon the number of local service lines.

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

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

Major Expenditure Categories. The General Fund accounts for all expenditures normally associated with basic municipal functions. Expenditures under the General Fund include General Government, Public Safety, Public Works, Health, Parks and Recreation, and Cultural Activities. The largest portion of the 2012 expenditure Budget (49.5%) was allocated to Public Safety, which is primarily responsible for administering police, fire and the sheriff's departments services. For the 2013 enacted Budget, Public Safety represents 51.4% of the General Fund.

Management Discussion of 2013 Budget

The 2013 Budget, adopted in November 2012, projected revenue growth of 3.5% over 2012 revised budget. As part of that revenue growth, sales and use tax revenues (non-audit collections) were projected to grow by 4.0%. After the passage of ballot measure 2A that removed TABOR limitations from the City's General Fund, the revenue forecast was revised up in December 2012 to 6.9% to reflect the $32.9 million increase in property tax generated by the measure. General Fund expenditures were projected to grow by 3.9% over 2012 revised budget, due to growth in expenditures, the operation and maintenance of new facilities constructed with bond dollars, including a new branch library. The 2013 Budget also included pay raises as outlined in current collective bargaining agreements as well as merit increases for Career Service employees. 2013 General Fund expenditures were reduced as a result of the uniform civilianization, health insurance and pension savings, workers compensation savings, fleet, and utility savings. After the passage of measure 2A, the expenditure forecast was increased by $26.4 million or 2.7% to reflect the restoration of library hours, hiring 100 police and firefighters, providing Denver children free access to recreation centers, paving 300 lane miles of residential streets, amongst other service increases.

Revised projections for 2013 anticipate an increase of 6.2% in total sales and use tax collections. Total 2013 General Fund revised revenue is forecast increase of 7.4% over 2012 collections due primarily to the passage of ballot measure 2A. The ballot measure accounts for 3.5% of the 7.4% total revenue growth increase. For 2014, it is not anticipated that there will be a projected budget deficit. The Mayor has proposed a 2014 budget which does not project a budget deficit and would be the first budget in five years to not experience a deficit. The Mayor's budget contemplates savings from efficiencies, including increasing employee contributions to health and pension benefits. General Fund revenue is forecast to increase 3.1% over the 2013 revised budget.

Table 1

GENERAL FUND BUDGET SUMMARY
2012 ACTUAL RESULTS, 2012 BUDGET AND 2013 BUDGET
Prepared in Budgetary Format
($ in thousands)

	2012 Results[1]	2012 Budget	2013 Budget[2]
REVENUES			
Taxes			
Property	$79,199	$72,390	$106,791[3]
Sales and Use	451,352	441,074	471,619
Other	81,579	85,082	80,076
Licenses and Permits	33,906	21,763	22,799
Intergovernmental Revenues	25,913	27,274	26,901
Charges for Services	162,086	161,234	165,153
Investment Income	4,606	3,474	2,682
Fines and Forfeitures	53,227	59,590	61,778
Transfers In	36,073	30,373	34,699
Other Revenues	8,793	6,085	5,427
TOTAL FINANCIAL SOURCES	936,734	908,339	977,925
EXPENDITURES			
General Government	190,164	217,035	227,227
Public Safety	469,039	460,591	475,089
Public Works	90,007	85,291	90,308
Health	43,765	43,827	44,287
Parks and Recreation	53,188	46,840	54,252
Cultural Activities	34,736	32,105	34,389
Debt Service	4,602		
Transfers Out	38,695	40,727	62,865
General Fund Contingency		18,622	19,708
Merit Reserve		4,700	
Estimated Unspent Appropriations	-	(17,500)	(17,900)
TOTAL EXPENDITURES BUDGET	924,196	932,237	990,226
FUND BALANCES[4]			
Net Change in Fund Balance	12,538	(23,898)	(12,301)
Fund Balance January 1	214,310		
Fund Balance December 31	226,848		
Undesignated Fund Balance January 1	147,892	123,897	130,986
Undesignated Fund Balance December 31	155,039	99,999	118,685
Prepaid items and other Reserves	-	20,475	20,594
Total Fund Balance December 31	$155,039	$120,475	$139,279

1 The City's Comprehensive Annual Reports and Budgets use slightly different reporting codes for specific revenue and expenditure categories. Accordingly, there may be differences in some line item descriptions and totals.

2 The 2013 Budget numbers reflect changes made to the initial budget after the passage of ballot question 2A, which eliminated TABOR restrictions on all tax collections within Denver. Property Tax Mill Levy for the General Fund was increased from 9.805 to 13.362. See "THE CITY AND COUNTY OF DENVER, COLORADO – General Fund – *Major Revenue Sources*."

3 Increase in property tax collections is due to the passage of ballot question 2A. See footnote 2 above.

4 For the 2012 Comprehensive Annual Financial Report, the City follows GASB 54, which clarifies existing fund type definitions. The Comprehensive Annual Financial Report lists Fund Balance as a change in all fund balances, which includes the General Fund and other Governmental Funds. The Office of Management and Budget does not use this methodology for the Budget, therefore Fund balances should only be compared within the Budget columns in the table set forth above.

(Sources: 2012 CAFR, 2013 Budget Book, Ordinance 2012-657)

Table 2

GENERAL FUND BUDGET SUMMARY
2012 ACTUAL RESULTS, 2012 BUDGET AND 2013 BUDGET
(by percentage)

	2012 Results[1]	2012 Budget	2013 Budget
REVENUES			
Taxes			
Property	8.5%	8.0%	10.9%
Sales and Use	48.2	47.1	50.3
Other	8.7	9.1	8.5
Licenses and Permits	3.6	2.3	2.4
Intergovernmental Revenues	2.8	2.9	2.9
Charges for Services	17.3	17.2	17.6
Investment Income	0.5	0.4	0.3
Fines and Forfeitures	5.7	6.4	6.6
Transfers In	3.9	3.2	3.7
Other Revenues	0.9	0.6	0.6
TOTAL FINANCIAL SOURCES	100.0%	100.0%	100.0%
EXPENDITURES			
General Government	20.6%	23.3%	22.9%
Public Safety	50.8	49.8	51.4
Public Works	9.7	9.2	9.8
Health	4.7	4.7	4.8
Parks and Recreation	5.8	5.1	5.9
Cultural Activities	3.8	3.5	3.7
Other Financing and Adjustments	0.5	-	-
Transfers Out	4.2	4.4	6.8
General Fund Contingency	-	2.0	2.1
Merit Reserve	-	0.5	-
Estimated Unspent Appropriations	-	-1.9	-1.9
TOTAL EXPENDITURES BUDGET	100.0%	100.0%	100.0%

1 The City's Comprehensive Annual Reports and budgets use slightly different reporting codes for specific revenue and expenditure categories. Accordingly, there may be differences in some line item descriptions and totals.

Management Discussion of Recent Financial Results

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

2009. A 4.4% decline in employment accompanied by steep declines in consumer spending resulted in lower City sales tax collections compared to 2008. Total General Fund revenues in 2009 were 0.9% below revised projections and declined 6.4% from 2008 levels. Actual 2009 sales and use tax collections were 10% lower than 2008 collections. The City implemented a series of cost saving strategies to reduce its 2009 General Fund expenditures. These strategies included identifying additional operational savings, personnel review sessions prior to filling vacant positions, four employee furlough days, concessions from uniformed employees' bargaining agreements, and the partial use of fund balance to minimize layoffs whenever possible and to maintain core services.

2010. Sales and use tax collections for 2010 were 5.7% higher than 2009. Additionally, the City contributed a one-time use of excess fire pension mill levy funds in an amount of $18 million to the General Fund. The fire pension mill levy funds are typically used to pay for the City's contribution towards the Old and New Hire Fire Pension Plans and the unfunded liability that exists for the Old Hire Pension Plan. There was no required contribution towards the unfunded liability on the Old Hire Fire Pension Plan in 2010, allowing these funds to be spent on General Fund fire operating costs. See "RETIREMENT PLANS." With this contribution, total General Fund revenues increased by 6.9% over 2009. With respect to expenditures, City departments saved over $30 million from the original 2010 budget. This was done through both permanent savings such as reducing positions, five employee furlough days, and temporary savings such as deferring equipment and supply costs wherever possible.

2011. 2011 General Fund revenue collections of sales tax was 4.6% higher than 2010 due primarily to tax audit revenues being collected in 2011 rather than 2012 because of a one-time sales tax amnesty program . This early collection accounts for $18.6 million or 3.1% of the 4.6% General Fund revenue growth rate. With respect to expenditures, City departments saved over $14 million from the original 2011 budget. This was done through both permanent savings such as reducing positions, five employee furlough days, and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, grew 2.9% from 2010.

2012. 2012 General Fund revenue collections of sales tax were 7.4% higher than 2011 due primarily to strong economic performance in retail sales. Total 2012 revenues performed 3.5% over 2011. With respect to expenditures, City departments saved $8 million from the original 2012 budget. This in-year savings was achieved by holding positions vacant, five employee furlough days, and temporary savings such as deferring equipment and supply costs wherever possible. Total General Fund expenditures, including transfers out, grew 6.3% from 2011.

General Fund Financial Information

The following pages include Table 3, General Fund Balance Sheet and Table 4, General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for 2008 through 2012.

Table 3

CITY AND COUNTY OF DENVER
GENERAL FUND BALANCE SHEET
For the years ending December 31
($ in thousands)

	2008	2009	2010[1]	2011[1]	2012[1]
ASSETS					
Cash and cash equivalents	$ 94,089	$ 28,021	$116,023	$120,191	$146,392
Cash on hand	30	34	32	101	70
Receivables (net of allowances for uncollectibles):					
Taxes	117,668	116,253	123,142	134,806	163,031
Notes	25	23	1,652	641	480
Accounts	13,737	19,760	18,931	20,187	21,140
Accrued interest	781	542	646	1,135	1,030
Due from other funds	31,596	44,001	2	150	
Interfund receivable	215	224	24,122	15,537	9,204
Prepaid items and other assets	861	--	1,064	330	159
Restricted assets:					
Cash and cash equivalents	21,001	20,207	19,952	42,528	45,283
Assets held for disposition	--	--	--	11,436	11,436
TOTAL ASSETS	$280,003	$229,065	$259,738	$347,042	$398,225
LIABILITIES					
Vouchers payable	$ 10,672	$ 10,639	$ 13,097	$ 16,362	$ 16,719
Accrued liabilities	19,160	21,781	25,683	26,622	30,200
Due to other funds	3,450	3,873	31	65	111
Interfund Payable	--	--	2,940	1,964	3,199
Deferred revenue	75,252	79,552	82,757	87,701	121,104
Compensated Absences	--	--	--	--	26
Advances	--	--	151	18	18
TOTAL LIABILITIES	108,554	115,845	124,659	132,732	171,377
FUND BALANCE[1]					
Reserved for prepaid items and other assets	21,001	20,230	--	--	--
Undesignated	150,448	92,990	--	--	--
Nonspendable	--	--	1,064	330	159
Restricted	--	--	52,652	54,049	56,566
Committed	--	--	--	12,039	15,084
Unassigned	--	--	127,191	147,892	155,039
TOTAL FUND BALANCE	171,449	113,220	180,907	214,310	226,848
TOTAL LIABILITIES AND FUND BALANCE	$280,003	$229,065	$305,566	$347,042	$398,225

1 For the 2011 and 2012 Comprehensive Annual Report, the City implemented the provision of GASB 54, which clarifies existing fund type definitions. The effect of the implementation resulted in a restatement of fund balance in the 2011 and 2012 results column that was previously reported in the Human Services Fund and Other Governmental Funds. The 2010 results were restated to reflect the implementation of GASB 54 in 2011.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2008 - 2012)

TABLE 4

CITY AND COUNTY OF DENVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2008-2012
($ in thousands)

	2008	2009	2010[1]	2011[1]	2012[1]
REVENUES					
Taxes:					
Property	$ 62,703	$ 64,396	$ 83,763	$ 73,331	$ 79,199
Sales and Use	430,928	387,838	409,816	441,187	451,352
Other	80,284	72,123	74,757	74,757	81,579
Licenses and Permits	27,763	23,229	28,571	29,714	33,906
Intergovernmental Revenues	32,107	31,955	28,377	26,274	25,913
Charges for Services	137,160	138,563	146,654	153,861	162,086
Investment Income	11,692	4,512	7,885	8,096	4,606
Fines and Forfeitures	38,416	41,389	44,322	55,090	53,227
Other Revenues	8,663	11,863	13,632	9,164	7,414
TOTAL REVENUES	829,716	775,868	837,777	872,778	899,282
EXPENDITURES					
Current:					
General Government	175,817	165,897	169,548	168,801	174,272
Public Safety	423,136	429,718	434,128	444,721	469,039
Public Works	81,710	79,506	80,368	84,263	90,007
Health	42,438	43,750	43,145	43,109	43,765
Parks and Recreation	49,516	46,183	46,642	48,100	53,188
Culture and Entertainment	32,531	32,222	32,585	33,152	34,736
Community Development	17,209	16,343	14,864	14,608	15,687
Economic Opportunity	--	--	456	353	205
Obligation Retirement	4,425	2,071	3,990	4,445	4,602
TOTAL EXPENDITURES	826,782	815,690	825,726	841,552	885,501
Excess of Revenues Over Expenditures	2,934	(39,822)	12,051	31,226	13,781
OTHER FINANCING SOURCES (USES)					
Other	9,784	1,594	3,677	463	1,379
Operating Transfers In	30,731	30,577	54,321	31,578	36,073
Operating Transfers Out	(67,591)	(50,578)	(47,226)	(29,864)	(38,695)
TOTAL OTHER FINANCING SOURCES (USES)	(27,076)	(18,407)	10,772	2,177	(1,243)
Net Change in Fund Balance	(24,142)	(58,229)	22,823	33,403	12,538
Fund Balance – January 1, as originally reported	195,591	171,449	113,220	136,061	155,039
Change in accounting principle – GASB 54[1]	--	--	44,864	44,846	44,846
Fund Balance – January 1, as restated[1]	195,591	171,449	158,084	180,907	214,310
FUND BALANCE – December 31	$171,449	$113,220	$180,907	$214,310	$226,848

1 For the 2011 and 2012 Comprehensive Annual Report, the City implemented the provision of GASB 54, which clarifies existing fund type definitions. The effect of the implementation resulted in a restatement of fund balance in the 2011 and 2012 results column that was previously reported in the Human Services Fund and Other Governmental Funds. The 2010 results were restated to reflect the implementation of GASB 54 in 2011.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2008 - 2012)

Collection of Taxes

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

Sales and Use Taxes

The City's sales and use tax collections historically accounts for approximately one-half of the General Fund revenues. A fixed-rate general sales tax of 3.62% was imposed on the sale of all tangible personal property not specifically exempted and on certain services. The general use tax was a fixed-rate, also 3.62%, imposed on the storage, use and consumption of tangible personal property not specifically exempted. This includes a sales tax of 0.12%, approved in November 2006 to fund increased access to and quality of preschool programs for City residents. The collection of this dedicated sales tax increase started January 1, 2007 and the ability to collect it will expire in 2014 unless reauthorized by voters. The revenue from this increase is only available for the described purpose. The City's practice is to account for sales and use taxes on a combined basis. The City imposes specific tax rates for the following goods or services:

GENERAL FUND SALES AND USE TAX RATES
EFFECTIVE FOR 2012

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

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

The above General Fund Sales and Use Tax Rates Effective For 2012 reflects the City's total tax rate for goods and services as set forth; however, portions of the prepared food and beverage tax, automobile rental tax and lodgers' taxes are reflected in the General Fund's Sales and Use Tax category while the remainder is either contractually pledged to the Denver Metropolitan Convention and Visitors Bureau or to certain Excise Tax Revenue Bonds and recorded in another Fund.

Table 5 reflects the City's sales and use tax collections for the past ten years.

TABLE 5

GENERAL FUND SALES AND USE TAX REVENUES
2003 – 2012

Year	Revenues [1]	Percent Change [1]
2003	366,627	-
2004	361,988	(1.27)
2005	389,731	7.66
2006	397,163	1.91
2007	418,177	5.29
2008	430,928	3.05
2009	387,838	(10.00)
2010	409,817	5.67
2011	441,187	7.65
2012	$451,352	2.30%

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

(Source: Department of Finance)

Property Taxation

Assessed Valuation. The assessed value of real property for tax purposes is computed using statutory actual values as determined from manuals published by the Administrator of the State Division of Property Taxation and from data developed by the Manager of Finance, *ex officio* Assessor, based on evidence collected from the marketplace. Table 6 sets forth the State property appraisal method for assessment years 2003 through 2012.

TABLE 6

STATE PROPERTY APPRAISAL SYSTEM

Collection Year	Assessment Year	Value Calculated As of	Based on the Market Period
2004	2003	July 1, 2002	January 1, 2001 to June 30, 2002
2005	2004	July 1, 2002	January 1, 2001 to June 30, 2002
2006	2005	July 1, 2004	January 1, 2003 to June 30, 2004
2007	2006	July 1, 2004	January 1, 2003 to June 30, 2004
2008	2007	July 1, 2006	January 1, 2005 to June 30, 2006
2009	2008	July 1, 2006	January 1, 2005 to June 30, 2006
2010	2009	July 1, 2008	January 1, 2007 to June 30, 2008
2011	2010	July 1, 2008	January 1, 2007 to June 30, 2008
2012	2011	July 1, 2010	January 1, 2009 to June 30, 2010
2013	2012	July 1, 2010	January 1, 2009 to June 30, 2010

As of January 1, 1985, the State General Assembly was required to determine the percentage of the aggregate statewide valuation for assessment that is attributable to residential real property. For each subsequent year, the General Assembly was and is required to re-determine the percentage of the aggregate statewide valuation for assessment which is attributable to each class of taxable property, after adding any increased valuation for assessment attributable to new construction and increased oil and gas production. For each year in which there is a change in the level of value, the General Assembly is required to adjust the assessed valuation ratio for residential real property as necessary to maintain the previous year's percentage of aggregate statewide valuation attributable to residential real property. The Colorado General Assembly set the residential real property assessed valuation ratio at 7.96% of its statutory actual value for assessment years 2003 through 2012. For assessment year 2002, residential real property was valued for assessment at 9.15% of its statutory actual value. All other taxable property (with certain specified exceptions) has had an assessed valuation ratio throughout these tax years of 29% of statutory actual value.

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

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

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

The Treasurer is empowered to sell at public auction property upon which levied taxes remain unpaid, after due process of law. Tax lien sales are held in November of the year in which the taxes become delinquent. All tax certificates not sold to buyers at the annual tax lien sale are attributed to the City. Three years after the date of sale, a tax deed may be issued by the Treasurer for unredeemed tax certificates.

The City Charter imposes a tax limit of 15 mills for all general municipal purposes. This limit does not apply to taxes levied for the payment of general obligation bonded indebtedness, to fund the City's Social Services Fund, to provide for fire and police pensions, to fund a City program for the developmentally disabled, to fund early childhood education, or taxes levied pursuant to a voter authorized 2.5 mill levy increase for deferred capital maintenance. State case law permits the City to impose an additional General Fund levy for functions ordinarily performed by counties in the State. Current State statutes limiting mill levies imposed by counties do not apply to the City.

In 2007, Denver voters approved a 2.5 mill levy designated for capital maintenance projects in the City. This earmarked tax is exempt from TABOR revenue limits. In 2012, this capital maintenance levy generated approximately $26.3 million.

Table 7 sets forth the mill levies for the City, School District No. 1, and the Urban Drainage and Flood Control District for the last five levy years.

TABLE 7

CITY AND COUNTY OF DENVER
CITY-WIDE MILL LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS[1]
(by year assessed)

Taxing Entity	2008	2009	2010	2011	2012
City and County of Denver:					
General Fund	6.389	5.867	6.174	7.174	10.610
Bond Principal Fund	4.470	4.470	4.470	3.980	4.170
Bond Interest Fund	3.110	3.110	3.110	3.600	3.780
Social Services	3.698	3.394	3.556	4.101	4.520
Developmentally Disabled	1.011	1.013	1.019	1.030	1.033
Fire Pension	1.371	1.258	1.317	1.519	1.587
Police Pension	1.636	1.502	1.572	1.812	1.893
Capital Maintenance	2.500	2.524[2]	2.544[2]	2.572[2]	2.581[2]
Capital Improvement	2.350	2.170	2.281	2.631	2.752
TOTAL DENVER MILL LEVY	26.535	25.308	26.044	28.419	32.926
School District No. 1	39.657	39.262	39.972	42.265	50.488
Urban Drainage and Flood Control District	0.591	0.569	0.576	0.623	0.657
TOTAL MILL LEVY:	66.783	65.139	66.592	71.307	84.071

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

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

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

(Source: Department of Finance)

Table 8 summarizes the statutory actual and assessed valuation of property in the City, taxes levied and collected by the City for general purposes and the amounts and percentages delinquent for the last five assessment years.

TABLE 8

PROPERTY VALUATIONS, TAX LEVIES AND COLLECTIONS
LAST FIVE YEARS

($ in millions)

ACTUAL AND ASSESSED VALUATION:	**2008**	**2009**	**2010**	**2011**	**2012**
Statutory Actual Valuation (est.)[(1)]	$78,564	$82,844	$83,151	$77,143	$76,697
Assessed Valuation:					
Real Property – Land	$3,042	$3,434	$3,546	$3,387	$3,358
Real Property – Improvement	6,191	6,944	6,839	5,936	5,868
Personal Property	792	813	739	726	723
Public Utilities	838	822	836	888	808
Total Assessed Valuations[(2)]	$10,863	$12,012	$11,960	$10,937	$10,757
Percentage Change[(3)]		10.58%	-0.44%	-8.55%	-1.65%

LEVIES AND COLLECTIONS:[(4, 5)] **($ in millions)**

Taxes Levied:	$239,658	$254,135	$258,519	$255,918	$295,438
Total Collections	$236,554	$247,550	$254,755	$251,004	N/A
Percent of Original Levy					
Total Collections to Date:		97.41%	98.54%	98.08%	N/A

1 Colorado statutes establish property valuation methods with actual valuation representing estimated appraisal value before the respective assessment ratios are applied. In general, an income and expense value is used for commercial property, and market value is used for residential property.
2 This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to the Denver Urban Renewal Authority ("DURA") and are not retained by the City. See "DEBT STRUCTURE OF THE CITY – Overlapping Debt and Taxing Entities."
3 Changes in assessed valuations for the years shown are due in part to changes in the years used to compute values which occur every two years and adjustments attributable to a legislative extension of time permitted for appeals of assessed values.
4 The columnar headings show the years for which property taxes have been assessed and levied. Taxes shown in a column are actually collected in the following year. For example, property taxes levied in 2009 are collected in 2010.
5 Total collections do not include mills levied for the Fire Pension and Police Pension funds.

(Source: Department of Finance)

Assessed Valuation of Major Taxpayers

Table 9 lists the ten major property taxpayers based on greatest assessed valuations for the 2012 assessment year.

TABLE 9

CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2012
(FOR COLLECTION 2013)
($ in thousands)

Name	Business	Assessed Valuation	Percentage of City's Total Assessed Valuation[1]
Public Service Co.	Utility	$214,775	1.99%
Century Link, Inc.	Utility	214,175	1.86
Brookfield Properties	Real Estate	199,811	1.14
Callahan Capital Partners	Real Estate	122,683	1.06
Columbia-Healthone, LLC	Health Care	113,832	0.77
United Airlines Inc.	Airline	82,905	0.71
UBS Realty Investors	Real Estate	76,442	0.69
LBA Realty Fund	Real Estate	74,116	0.68
Temple-Hoyle Buell Foundation	Philanthropy	73,573	0.66
Frontier Airlines[2]	Airline	71,503	0.66
TOTALS		$1,100,068	10.22%

1 Based on a December 31, 2012 certified assessed valuation of $10,757,438,400. This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY-Overlapping Debt and Taxing Entities."

2 Frontier Airlines was acquired by Republic Holdings, but continues to operate as Frontier Airlines.

(Source: Department of Finance)

DEBT STRUCTURE OF THE CITY

Authorization for General Obligation Debt

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

As of December 31, 2012, the City had outstanding general obligation bonds in the aggregate principal amount of $895,649,000, which does not include accrued interest of $5,191,651 on compound interest bonds. In addition there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of $500,000.

In November 2007, City voters authorized $549,730,000 in Better Denver General Obligation Bonds to be issued to address a wide variety of infrastructure improvements. $60,660,000 remains to be issued under the Better Denver authorization. The following schedule sets forth the computation of the General Obligation debt margin of the City (other than bonds issued by the Denver Water Board) as of December 31, 2012.

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN ($ in thousands)

TOTAL ESTIMATED ACTUAL VALUATION – December 31, 2012	$76,697,449
Maximum general obligation debt, limited to 3% of actual valuation	2,300,923
Less outstanding bonds chargeable to limit	895,649
LEGAL DEBT MARGIN – December 31, 2012	$1,405,274

General Obligation Debt

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2012.

Table 10
OUTSTANDING GENERAL OBLIGATION DEBT
($ in thousands)

Issue	Original Amount	Amount Outstanding
General Obligation Various Purpose Bonds (Denver Mini-Bond Program), Series 1999A[(1)]	$3,134	$3,134
General Obligation Denver Art Museum Bonds, Series 2002	52,500	21,520
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	35,000	4,670
General Obligation Medical Facilities Bonds, Series 2003B	148,000	68,370
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	77,000	54,450
General Obligation Justice System Facilities Bonds, Series 2006	125,000	103,950
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007[(2)]	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	142,180
General Obligations Better Denver and Zoo Bonds, Series 2009A	104,500	82,965
General Obligation Various Purpose Bonds, Series 2009B	14,415	7,535
General Obligation Better Denver Bonds, Series 2010A	37,910	29,945
General Obligation Better Denver Build America Bonds, Series 2010B	312,055	312,055
General Obligation Better Denver Bonds, Series 2010D	44,650	39,560
General Obligation Better Denver Bonds, Series 2011	16,455	16,455
Subtotal	1,153,615	895,649
General Obligation Water Bonds[(3)]	161,730	500
TOTAL:	$1,315,345	$896,149

1 Amount excludes $2,707,344 of compound interest on the Series 1999A Capital Appreciation Bonds.
2 Amount excludes $2,484,307 of compound interest on the Series 2007 Capital Appreciation Bonds.
3 The Denver Water Board has irrevocably committed to pay the principal of and interest on all water bonds from revenues derived from the City's Water System.

(Source: Department of Finance.)

Combined Debt Service Schedule - General Obligation Bonds

The following schedule sets forth the debt service on the City's outstanding General Obligation Bonds as of December 31, 2012 (excluding general obligation bonds issued by the Denver Water Board).

Year Ending **31-Dec**	**Debt Service**[1] **($ in thousands)**
2013	$92,000
2014	$91,677
2015	$91,483
2016	$91,506
2017	$91,447
2017 through 2030, totaling	$891,331

1 The City previously issued Taxable General Obligation Better Denver Bonds (Direct Pay Build America Bonds), Series 2010B (the "2010B Bonds"). The amounts in this column do not include the cash subsidy payments equal to 35% of the interest payable on the 2010B Bonds pursuant to the City's designation of the 2010B Bonds as "Build America Bonds." Because the subsidy is not included in the annual debt service totals, sequestration will not affect the numbers going forward.

The following schedules set forth certain debt ratios based on the City's actual and assessed valuations and General Obligation bonded debt as of December 31, 2012.

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

Total Direct General Obligation Bonded Debt	$896,149
Less General Obligation Water Bonds	500
Net Direct General Obligation Bonded Debt	895,649
Overlapping General Obligation Bonded Debt[1]	1,430,390
Net Direct and Overlapping General Obligation Bonded Debt	$2,326,039
Actual Valuation	$76,697,448
Assessed Valuation[2]	$10,757,438

1 The overlapping general obligation debt represents the outstanding general obligation debt of School District No. 1. See "DEBT STRUCTURE OF THE CITY - Overlapping Debt and Taxing Entities" below for information relating to other overlapping entities.

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

DEBT RATIOS

	Actual Valuation	Assessed Valuation	Per Capita[1]
Total Direct G.O. Bonded Debt	1.17%	8.33%	$1,413
Net Direct G.O. Bonded Debt	1.17%	8.33%	1,412
Net Direct and Overlapping G.O. Bonded Debt(1)	3.03%	21.62%	3,667

1 Based upon a 2012 population estimate of 634,265.
(Sources: Department of Finance; Denver Assessor's Office)

Excise Tax Revenue Bonds Debt Service Coverage

Excise Tax Revenue bonds are special and limited obligations of the City, payable from a specific, dedicated source of revenue which does not pledge the full faith and credit of the City. There are two forms of excise tax revenue bonds differentiated by the specific taxes pledged as repayment revenues. Pledged revenues for the repayment of bonds issued to finance the construction and improvements to the Colorado Convention Center are the Lodger's Tax, the Prepared Food and Beverage Tax and the Short Term Auto Rental Tax. Revenues pledged for repayment of the bonds issued to improve the Denver Performing Arts Complex and other cultural facilities are the City's Facilities Development Admission Tax ("Seat Tax") and the Head Tax. There are no City Charter limitations stipulating maximum revenue bond debt.

Colorado Convention Center Excise Tax Revenues. The total City Lodger's Tax, imposed in 2009 on the purchase price of hotel, motel and similar temporary accommodations in the City, is 10.75%. Of that amount, 3.0% (Pledged Lodger's Tax Revenues) is pledged on parity to the payment of the 2005A, 2009A and 2009B Bonds (as hereafter described), and 1.75% is pledged only to the payment of the 2005A, and 2009A Bonds. Of the Lodgers Tax, 2.75% is contractually pledged to the privately operated Denver Metro Convention and Visitors Bureau and not pledged for bond debt service. The Prepared Food and Beverage tax is 4.0%. Of that percentage, 0.50% is pledged to be used for the payment of the 2005A, 2009A and 2009B Bonds. The Auto Rental Tax of 7.25% is imposed on rentals paid on the purchase price of short-term automobile rentals. Of that percentage, 2.00% is pledged to the payment of the 2005A, 2009A and 2009B Bonds, and 1.75% is pledged only to the payment of the 2005A and 2009A Bonds. The following table shows the City's calculation of the historic debt service coverage on the Excise Tax Revenue Bonds.

TABLE 11

COLORADO CONVENTION CENTER RELATED
DEBT SERVICE COVERAGE ON EXCISE TAX BONDS
PAYABLE FROM PLEDGED REVENUES
2003-2012
($ in thousands)

	Pledged Lodger's Tax Revenues	Pledged Food and Beverage Tax Revenues	Pledged Auto Rental Tax Revenues	Pledged Auto Rental & Lodger's Tax Increases[2]	Other Sources[1]	Total Pledged Revenues	Debt Service Requirements	Coverage[3]
2003	8,359	7,840	5,776	9,940	730	32,645	19,305	1.69
2004	8,626	8,201	6,103	10,385	243	33,558	20,006	1.68
2005	10,071	8,537	6,673	11,427	441	37,093	21,496	1.73
2006	12,074	9,326	7,116	13,270	677	42,463	20,385	2.08
2007	13,857	10,396	7,957	15,045	1,026	48,281	21,527	2.24
2008	15,006	10,720	7,721	15,510	849	49,806	23,745	2.1
2009	12,279	10,141	6,874	13,177	415	42,886	24,779	1.73
2010	13,703	11,116	7,707	14,738	402	47,666	24,026	1.98
2011	15,553	12,243	8,058	16,123	287	52,264	28,561	1.83
2012	16,173	12,840	8,595	16,955	324	54,887	28,531	1.92

1 Includes interest earnings.

2 Auto Rental Tax Increase and Lodger's Tax Increases, which resulted from voter approval in the 1999 Election, are pledged solely to payment of debt service on the outstanding 2005A and 2009A Bonds.

3 For informational purposes only: Although they have been used in this calculation of coverage of total debt service, for the reason stated in the footnote above, Auto Rental and Lodger's Tax increases may not be used for payment of the Excise Tax Bonds, Series 2009B.

Denver Performing Arts Center and Other Cultural Facilities. In 2003, the City issued Excise Tax Revenue Refunding Bonds, Series 2003, in the amount of $28,245,000. The bonds were issued to refund outstanding Excise Tax Revenue Bonds, Series 1985A and 1985B. The Series 2003 Bonds are to be repaid from the Seat Tax (Facilities Development Admission Tax) and OPT (Occupational Privilege Tax) revenues.

The following table sets forth the total Seat Tax collections for each of the bond years ending 2003 through 2012:

TABLE 12

TOTAL SEAT TAX COLLECTIONS AND PAYMENTS IN LIEU OF SEAT TAXES FOR 2003 THROUGH 2012
($ in thousands)

Bond Year	Seat Tax Collections	Payments in Lieu of Seat Taxes[1]	Total
2003	5,734	2,700	8,434
2004	5,206	2,700	7,906
2005	6,652	2,700	9,352
2006	7,316	2,700	10,016
2007	7,406	2,700	10,106
2008	7,065	2,700	9,765
2009	7,082	-	7,082
2010	7,160	-	7,160
2011	8,325	-	8,325
2012	$8,986	-	$8,986

1 In 2001, the Denver Broncos Football Club ceased playing games at a City-owned facility and began to play at Sports Authority Field at Mile High where Seat Taxes are not imposed. An Escrow and Security Agreement between the Football Club and the City was executed whereby the team was required to make Payments in Lieu of Seat Taxes in the amount of $2,700,000 per year through the year 2008.

The following table sets forth the total Head Tax collections for the years ending 2003 through 2012:

TABLE 13

TOTAL HEAD TAX COLLECTIONS FOR EACH BOND YEAR ENDING 2003 THROUGH 2012 ($ in thousands)

Year	Head Tax Collections
2003	40,867
2004	40,118
2005	41,500
2006	41,503
2007	42,751
2008	43,041
2009	39,551
2010	41,819
2011	41,141
2012	$43,227

The following table shows the City's calculation of the historic debt service coverage on obligations payable from the Pledged Revenues for the years ending 2003 through 2012:

TABLE 14

DENVER PERFORMING ARTS COMPLEX RELATED HISTORIC DEBT SERVICE COVERAGE ($ in thousands)

Bond Year	Pledged Excise Tax Revenue	Payment in Lieu of Seat Tax	Total Pledged Revenues[1]	Debt Service Requirements	Coverage Ratio
2003	46,601	2,700	49,301	6,036	8.17
2004	45,324	2,700	48,024	3,058	15.70
2005	48,152	2,700	50,852	3,054	16.65
2006	48,819	2,700	51,519	3,055	16.86
2007	50,161	2,700	52,861	3,054	17.31
2008	50,106	2,700	52,806	3,056	17.28
2009	46,633	-	46,633	3,054	15.27
2010	48,979	-	48,979	2,558	19.15
2011	49,466	-	49,466	2,858	17.31
2012	$52,213	-	$52,213	$3,054	17.10

1 Pursuant to the Series 2003 Excise Tax Refunding Bonds transaction, interest earnings are no longer pledged to debt service.

Golf Enterprise Revenue Bonds

In 2005, the City designated the Golf Division of its Department of Parks and Recreation as an "enterprise" within the meaning of the State Constitution and established the Golf Division Enterprise Fund. The assets of the Enterprise are owned by the City and the power to operate, maintain and control the Enterprise is vested in the City's Department of Parks and Recreation. The Enterprise is not authorized to levy any taxes in connection with the Golf Facilities, and changes to the rates, fees and charges collected by the Enterprise are set by City Council acting by ordinance.

On March 8, 2006, the City issued $7,365,000 of Golf Enterprise Revenue Bonds, Series 2005 (the "Series 2005 Golf Bonds") on behalf of the Golf Division of its Department of Parks and Recreation (the "Enterprise"). The Bonds are issued for the purpose of acquiring, maintaining, constructing, improving, installing and equipping certain City-owned golf facilities. The Bonds are special and limited obligations of the City payable solely from and secured by a first lien upon the pledged revenues of the Enterprise from the operation of its golf facilities, which means all City-owned land, buildings, man-made structures, and equipment used to operate golf courses within the Enterprise. The Bonds are also payable under certain circumstances from a reserve account and a rate maintenance account.

The debt service coverage ratios of the Enterprise and the Golf Facilities, based on the revenues available for debt service forecasted in the Revenue and Debt Analysis, are as follows for the years 2008 through 2012:

TABLE 15

Historical Coverage

	2008	2009	2010	2011	2012
Operating Revenues	$8,399,251	$8,352,842	$8,743,774	$8,927,642	$9,761,412
Rate Maintenance Account	240,403	240,403	240,403	240,403	240,403
Golf Enterprise Fund Gross Revenue	8,639,654	8,593,245	8,984,177	9,168,045	10,001,815
Operation and Maintenance Expenses	7,285,941	6,577,389	6,710,271	7,376,802	7,766,043
Net Pledged Revenue	1,353,712	2,015,856	2,273,906	1,791,243	2,235,772
Series 2005 Maximum Annual Debt Service	$686,865	$686,865	$686,865	$686,865	$686,865
Coverage	1.98	2.95	3.32	2.61	3.26

(Source: Denver Parks and Recreation)

The following table sets forth comparative, operating results of the Enterprise for Fiscal Years 2008 through 2012.

TABLE 16

City of Denver, Colorado – Golf Division Enterprise Fund - Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances.

	2008	**2009**	**2010**	**2011**	**2012**
Operating Revenues					
Golf Charges	$8,395,666	$8,324,567	$8,743,774	$8,923,603	$9,717,333
Other	3,584	28,275	0	4,040	4,079
Total Operating Revenues	8,399,251	8,352,842	8,743,774	8,927,642	9,761,412
Operating Expenses					
Personnel Services	4,563,226	4,335,102	4,225,271	4,063,704	4,234,326
Contractual Services	256,903	205,940	71,000	573,646	348,153
Supplies and Materials	1,067,259	868,216	731,000	1,004,913	815,861
Depreciation Expense	667,771	1,045,412	902,994	1,129,878	929,107
Other Operating Expenses[1]	1,398,554	1,168,131	1,683,000	1,734,539	2,367,703
Total Operating Expenses	7,953,713	7,622,801	7,613,265	8,506,680	8,695,150
Operating Income	445,538	730,041	1,130,509	420,962	1,066,262
Non-Operating Revenue (Expenses)					
Investment and Interest Income	225,803	28,959	41,003	75,000	34,519
Interest Expenses	(298,322)	(275,000)	(295,657)	(267,069)	(242,795)
Income	373,018	484,000	875,855	228,893	857,986
Net Assets – January 1	12,506,792	12,879,810	13,363,100	14,238,954	14,467,848
Net Assets – December 31	$12,879,810	$13,363,100	$14,238,954	$14,467,848	$15,325,834

1 Major costs include payments made to City for employee costs, Workers Compensation and payroll processing.

(Source: Denver Parks and Recreation)

Usage of Courses and Multi-Year Green Fees: Usage of the courses of the Golf Facilities in the last full five years are represented in Table 17. Table 18 reflects the latest increase in green fees as of December 31, 2012.

TABLE 17

Total Rounds Played

	2008	2009	2010	2011	2012
Aqua Golf[1]	N/A	20,520	16,314	16,329	14,617
City Park	54,312	51,040	41,228	43,415	48,978
Evergreen	24,319	22,714	20,655	19,609	23,858
Harvard Gulch	33,504	30,909	30,043	28,346	31,038
Kennedy[2]	103,156	93,325	86,966	82,671	96,949
Overland	53,751	49,773	46,760	45,696	49,490
Wellshire	54,390	54,836	49,580	48,453	52,410
Willis Case	47,953	45,530	49,134	47,085	53,774
Total	371,385	368,647	340,680	331,604	371,114

1 In October of 2009, the City opened a new facility, Aqua Golf. This new facility offers two separate 18 hole miniature golf courses and has a signature aquatic driving range.

2 Kennedy Golf Course has a miniature golf course, however miniature golf rounds are not included in total rounds played.

(Source: Denver Parks and Recreation)

TABLE 18

Schedule of Green Fees Effective as of December 31, 2012 – Denver Golf Courses

Category of Play	City Park	Evergreen	Harvard Gulch[1]	Kennedy	Overland	Wellshire	Willis Case
18-Hole - Weekday	$26.00	$22.00	N/A	$26.00	$26.00	$26.00	$26.00
18-Hole - Weekend	35.00	32.00	N/A	35.00	35.00	35.00	35.00
18-Hole - Senior	20.00	18.00	N/A	20.00	20.00	20.00	20.00
18-Hole - Junior	13.00	13.00	N/A	13.00	13.00	13.00	13.00
Nine-Hole - Weekday	16.00	14.00	8.00	16.00	16.00	16.00	16.00
Nine-Hole - Weekend	18.00	16.00	8.00	18.00	18.00	18.00	18.00
Nine-Hole Non-Resident Weekday	15.00	14.00	8.00	15.00	15.00	15.00	15.00
Nine-Hole Non-Resident Weekend	17.00	16.00	8.00	17.00	17.00	17.00	17.00
Nine-Hole - Senior	11.00	9.00	7.00	11.00	11.00	11.00	11.00
Nine-Hole - Junior	8.00	8.00	7.00	8.00	8.00	8.00	8.00

1 Harvard Gulch is a 9-hole par 3 course.

Overlapping Debt and Taxing Entities

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

School District No. 1 in the City and County of Denver. School District No. 1 (the "School District") has identical boundaries with the City. As of December 31, 2012, the School District had $1,430,390,175 aggregate principal amount of general obligation bonds outstanding.

The School District has entered into annually renewable lease purchase arrangements from time to time in which certificates of participation have been executed and delivered by trustees for the transactions. As of December 31, 2012, the aggregate principal amount of such certificates outstanding was $802,992,160. Neither the lease purchase agreements nor the related certificates executed and delivered by the trustees are considered debt or multiple-fiscal year financial obligations of the School District for State law purposes. The obligations of the School District to make lease payments for each year are subject to annual appropriations by the Board of Education.

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

The City is meeting its obligation to the Sewage District from a sewer service charge collected from the System's users. The Sewage District assessed the City charges of $44,367,000 for 2012. The Sewage District had outstanding $682,750,031 aggregate principal amount of bonds as of December 31, 2012.

Regional Transportation District. The Regional Transportation District ("RTD"), a governmental and political subdivision of the State, was established in 1969, and currently includes the City, Boulder, City and County of Broomfield and Jefferson Counties and portions of Adams, Arapahoe, Weld and Douglas Counties. RTD is empowered to develop, maintain and operate a mass transportation system within its boundaries. RTD may levy up to one-half of one mill on all taxable property within the RTD for the payment of its expenses in situations of deficiencies, subject to the provisions of State constitutional revenue and spending limitations. RTD has not exercised its power to levy a general ad valorem property tax since 1976. At an election held within the RTD in 2004, voters approved an increase to the RTD's sales tax rate from 0.6% to 1.0% and authorized debt in the amount of $3.477 billion to be spent on the construction and operation of a transit expansion plan known as FasTracks. As of December 31, 2012, approximately $2.482 billion has been issued and $1,828,762,000 of principal is currently outstanding. RTD also has $494,950,000 of principal outstanding on certificates of participation related to various lease purchase and installment sales arrangements under which RTD is the lessee or purchaser.

RTD is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, the "RTD FasTracks Program." RTD has awarded a design-build-operate-maintain contract for the "East Corridor" of the program, to consist of a commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Corridor rail service currently is planned by RTD to commence in January 2016 and will be funded largely by Denver Transit Partners, a concessionaire selected by RTD to design, construct, operate and maintain the line. Neither the City nor the Department of Aviation has any obligation in respect of the design, construction, operation or maintenance of the rail line, nor will they receive any revenue from the use of the commuter rail service. In March 2010, the City, for and on behalf of the Department of Aviation and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the "FasTracks East Corridor IGA"), and while the City does not have responsibility for the commuter rail line or service, the City does have certain duties under the FasTracks East Corridor IGA. Under the FasTracks East Corridor IGA, pursuant to which RTD agreed to lease property at the Airport and construct the rail lines and supporting infrastructure for the East Corridor project, and the Department of Aviation, among other things, is required to finance and build a "terminal-to-station" interface at the Airport. The Department is obligated under the FasTracks East Corridor IGA to have the Airport Rail Station substantially completed by January 1, 2014, allowing RTD complete and uninterrupted access in order that RTD may complete the installation and begin operation testing of the commuter rail line. The Department will be responsible for operating and maintaining only certain portions of the Airport Rail Station. The term of the FasTracks East Corridor IGA extends through 2056, unless earlier terminated in writing by mutual consent of the parties, or by court order. The FasTracks East Corridor IGA provides that the Department will grant a lease of certain property at the Airport to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

The FasTracks East Corridor IGA was amended in 2012 to provide for various double track improvements and the City funded its obligations under the amendment through a 2012C1-C3 Lease Purchase Agreement with Denver Properties Leasing Trust, as lessor, which issued Certificates of Participation in a par amount of $45,000,000 dated May 17, 2012 (see Table 21).

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

Other Overlapping Taxing Entities. There are a number of taxing entities whose boundaries overlap the City or portions thereof and have general obligation debt which is paid from property taxes levied upon property of land owners within the City. Assessed valuation and bond mill levy information for these taxing districts is provided in the following table.

TABLE 19

CITY AND COUNTY OF DENVER
OVERLAPPING TAXING DISTRICTS WITH GENERAL OBLIGATION DEBT
Year Ending December 31, 2012

Taxing District	Assessed Valuation Attributable to Denver	% of Total Denver Assessed Value	2012 Bond Mill Levy
Bowles Metro[1]	$26,031,730	0.24%	42.000
Central Platte Valley Metro	4,097,070	0.04%	52.000
Central Platte Valley Metro (debt)	48,647,270	0.45%	16.000
Cherry Creek North B.I.D.	154,649,440	1.44%	17.642
Colorado Intl. Cntr. Metro No. 14	8,217,250	0.08%	60.000
Denver Gateway Center Metro	2,952,230	0.03%	36.992
Denver Intl. Bus. Center Metro No. 1	17,120,840	0.16%	40.000
Ebert Metro	58,507,950	0.54%	75.000
Fairlake Metro	15,791,290	0.15%	38.084
Fairlake Metro (debt)	8,820,230	0.08%	25.000
Gateway Regional Metro	38,953,790	0.36%	16.000
Gateway Regional Metro (debt)	8,858,140	0.08%	2.817
Gateway Village G.I.D.	16,461,800	0.15%	32.500
Goldsmith Metro[1]	227,919,150	2.12%	14.750
Greenwood Metro[1]	1,660,700	0.02%	15.110
GVR Metro	65,803,100	0.61%	32.957
Madre Metro No. 2	3,410,310	0.03%	50.000
Mile High Business Ctr. Metro.	21,224,980	0.20%	35.000
North Washington Fire[1]	6,597,500	0.06%	17.344
Sand Creek Metro[2]	22,360,620	0.21%	34.250
Sand Creek Metro (debt)[1]	8,243,370	0.08%	20.000
SBC Metro	51,381,030	0.48%	35.000
Section 14 Metro[1]	7,589,970	0.07%	23.681
Section 14 Metro (Raccoon Creek)[1]	2,993,550	0.03%	16.798
Section 14 Metro (Fairmark)[1]	2,482,410	0.02%	12.573
South Denver Metro	42,123,250	0.39%	7.000
Southeast Public Improvement	229,163,880	2.13%	2.083
Westerly Creek Metro	291,411,850	2.71%	55.311
Special District Total Assessed Value	$1,393,474,700	12.95%	
Denver Total Assessed Value[2]	$10,757,438,400		

1 District also has assessed value located in more than one county.
2 This includes the assessed valuation that generates tax increment revenues, a portion of which are paid to DURA and are not retained by the City. See "DEBT STRUCTURE OF THE CITY-Overlapping Debt and Taxing Entities."

Source: Office of the County Assessor.

City Discretionary Support Payments

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

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

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

TABLE 20

DENVER CONVENTION CENTER HOTEL
ECONOMIC DEVELOPMENT PAYMENTS

On or Before the 14th Day Prior to the Following Date:	Amount
June 1, 2013	$4,500,000
December 1, 2013	4,500,000
June 1, 2014	4,750,000
December 1, 2014	4,750,000
June 1, 2015	5,000,000
December 1, 2015	5,000,000
June 1, 2016	5,250,000
December 1, 2016	5,250,000
June 1, 2017	5,375,000
December 1, 2017	5,375,000
Each December 1 and June 1 thereafter	5,500,000

RETIREMENT PLANS

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

Denver Employee Retirement Plan. The following section has been taken from the 2012 Comprehensive Annual Financial Report of the Denver Employees Retirement Plan ("DERP") and has not been verified by the City. DERP is a defined benefit plan. Its purpose is to provide retirement benefits to qualified members of the City and County of Denver and the Denver Health and Hospital Authority. DERP has separate legal standing and has no financial responsibility to the City. The assets of DERP are funds held in trust by DERP for the exclusive purpose of paying pension and certain post-retirement health benefits to eligible members.

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

DERP membership consisted of the following as of December 31, 2011 and 2012:

	2011	2012
Retirees and beneficiaries currently receiving benefits	7,776	8,045
Terminated employees entitled to benefits but not yet receiving such benefits	3,609	3,550
Current employees:		
Vested	5,958	6,079
Non-vested	2,191	2,096
TOTAL	19,534	19,770

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

For members who were hired after July 1, 2011, they must be age 60 and added to credited years service of summing to equal at least 85 in order to receive a normal retirement prior to age 65. Final average salary is based on the member's highest salary during a 60 consecutive month period of credited service. Five year vesting is required of all employees in order to qualify for a benefit, regardless of their age at the time of termination of employment.

Annual cost of living adjustments are granted on an ad hoc basis, but no cost of living adjustment has been made since 2002. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the DERP's board and enacted into ordinance by the Denver City Council.

The following are DERP contribution requirements and effective dates.

	January 1, 2005	January 1, 2010	January 1, 2011	January 1, 2012
City Contribution	8.50%	8.50%	9.50%	10.25%
Employee Contribution	2.50%	4.50%	5.50%	6.25%
Total	11.00%	13.00%	15.00%	16.50%

As of December 31, 2012, the total net plan assets were $1,854,690,588. Per DERP's independently audited 2012 Comprehensive Annual Financial Report, as of January 1, 2012, the most recent actuarial valuation, 81.6% of the plan's accrued liabilities were covered by valuation assets.

Other Post Employment Benefits. In addition to the retirement benefits cited above, the City allows health insurance participation to eligible retirees and their qualifying dependents. Current and retired employees participate in the same group plans with blended premium rates creating an implicit benefit for the retirees. The City's contribution toward the implicit rate subsidy is based on pay-as-you-go financing for the retirees.

DERP retirees are responsible for 100% of the blended premium rate. They may choose to use their health benefit toward the premium costs. The health benefit associated with the DERP pension provides monthly health insurance premium reduction of $12.50 per year of service for retired participants under the age of 65 and $6.25 per year of service for retirees 65 and older. Per DERP's independently audited 2012 Comprehensive Annual Financial Report, as of January 1, 2012, the most recent valuation, 59.2% of the plan's accrued liabilities were covered by valuation assets.

Fire and Police Pension Plans. All full-time fire fighters and police officers in the classified service of the City hired on or after April 8, 1978 ("New Hires") participate in the Statewide Defined health insurance contribution Plan ("New Hire Plan"), a cost-sharing multiple-employer public employee retirement system. The New Hire Plan is administered by the Fire and Police Pension Association ("FPPA"). Full-time City firefighters and police officers in the classified service hired prior to April 8, 1978 ("Old Hires") participate in the City's Old Hire Pension Plans, unless the Old Hires elected to become covered by the New Hire Plan before March 1, 1981. Both the Old Hire Police Pension Plan (the "Old Hire Police Plan") and the Old Hire Firefighters Pension Plan (the "Old Hire Fire Plan" and collectively with the Old Hire Police Plan, (the "Old Hire Plans") and the FPPA manages investments, and administers the contributions to, and distributions from, these Old Hire Plans. Denver's Police Pension and Relief Board and the Trustees of the Firefighters Pension Fund administer various other matters relating to the Old Hire Plans.

As of January 1, 2012, the actuarial reports stated that the plans for fire fighters and police officers hired before April 8, 1978, were funded at 73% and 71% respectively. The City's contributions to FPPA for employees hired before April 8, 1978, for the years ended December 31, 2012, 2011 and 2010 were $24,715,000, $24,815,00, and $22,348,000 respectively

For FPPA, covered employees under the New Hire Plan contribute at the rate of at least 8% of base salary. The City also made contributions for the years ended December 31, 2012, 2011, and 2010 for police officers and fire fighters hired on or after April 8, 1978, in the amounts of $15,445,000, $13,742,000, and $13,367,000, respectively. As of January 1, 2012, the actuarial report states that under current law benefits, which assume no cost-of-living adjustments, the Plan is funded at 96.1%

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

LEASE PURCHASE AGREEMENTS

Certificated Lease Purchase Agreements

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

Certificated Lease Purchase Transactions. Certificates of participation have been executed and delivered in conjunction with various lease purchase agreements discussed in the paragraph above. Principal portions of Base Rentals under these lease purchase agreements outstanding as of December 31, 2012 are summarized in Table 21.

TABLE 21

SCHEDULE OF LEASE PURCHASE TRANSACTIONS AND RELEASE DATES AS OF DECEMBER 31, 2012

Series	Outstanding Principal Amount	Leased Property	Date Lease Property Scheduled to be Acquired
1995A	$85,000	City Office Building for Information and other City Departments	January 1, 2014
2003B	41,080,000	Buell Theatre, Jail Dorm Building	December 1, 2023
2005A	27,715,000	Human Services Campus	May 1, 2020
2008A1-A3	249,440,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,260,000	Denver Botanic Gardens Parking Facility	December 1, 2028
2010A	21,075,000	Central Platte Campus	December 1, 2030
2010B	27,600,000	Wastewater Office Building/Roslyn Maintenance Facility	December 1, 2021
2012A-B	12,735,000	Denver Cultural Center Parking Garage	December 1, 2031
2012C1-C3	45,000,000	Denver Properties Leasing Trust	December 2, 2021
TOTAL	$441,990,000		

DENVER WATER BOARD

The following section has been taken from the 2012 Comprehensive Annual Financial Report of the Denver Water Board and has not been verified by the City. In November 1870 the privately owned Denver City Water Company was organized. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies servicing various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department (the "Board") purchased the Water Company for the citizens of the City. The Denver Water Department is established and derives its authority under Article X of the Charter of the City. The five-member Board of Water Commissioners is appointed by the Mayor of the City for overlapping six year terms.

Service Area

Water rates are based on four types of retail metered service: Outside City Total Service, Outside City Read and Bill, Outside City Master Meter, and Inside City.

- Outside City Total Service – This refers to areas outside the City where Denver Water is responsible for water delivery, reading meters and billing customers, as well as the operation and maintenance of the distribution system

- Outside City Read and Bill – This refers to areas outside the City where Denver Water is responsible for water delivery to a distributor and for reading individual meters and billing, but not for the operation and maintenance of the distribution system.

- Outside City Master Meter – This refers to Distributors (water districts outside the City) that own and operate their own water system, perform their own meter reading and customer billing and who purchase water on a wholesale basis for distribution to their respective retail customers.

- Inside City – This service refers to all water users inside the City and County of Denver

A variation to the standard "Total Service" contract is the Total Service Improvement contract pursuant to which a distributor whose system does not currently meet Denver Water engineering standards may request to enter into a "Total Service" contract that includes special provisions for Denver Water to take control of the distributor's existing water system and upgrade it to meet Denver Water engineering standards. A surcharge is assessed to each customer within the distributor's service areas to pay for the improvements.

DENVER WATER DISTRIBUTOR CONTRACT SERVICE AREA

Total square mileage served by Denver Water as of December 31, 2012 was as set forth below.

(SQUARE MILES)

	Miles
Outside City	
Total Service	41.1
Read & Bill	50.2
Master Meter	90.3
Inside City	
City and County	111.3
DIA	43.3
Total	336.2

The number of customer accounts served by Denver Water and its master meter customers as of December 31, 2012 was as follows:

NUMBER OF CUSTOMER ACCOUNTS – ACTIVE TAPS[1]

	Number of Accounts
Inside City	160,205
City and County	1,218
Outside City - Read and Bill	36,637
Outside City - Total Service	36,318
Outside City - Master Meter	76,085
Total Active Taps	310,463

1 These figures represent active taps, where service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

Denver Water does not depend on any one customer or any group of customers for a major portion of its revenue. The ten largest customers of the system accounted for only 3.99% of treated water sales revenue received in fiscal year 2012.

Table 22

TOTAL TREATED WATER CONSUMPTION
FOR THE PERIOD 2003-2012
Millions of Gallons

Year	Annual	Daily Average	Daily Maximum	Estimate of Population Served July 1[1]	Average Daily Gallons Per Capita
2003	65,399.47	179.18	370.05	1,052,000	170
2004	60,578.77	165.52	340.92	1,055000	157
2005	68,473.70	187.60	424.80	1,057,000	177
2006	74,724.98	204.73	425.68	1,064,000	192
2007	70,479.84	193.10	425.70	1,077,000	179
2008	71,975.87	196.66	426.16	1,093,000	180
2009	62,106.90	170.16	341.80	1,111,000	153
2010	69,695.40	190.95	365.81	1,125,000	170
2011	68,260.80	187.02	366.40	1,135,000	165
2012	71,796.70	196.64	398.20	1,147,000	171

1 Population estimated based on treated water customers only. Revised population from 2002 to 2010 is based on 2010 Census Information.

Debt Structure

As amended by the voters of the City in November 2002, the Charter authorizes the Board to issue only revenue bonds that do not require prior voter approval. Prior to this amendment, the Board was authorized to issue both general obligation bonds and revenue bonds, both subject to prior approval of the City's electorate, except for refunding bonds. The outstanding General Obligation Bonds are backed by the Board's irrevocable commitment to pay principal and interest from the revenues of the system. Water bonds are excluded from the debt limitations of the City.

In 2012, Denver Water issued Water Revenue Bonds to refund and defease the majority of its General Obligation Bonds. The remaining General Obligation Bonds will mature in 2013.

The following table shows outstanding General Obligation and Water Revenue Bonds as of December 31, 2012.

Table 23

BOARD OF WATER COMMISSIONERS
GENERAL OBLIGATION AND WATER REVENUE BONDS
Outstanding at December 31, 2012
($ in thousands)

Date of Issue	Interest Rates on Bonds Outstanding	Issued	Outstanding
General Obligation Bonds			
Series 1999	5.50%	$14,530	$500
Water Revenue Bonds			
Series 2004	5.50%	43,655	8,705
Series 2005	3.625-4.25%	30,000	8,395
Series 2007A	3.00-5.00%	100,000	97,970
Series 2008A	0.75%	1,800	1,200
Series 2009	4.65%- 6.15%	44,000	44,000
Series 2010	2.625-5.17%	90,000	90,000
Series 2012A	3.50-5.0%	36,555	36,555
Series 2012B	2.0-5.0%	108,545	105,930
Series 2012C	0.4-0.8%	8,665	8,665
Total		$463,220	401,420
Plus Premium			15,593
Total Revenue Bonds			$417,013

Lease Purchase Agreements

The Board also uses capital leases to finance facilities and equipment and expects to pay annually appropriated lease purchase rental payments from revenues derived from the City's water system. In 1992, the Board entered into an agreement amending the lease agreement of 1987 with the Colorado River Water Conservation District ("CRWCD") for construction of a dam and reservoir by CRWCD. The project was completed in the fall of 1995. Total minimum lease payments under the lease are $22,500,000 through 2020. The present value of the minimum lease payments as of December 31, 2012, net of interest, was $17,431,000. At the end of the lease term, the CRWCD is to convey to the Board 40% of the storage capacity of the reservoir and 40% of the related water rights.

System Development Charges and Participation Receipts

In addition to operating revenues and bond proceeds, funds are generated from (1) System Development Charges, which are fees received for new connections to Denver Water's system, and (2) Participation Receipts, which are contributions paid by developers for the cost of specific facilities (e.g. distribution and transmission mains, pump stations and clear water reservoirs) to provide their developments with water service.

The System Development Charge (SDC), instituted in 1973, has provided a major source of funds for capital expenditures, although not legally restricted for such use. Since 1973, Denver Water has collected approximately $686.1 million in SDCs. This charge applies to any applicant who is granted a license to take water through Denver Water's system or through a system deriving its supply from Denver Water. This charge is assessed upon application for a new tap and is based upon the (i) gross square footage of the single-family residential lot, (ii) the number of units in a multiplex building up to five units, or (iii) the size of the connections required. The Board reviews the adequacy of the SDC on an annual basis.

Participation Receipts have been a source of funds since 1974. Developers are required to participate in the front-end financing of facilities necessary to meet their specific needs. Total participation receipts of approximately $152.4 million have been collected since inception.

Table 24

System Development Charges and Participation Receipts

	System Development Charges[1]	Participation Receipts
2012	$19,542,981	$2,229,772
2011	14,233,334	7,023,244
2010	14,441,478	1,092,934
2009	8,118,209	10,908,407
2008	18,498,195	2,424,264
2007	26,027,721	3,299,769
2006	22,305,207	2,730,141
2005	26,256,752	1,849,613
2004	24,833,961	2,228,550
2003	19,614,948	2,831,285
1973-2002	438,542,532	115,769,691
Total	$632,415,318	$152,387,670

1 The System Development Charge receipts are permitted to be used to retire bond obligations of the Denver Water Board.

2 In years 2009 through 2011 the economic impacts of the decrease in new housing and commercial construction effected revenue collections.

SYSTEM DEVELOPMENT CHARGES
(As of December 31, 2012)
$/TAP

	Treated Water	
	Inside Denver	**Outside**
Sing1e Family Residential Taps[1]		
Base charge per residence	$2,949	$4,126
Charge gross lot size	$0.61 /SQ ft	$0.85/SQ ft
Multi-family Residential Taps[2]		
Base charge for duplex or first two dwelling units served through a single tap	$9,232	$12,921
Charge for each additional dwelling unit served through a single tap	$1,803	$2,522

All Other Taps[3] (Non-Residential)

	Treated Water Service		Recycled Water Service	
Size of Connection:	Inside City	Outside City	Inside City	Outside City
¾”	$7,428	$10,472	$5,262	$7,367
1”	19,506	27,300	14,057	19,673
1½”	41,201	57,675	30,541	42,753
2”	76,097	106,545	56,133	78,588
3”	143,140	200,397	108,097	151,340
4”	203,398	284,758	150,861	211,203
6”	312,923	438,088	242,817	339,942
8”	425,438	595,607	334,774	468,681
10”	587,761	822,857	426,720	597,410
12”	632,786	885,898	518,676	726,149

Special Contracts, Fixed Volume Contracts, & Large Volume Customers

	Treated Water		**Raw Water**	
Inside Combined Area	**Inside City**	**Outside City**	**Inside City**	**Outside City**
Acre Foot Conversion ($/AF)	$13,713	$19,204	$9,649	$13,515
1,000 Gallons Conversion ($/1,000 Gallons)	42.10	58.93	29.62	41.47
Outside Combined Area				
Acre Foot Conversion ($/AF)	n/a	24,352	n/a	17,141
1,000 Gallons Conversion ($/1,000 Gallons)		$74.73		$56.60

1 Licenses for single family residential taps within the City and Denver Water Service Areas, including applicable special contracts.
2 Licenses for multi-family residential taps within the City and Denver Water Service Areas, including applicable special contracts.
3 Licenses for all other taps within the City and Denver Water Service Areas, including applicable special contracts.

TABLE 25

HISTORY OF INCREASES OF SYSTEM DEVELOPMENT CHARGES (first implemented in 1973)

Date	Incremental Increase[1]
July 1, 1973	First Imposed
April 1, 1975	50.0%
April 16, 1976	50.0
January 1, 1980	50.0
February 1, 1982	50.0
January 1, 1986	7.0
January 1, 1998	5.0
January 1, 1999	5.0
January 1, 2001	9.0
December 18, 2002	10.0
October 22, 2003	20.0
January 31, 2005	9.0
January 1, 2006	8.0
January 1, 2007	10.0
January 1, 2008	7.0
April 13, 2009	(5.4)[2]
February 8, 2010	14.0
March 8, 2011	11.4
February 1, 2012	4.2
April 29, 2013	10.0

1 Changes in charge price for ¾" equivalent taps.
2 One time System Development Charge decrease is a result of more efficient use of water in new homes.

RECEIPTS AND EXPENDITURES

BUDGET TO ACTUAL COMPARISON 2008 - 2012 AND 2013 BUDGET (CASH BASIS) - Taken directly from Denver Water Comprhensive Annual Financial Report

(amounts expressed in thousands)

	2013	2012		2011		2010		2009		2008	
	Budget[1]	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$ 222,299	$ 187,296	$ 187,296	$ 225,410	$ 225,410	$ 194,012	$ 194,012	$ 198,311	$ 198,311	$ 226,160	$ 226,160
RECEIPTS FROM:											
Sale of water	268,795	261,978	271,703	246,079	238,085	223,305	225,493	212,028	188,293	207,219	204,232
Drought Surcharge	-	-	-	-	-	-	-	-	-	-	-
Nonoperating, interest & other	20,978	18,783	23,151	19,532	30,831	16,168	16,474	20,576	18,274	17,865	25,284
System development charges	8,640	10,714	19,619	8,000	14,649	8,000	11,283	8,000	9,013	22,981	19,138
Developer participation (new facilities) & Reimbursements & grants	2,911	5,367	2,518	4,863	6,160	4,863	10,940	11,605	10,938	3,717	5,197
	301,324	296,842	316,991	278,474	289,725	252,336	264,190	252,209	226,518	251,782	253,851
Sale of bonds	25,600	38,000	40,358			39,000	90,000	44,075	44,000	-	1,800
Total receipts	326,924	334,842	357,349	278,474	289,725	291,336	354,190	296,284	270,518	251,782	255,651
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	193,930	201,862	175,215	198,641	182,180	178,177	184,441	152,021	153,182	139,655	139,813
Debt service	46,952	39,853	45,090	46,374	55,967	50,525	51,234	51,933	50,800	49,495	49,604
	240,882	241,715	220,305	245,015	238,147	228,702	235,675	203,954	203,982	189,150	189,417
Capital improvements (new facilities)	33,670	47,343	47,536	46,344	39,211	52,818	51,105	43,235	32,568	44,932	41,813
System replacements	37,780	37,271	32,482	32,101	26,876	30,755	23,734	31,148	21,653	26,025	24,291
Equipment	7,317	7,186	6,790	8,642	4,652	10,552	7,177	20,954	14,927	16,687	16,693
	78,767	91,800	86,808	87,087	70,739	94,125	82,016	95,337	69,148	87,644	82,797
Indirects to capital	21,292	14,265	15,176	14,791	15,419	15,738	15,551	11,512	15,429	14,637	11,286
Total expenditures	340,941	347,780	322,289	346,893	324,305	338,565	333,242	310,803	288,559	291,431	283,500
Cash Balance Adjustment[2]			(57)		(3,534)		10,449		13,742		
ENDING CASH & INVESTMENTS	$ 208,282	$ 174,358	$ 222,299	$ 156,991	$ 187,296	$ 146,783	$ 225,409	$ 183,792	$ 194,012	$ 186,511	$ 198,311

GENERAL EXPLANATION OF VARIANCES:

[1]This is the original Board approved budget. A revised budget was approved by the Board on April 10, 2013, in response to the drought.

[2]The cash balance adjustment is due to a timing difference between cash payments that were made in January but were accrued for in December.

Variances in operating receipts are generally due to abnormal climatic conditions.

Variances in system development charges are generally related to levels of activity in the home building industry.

Variances in capital improvements are generally due to changes in project scheduling.

Cash and investments do not agree with amounts on the statements of net assets due to differences in valuation methods.

WASTEWATER MANAGEMENT SYSTEM

The Wastewater Management Enterprise Fund ("Wastewater"), a department within the City's Department of Public Works, was established to account for the sanitary sewer and storm operations of the City. The City's wastewater collection facilities consist of approximately 1,500 miles of sanitary sewer lines of various compositions, ranging in size from 8" to more than 45" in diameter and over 750 miles of storm drainage. Denver's system uses four sanitary sewer lift stations, three storm sewer lift stations are currently in service as well as gravity flow stations.

Denver maintains an active line maintenance program, which uses television and sealing units to monitor line condition and seal joints. Denver employs a regular maintenance schedule to flush out lines, a grout process to repair slight breaks, and trenchless technology to replace lines. Maintenance and replacement have historically been funded out of the Wastewater System's capital maintenance program.

In January of 2012, the City, for and on behalf of the Wastewater Management Division of its Department of Public Works, issued $50,425,000 of Wastewater Revenue Bonds. The proceeds were used to defease the outstanding 2002 series revenue bonds and to finance $32,500,000 capital improvements to storm drainage facilities.

Wastewater Financial Information

Customer Information. Denver's Wastewater Management Division estimates that Wastewater serves approximately 156,392 sanitary sewer customers. Of this amount, approximately 140,997 (90%) are residential customers; approximately 15,395 (10%) are commercial, industrial, or governmental customers.

Metro Wastewater Reclamation District. The sewage carried by the City's Sanitary Sewerage Facilities is delivered to Metro Wastewater Reclamation District (the "Sewage District"), a political subdivision of the State organized to manage and finance facilities for the carriage, treatment and disposal of wastewater throughout the metropolitan Denver area. The City entered into a Sewage Treatment and Disposal Agreement (the "Sewage District Agreement") with the Sewage District in March 1964. There are currently over 40 other municipalities, districts and industrial entities contracting with the Sewage District for sewage treatment and disposal services. Under the Sewage District Agreement, there is an annual charge to each signatory, payable quarterly. The annual charge is calculated with the intention that each signatory pays in proportion to its use of the Sewage District's services. Table 26 presents historical data between 2008 and 2012 relating to the Sewage District's total annual charges to Wastewater.

TABLE 26

HISTORICAL METRO WASTEWATER RECLAMATION DISTRICT ANNUAL CHARGES

	2008	2009	2010	2011	2012
Total Enterprise Operating Expense	$81,003,177	$81,003,177	$84,489,828	$96,069,624	$97,853,113
Metro Annual Charge[1]	29,316,360	29,316,360	33,566,435	45,010,602	44,367,414
Metro Annual charge as a Percentage of Total Operating Expense	36.19%	36.19%	39.73%	46.85%	45.34%
Year-to-Year Metro Annual Charge Increase	12.78%	0.00%	14.50%	34.09%	(1.43%)

1 These figures do not reflect the amounts paid to other sewage treatment and disposal districts.

(Source: Wastewater Enterprise Department of Finance)

Account Information. The number of accounts served by the Storm Drainage facilities and Sanitary Sewerage facilities during the past ten years are reflected in the following table:

TABLE 27

HISTORICAL ACCOUNT INFORMATION

Years (December 31)	Storm Drainage Accounts	Sanitary Sewer Accounts
2003	148,755	146,901
2004	150,738	148,165
2005	152,127	149,266
2006	154,605	150,304
2007	156,795	150,637
2008	158,176	153,720
2009	158,955	154,230
2010	159,932	155,482
2011	160,482	156,392
2012	161,420	156,374

Storm Drainage Service Charge. The City imposes a storm drainage service charge on every lot or parcel of land within the City to the owners thereof, with the exception of real property owned by the Department of Aviation (Denver International Airport). The storm drainage service charge is structured so that the owner of each lot or parcel pays for the Storm Drainage Facilities to the extent its lot or parcel contributes stormwater runoff to the Storm Drainage Facilities beyond the amount of stormwater runoff which would otherwise be contributed by such lot or parcel if the lot or parcel was in its natural state. The amount of stormwater runoff attributed to a lot or parcel is directly related to the amount of impervious surface area (e.g., roofs, driveways, parking lots, etc.) on the property. The storm drainage service charge is based on the percentage of impervious area to the total property area. The City determines the annual storm drainage service charge for each lot or parcel by dividing the lot's or parcel's impervious area by its total area. The ratio of these figures is then matched to the appropriate ratio group determined by the City, with each ratio group assigned a corresponding rate. In June 2011, the City adopted by ordinance the fee schedule set forth in Table 28 below for the storm drainage service charges:

TABLE 28

RATE HISTORY AND FUTURE RATES

Ratio Group	Rate 2006-2010	Rate 2011(July)	Rate 2012(July)	Rate 2013(July)
0 to .10	$1.44	$1.73	$1.76	$1.80
.11 to .20	1.81	2.17	2.21	2.25
.21 to .30	2.18	2.62	2.67	2.72
.31 to .40	2.58	3.10	3.16	3.22
.41 to .50	2.95	3.54	3.61	3.68
.51 to .60	2.95	3.77	3.85	3.93
.61 to .70	3.34	4.01	4.09	4.17
.71 to .80	3.72	4.46	4.55	4.64
.91 to .90	4.09	4.91	5.01	5.11
.91 to100	4.48	5.38	5.49	5.60

On July 1, 2014 and thereafter, the annual storm drainage service charge is to be adjusted annually based on the percentage change from the previous year in the United States Consumer Price Index.

The rate for the lot or parcel's ratio group is multiplied by the square footage of the lot or parcel's impervious area and then divided by 100. The resulting quotient is equal to the annual storm drainage service charge. For example, a 5,000 square foot lot with 3,000 square feet of impervious area would be included in the .51 to .60 ratio group and therefore would be charged an annual storm drainage service charge of $117.90 ($3.93 x 3,000/100). However, the minimum annual storm drainage service charge will not be less than $12.56 and $12.81 for the rate periods effective July 1st of 2012 and 2013, respectively. The minimum charge will increase according to the percentage change from the previous year in the United States Consumer Price Index for subsequent years. The power and authority of home rule municipalities such as the City to impose storm drainage service charges computed as described above has been affirmed by the State Supreme Court.

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

In June 2011, the City adopted by ordinance a new fee schedule for sanitary sewage service charges whereby such sanitary sewage service charges were increased 45% as of July 1, 2011 and were increased an additional 15% effective as of July 1, 2012 and an additional 10% effective as of July 1, 2013. On July 1, 2014 and thereafter, the annual storm Sanitary Sewer Charge is to be adjusted annually based on the percentage change from the previous year in the United States Consumer Price Index.

The following table sets forth the statements of revenues, expenses of the 2011, 2012 and 2013 Approved Budgets.

TABLE 29

WASTEWATER ENTERPRISE BUDGETS

	2011 Approved Budget	**2012 Approved Budget**	**2013 Approved Budget**
Operating Revenue			
Total Operating Revenue	$76,674,000[1]	$96,483,000	$110,685,000
Operating Expenses			
Personnel Services	23,048,000	23,243,000	24,454,000
Contractual Services	17,420,000	21,220,000	23,243,000
Supplies and Materials	1,725,000	1,884,000	2,083,000
District Water Treatment Charges	45,600,000	45,000,000	46,000,000
Total Operating Expenses	87,793,000	91,347,000	95,780,000
Operating Income (loss)	(11,119,000)	5,136,000	14,905,000
Other Income (Expense)			
Earnings on investments	300,000	200,000	200,000
Debt interest payments	(1,365,000)	(1,047,400)[2]	(1,794,475)
Bond principal payment	(1,108,800)	(1,430,000)[2]	(2,540,000)
Purchase of capital Equipment	(637,746)	(4,384,500)	(872,000)
Total Other Expense	(2,811,546)	(6,661,900)	(5,006,475)
Modified Net Income	($13,930,546)	($1,525,900)	$9,898,525

1 The rate increases that went into effect on July 1, 2011 are not reflected in the 2011 budget.

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2012)

Operating History

Historical Wastewater Management Fund Information. A five-year comparative statement of Denver's Wastewater Management Fund revenues, expenses and resulting changes in retained earnings as reported in Denver's audited comprehensive annual financial reports for fiscal years 2008 through 2012 is set forth in the following table.

Table 30
WASTEWATER MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the years ending December 31

	2008	2009	2010	2011	2012
Operating revenues – charges for services					
Sanitary sewer	$46,936,074	$46,060,753	$45,556,406	$58,279,339	$69,569,997
Storm drainage	29,654,347	29,451,253	29,806,256	31,464,231	36,596,860
Total	76,590,421	75,512,006	75,362,662	89,743,570	106,166,857
Operating expenses					
Personnel services	20,454,009	21,202,815	19,340,219	19,031,648	20,087,538
Contractual services	14,400,684	14,714,438	14,577,854	14,425,358	15,857,625
Supplies	1,579,397	1,275,296	1,180,098	870,453	1,006,249
Utilities	114,198	125,198	142,815	466,812	421,262
Depreciation and amortization	12,602,935	14,369,070	15,682,407	16,264,751	16,113,025
Payments To Metro Wastewater Reclamation District	25,994,957	29,316,360	33,566,435	45,010,602	44,367,414
Total	75,146,180	81,003,177	84,489,828	96,069,624	97,853,113
Operating Income	1,444,241	(5,491,171)	(9,127,166)	(6,326,054)	8,313,744
Nonoperating revenue (expenses)					
Investment income	1,961,110	377,512	2,185,741	257,876	1,122,750
Investment expense	4,927	4,927	4,927	4,927	(1,353,635)
Gain (loss) on disposition of assets	5,483	56,321	101,906	(1,781,378)	16,720
Total nonoperating revenues	1,971,520	438,760	2,292,574	(1,518,575)	(214,165)
Income before capital contributions and transfers	3,415,761	(5,052,411)	(6,834,592)	(7,844,629)	8,099,579
Capital contributions	7,689,684	15,017,821	13,983,763	11,652,062	6,890,861
Transfers out	(14,500)	(18,800)	(25,200)	(2,106,305)	(25,200)
Change in net assets	11,090,945	9,946,610	7,123,971	1,701,128	14,965,240
Net assets, beginning of year	480,469,495	491,560,440	501,507,050	508,631,021	510,332,149
Net assets, end of year	$491,560,440	$501,507,050	$508,631,021	$510,332,149	$525,297,389

(Source: Wastewater Audited Financial Statements 2008 – 2012.)

Historic Net Pledged Revenues

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

HISTORIC DEBT SERVICE COVERAGE RATIOS

Years	Estimated Net Pledged Revenues	Maximum Debt Service Requirements	Debt Service Coverage Ratio
2008	16,013,213	2,484,444	6.45
2009	9,260,338	2,484,444	3.73
2010	8,745,909	2,484,444	3.52
2011	10,201,500	2,484,444	4.11
2012	24,561,940	3,222,888	7.62

(Source: Wastewater Enterprise Department of Finance)

Capital Improvement Plan.

The Enterprise continuously reviews its future capital needs to be identified in the master drainage plan through staff observation and customer and community feedback. Recommended projects are incorporated into the Six-Year Capital Improvement Plan. The timing and priority for implementation of recommended projects within the Six-Year Capital Improvement Plan are based upon certain factors including the master plan, study findings, health and safety matters, legal and contractual obligations, completion of existing projects, coordination with other projects, mitigation of damages, cost and operational efficiency, public/private cooperation and regional benefits. The Enterprise is continuously implementing the results of this process in its capital improvements plan. The following schedule provides the Enterprise's currently proposed capital improvements plan expenditures for the years 2013-2018:

PROPOSED CAPITAL IMPROVEMENT PLAN
FOR 2012 THROUGH 2017

Project Description	2013	2014	2015	2016	2017	2018
Storm Drainage	$21,347,915	$30,244,810	$20,670,841	$16,000,000	$20,000,000	$20,600,000
Sanitary Sewerage	2,869,099	3,780,213	1,716,876	3,000,000	5,000,000	5,150,000
Total	$24,217,014	$34,025,023	$22,387,717	$19,000,000	$25,000,000	$25,750,000

(Source: Wastewater Enterprise Department of Finance)

THE AIRPORT SYSTEM

Description of the Airport

The Municipal Airport System ("Airport System") is owned by the City and the power to operate, maintain, and control the Airport System is vested in its Department of Aviation. The primary asset of the Airport System is Denver International Airport (the "Airport"), which is the primary air carrier airport for the Denver air service region. The Airport is situated approximately 24 miles northeast of Denver's central business district and encompasses approximately 53 square miles. The Airport's passenger complex has a landside terminal and three airside concourses. The airside concourses provide 90 full-service jet gates for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft. The Airport 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 is 16,000 feet long and 200 feet wide and can accommodate fully loaded jumbo jets and large airlines, including the Airbus A-380.

Airport System Aviation Activity

Located close to the geographic center of the United States mainland, Denver has long been a major air transportation hub. Denver has airline service to more than 160 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by Denver International Airport's ability to accommodate aircraft landings and takeoffs in virtually all weather conditions. The Denver Metropolitan Area, with a population of more than 2.9 million, is the primary region served by Airport.

There are 25 passenger airlines currently providing scheduled service at the Airport, including ten major/national passenger airlines, six foreign flag passenger airlines and nine regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines 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 26.5 million enplaned passengers (passengers embarking on airplanes) in 2011, constituting an approximately 1.7% increase over 2010, and approximately 26.6 million enplaned passengers in 2012, constituting a 0.5% increase over 2011. In 2012, the Airport experienced the highest number of annual enplaned passengers since it opened in 1995. Approximately 55% were passengers originating their travel at the Airport in 2011 and approximately 56% were originating passengers in 2012. Approximately 45% were passengers making connecting flights at the Airport in 2011 and approximately 44% were connecting passengers in 2012.

Information contained in Tables 31, 32, and 33 regarding passenger enplanements and related aviation activity at the Airport may vary from information published in the past due to changes in categorization or presentation by certain airlines.

The following table shows annual levels of enplaned passengers for all airlines serving the Airport System for the most recent five-year period. The totals include activity data for major/national airlines, regional/commuter airlines and charter and other airlines.

Table 31

AIRPORT SYSTEM
HISTORICAL ENPLANED PASSENGERS
BY AIRLINE TYPE[1]
2008-2012

	Major/National Airlines[2]		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
2008	21,514,216	3.6	3,945,641	0.0	190,386	(13.7)	25,650,243	2.8
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	21,709,457	3.2	4,439,844	(4.8)	306,494	(6.2)	26,455,795	1.7
2012	21,984,283	1.3	4,323,837	(2.6)	289,021	(5.7)	26,597,141	0.5

1 Includes revenue and non-revenue enplaned passengers.

2 Includes Ted in 2008 and Lynx in 2008- March 2011.

(Source: Department of Aviation)

The following table shows enplaned passengers for individual airlines serving the Airport System for 2011 and 2012, and comparative market share information based on enplaned passengers for such periods.

Table 32

AIRPORT SYSTEM
PERCENTAGE OF ENPLANED PASSENGERS BY AIRLINE

	Calendar Year	
Airline	2011	2012
United	24.2%	23.9%
United Express[2]	15.4	15.2
Continental	3.3	1.4
Total United Group	42.9	40.5
Total Frontier Group	22.3	21.9
Southwest	21.8	23.7
American Airlines	2.3	2.4
Delta	3.8	3.8
US Airways	2.4	2.7
Other	4.5	5.0
Total Other	13.1	13.9
Total	100.0%	100.0%

(Source: Department of Aviation)

The following table sets forth a summary of selected aviation activity at the Airport for the period of 2008 through 2012.

Table 33
SUMMARY OF AVIATION ACTIVITY - DENVER INTERNATIONAL AIRPORT
(In thousands – Totals may not add due to rounding)

	Calendar Year				
	2008	**2009**	**2010**	**2011**	**2012**
Enplaned Passengers (millions):					
United	8.361	8.165	7.386	6.400	6.349
Ted[1]	1.105	--	--	--	--
United Express	2.906	3.438	4.152	4.087	4.040
Continental	0.520	0.510	0.542	0.863	0.371
Total United Group	12.892	12.113	12.079	11.351	10.760
Frontier[2]	5.812	5.181	5.259	5.859	5.826
Lynx[3]	0.504	0.602	0.311	0.031	--
Frontier JetExpress[4]	0.216	--	0.025	--	--
Total Frontier Group	6.531	5.782	5.595	5.890	5.826
Southwest	2.379	3.614	4.726	5.756	6.301
Other	3.849	3.619	3.624	3.459	3.710
Total	25.650	25.128	26.025	26.456	26.597
Percent Change from Prior Year	2.84%	(2.04)%	3.57%	1.66%	0.53%
Originating Passengers (millions):	14.335	13.656	14.101	14.595	14.785
Percent of Total Enplaned	55.9%	54.3%	54.2%	55.2%	55.6%
Connecting Passengers (millions)	11.315	11.472	11.923	11.861	11.812
Percent Connecting of Total Enplaned	44.1%	45.7%	45.8%	44.8%	44.4%
United Group Passengers: [1]					
Percent Originating	42.7%	39.2%	38.2%	39.5%	40.0%
Percent Connecting	57.3%	60.8%	61.8%	60.5%	60.0%
Frontier Passengers:					
Percent Originating	50.5%	49.5%	50.4%	50.0%	48.4%
Percent Connecting	49.5%	50.5%	49.6%	50.0%	51.6%
Southwest Passengers:					
Percent Originating	84.4%	75.5%	71.4%	70.5%	68.3%
Percent Connecting	15.6%	24.5%	28.6%	29.5%	31.7%
Average Daily Departures:					
Passenger Airlines:					
United and Ted[1]	207	171	149	130	133
United Express	192	216	246	246	239
Frontier	167	158	158	152	137
Frontier JetExpress	10	--	1	--	--
Southwest	78	108	124	147	159
Other	160	149	156	157	138
Total Passenger Airlines	814	802	833	832	806
All-Cargo Airlines	26	25	25	25	24
Total	840	827	858	856	831
Percent Change from Prior Year	0.76%	(1.56)%	3.75%	(0.15)%	(3.00)%
Landed Weight (billion pounds):					
Passenger Airlines:					
United and Ted[1]	11.790	10.499	9.568	7.925	7.974
United Express	3.616	4.200	4.999	4.826	4.675
Frontier	7.342	6.768	6.714	6.679	6.338
Frontier JetExpress	0.263	--	0.030	--	--
Southwest	3.508	4.817	5.611	6.656	7.244
Other	5.406	5.165	5.131	5.218	4.454
Total Passenger Airlines	31.925	31.449	32.054	31.304	30.685
All-Cargo Airlines	1.325	1.250	1.222	1.207	1.204
Total	33.250	32.699	33.275	32.512	31.889
Percent Change from Prior Year	1.27%	(1.66)%	1.76%	(2.29)%	(1.92)%
Enplaned Cargo (million pounds)[5]	248.122	221.444	241.710	242.491	227.734
Percent Change from Prior Year	(5.56)%	(10.75)%	9.15%	0.32%	(6.09)%
Total Aircraft Operations (Landings/Take-Offs):					
Air Carriers	460,311	456,675	468,962	452,223	443,389
Air Taxi/Commuter/Military/General Aviation	165,533	155,302	166,483	182,457	174,868
Total	625,844	611,977	635,445	634,680	618,257
Percent Change from Prior Year	1.05%	(2.22)%	3.83%	(0.12)%	(2.59)%

[Footnotes on next page]

Footnotes for Table 33

1 Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008.

2 Includes Frontier and Frontier/Republic.

3 Lynx commenced service at the Airport in December 2007. In March 2011, however, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. See "THE AIRPORT SYSTEM — *The Frontier Group*" hereafter.

4 Several airlines operated as Frontier Jet Express during this period, the most recent of which was Midwest Express, which ceased operating as such in the fall of 2010.

5 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 2% of Gross Revenues.

(Source: Department of Aviation)

Factors Affecting the Airport

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009, in 2011 the number of enplaned passengers increased by 1.7% over 2010, and in 2012 the number of enplaned passengers increased by 0.5% over 2011, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995.

Future aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors, including 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 and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport

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 the United Use and Lease Agreement, United currently leases 36 of the existing 90 full service jet gates at the Airport, as well as a 16-gate regional jet facility.

In 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce. Such reductions continued in 2009, 2010 and 2011. On October 1, 2010, United Continental Holdings (formerly known as UAL Corporation), the parent company of United, completed the merger of United and Continental, and integrated the two airlines under the United brand to operate under a single FAA operating certificate as of November 30, 2011. The United Group (United, United Express and Continental) accounted for approximately 42.9% and 40.5% of passenger enplanements at the Airport in 2011 and in 2012, respectively. In addition, the Airport would rank as the 4th busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2012.

United Special Facility Bonds

In 1992, the City issued approximately $261 million of Special Facility Revenue Bonds on behalf of United to finance the construction of various United special facilities on airport premises. The 1992 Bonds were refunded and defeased with the proceeds of Series 2007 Airport System Special Facilities Bonds issued by the City, for and on behalf of the Department. The repayment of these bonds is the sole responsibility of United.

Southwest Airlines

Southwest Airlines ("Southwest") had the second largest market share at the Airport in 2012 and the third largest market share in 2011. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 50 cities to which it currently provides nonstop service from the Airport. In 2012, the Airport was the 6th busiest airport in the Southwest system. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest is integrating AirTran Airways into the Southwest brand, and operates Southwest and AirTran Airways under a single FAA operating certificate.

The Frontier Group

Frontier and its affiliates ("Frontier") had the third largest market share at the Airport in 2012 and the second largest market share in 2011. The Airport is Frontier's only hub and in 2012 was the busiest airport in the Frontier system. In December 2007, Frontier's hubbing operations at the Airport were expanded with the introduction of a sister airline, Lynx Aviation, Inc. ("Lynx"), which served smaller airports in the region. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to Frontier Express, a new brand operated by Frontier/Republic and Chautauqua Airlines (also a Republic Holdings subsidiary).

Frontier Holdings, together with its Frontier and Lynx subsidiaries, filed for protection under the U.S. Bankruptcy Code in April of 2008 and continued operations pending approval of a plan for reorganization in September of 2009. The companies emerged from bankruptcy on October 1, 2009, with Frontier Holdings being acquired by and becoming a wholly-owned subsidiary of Republic Holdings. Republic Holdings also owns a number of regional carriers, including Chautauqua Airlines, Mokulele Airlines, Republic Airlines and Shuttle America. Republic Holdings also owns Midwest Airlines, and has integrated the operations of Midwest Airlines under the Frontier brand. Republic Holdings announced in April 2012 that it had engaged Barclays Capital to assist it in the sale of the Frontier Group.

Other Passenger Airline Information

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2012 or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2012.

The 2013-2018 Capital Program

The current capital program for the Airport represents the City's expectations of future Airport's capital needs in order to maintain, reconstruct and expand Airport facilities through 2018.

The Airport capital needs between 2013 and 2018 is summarized in the following table.

TABLE 34

2013-2018 AIRPORT PLANNED CAPITAL PROGRAM PROJECTS
(Amounts expressed in 000's; totals may not add due to rounding)

	2013 [1]	2014	2015	2016	2017	2018	Total	Deemed Funded [2]	Balance [2]
Airfield	$118,310	$ 30,886	$28,929	$27,539	$12,116	$11,850	$ 229,630	$117,751	$111,879
Baggage/AGTS	64,822	39,273	37,727	0	0	0	141,822	98,597	43,225
Commercial	17,121	14,550	14,000	0	0	0	45,671	1,171	44,500
Environmental/Utilities	15,560	0	0	0	0	0	15,560	13,638	1,922
Other CIP	105,567	32,641	0	0	0	0	138,208	19,797	118,411
Roads	26,182	13,250	5,100	8,000	2,100	1,000	55,632	16,229	39,403
Technologies	34,735	6,809	3,578	1,265	1,208	0	47,594	12,571	35,024
Terminal Complex	97,361	47,575	12,657	3,774	1,774	0	163,142	29,086	134,056
South Terminal Redevelopment Program	356,825	162,443	25,000	0	0	0	544,268	369,126	175,142
TOTAL	**$836,481**	**$347,427**	**$126,991**	**$40,578**	**$17,198**	**$12,850**	**$1,381,526**	**$677,965**	**$703,561**

1 Payment of certain of these project costs in the total approximate amount of $341,698,000 was budgeted for 2012.

2 Sources of funds for these costs include approximately $476 million of proceeds from prior Senior Bonds, approximately $198 million in FAA grants received and expected to be received, approximately $4 million of other sources, also assumed to be received, $607,600* from the proceeds of the Series 2013A-B Subordinate Bonds, and approximately $96 million from proceeds of Senior Bonds and commercial paper notes to be issued in the future. To the extent FAA grants and other funds assumed to be received are not received in the amount or timeframe assumed, the City expects to fund projects from the proceeds of additional Senior Bonds or Subordinate Bonds or from cash on hand.

(Source: Department of Aviation)

The current capital program for the Airport represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in the six-year period from 2013 through 2018 (the "2013-2018 Capital Program"), which is described in the table above. The Airport System's capital needs between 2013 and 2018 are currently estimated to have a total cost of approximately $1.4 billion (in 2013 dollars) and are expected to be financed with a combination of Airport System Senior Bonds and Subordinate Bonds, federal grants, Airport System moneys, subordinate contract obligations and subordinate commercial paper notes.

RTD is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, pursuant to the RTD FasTracks Program. RTD has an agreement with Denver Transit Partners ("DTP"), under which DTP will design, construct, finance, operate and maintain a project it refers to as "Eagle P3", which includes the "East Rail" line, a 22.8 mile commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Rail service currently is planned by RTD to commence in January 2016. Neither the City nor the Department of Aviation will receive any revenue from the use of the commuter rail service.

In March 2010, the City, for and on behalf of the Department of Aviation, and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the "FasTracks East Corridor IGA"), pursuant to which RTD agreed to lease property at the Airport and construct the rail lines and supporting infrastructure for the East Corridor project, and the Department of Aviation, among other things, is required to finance and build a train station and a "terminal-to-station" interface at the Airport (the "DIA Rail Station"). The Department of Aviation is obligated under the FasTracks East Corridor IGA to have the DIA Rail Station substantially completed by January 1, 2014, allowing RTD complete and uninterrupted access in order that RTD may complete the installation and begin operational testing of the commuter rail line. The Department of Aviation will be responsible for operating and maintaining only certain portions of the DIA Rail Station. The term of the FasTracks East Corridor IGA extends through 2056, unless earlier terminated in writing by mutual consent of the parties, or by court order. The FasTracks East Corridor IGA provides that the Department will grant a lease of certain property at the Airport to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

There is currently a dispute between the City and RTD regarding the division of performance and payment responsibility under the FasTracks East Corridor IGA with respect to the construction of the improvements in the area immediately south of the DIA Rail Station. By mutual agreement, the parties have sought to resolve the dispute through hearings before a neutral finder of fact with the Judicial Arbiter Group ("JAG"). After hearing the matter, the neutral finder of fact awarded approximately $8 million as the amount due from RTD to the City. The City has appealed this award to the District Court under Rule 106 of the Colorado Rules of civil Procedure, as the City estimates the additional costs for such disputed improvements pursuant to the FasTracks East Corridor IGA are between $12 million and $20 million, however, the City's 2013-2018 Capital Program and Plan of Finance have been revised to account for this additional liability.

TABLE 35

AIRPORT SYSTEM
HISTORICAL ENPLANED CARGO OPERATIONS
2008-2012
(in pounds)

Year	Air mail	Freight and Express	Total	% Change
2008	11,783,176	236,339,165	248,122,341	
2009	12,918,962	208,524,571	221,443,533	(10.8)
2010	19,663,000	222,047,310	241,710,310	9.2
2011	18,612,677	223,878,051	242,490,728	0.3
2012	17,373,529	210,360,700	227,734,229	(6.1)

(Source: Department of Aviation)

Outstanding Bonds and Notes

Senior and Subordinate Bonds have been issued to fund capital construction and maintenance of the Airport. As of December 31, 2012, the total aggregate amount of all outstanding Bonds is as follows ($ in thousands):

Table 36

AIRPORT SYSTEM – OUTSTANDING BONDS[1]
As of December 31, 2012

Issue	Amount
Series 1991D Bonds [1]	$ 20,750,000
Series 1992C Bonds [1]	40,080,000
Series 1992F Bonds [2]	21,200,000
Series 1992G Bonds [4]	17,600,000
Series 1997E Bonds	18,830,000
Series 2002C Bonds [2,4]	32,200,000
Series 2003B Bonds	16,000,000
Series 2005A Bonds	219,590,000
Series 2006A Bonds [4]	268,360,000
Series 2006B Bonds	42,195,000
Series 2007A Bonds	188,350,000
Series 2007B Bonds	24,250,000
Series 2007C Bonds	34,635,000
Series 2007D Bonds	147,815,000
Series 2007D2 Bonds	29,200,000
Series 2007E Bonds	47,400,000
Subseries 2007F1 Bonds [2,5]	51,475,000
Subseries 2007F2 Bonds [2,5]	51,275,000
Subseries 2007F3 Bonds [2,5]	51,300,000
Subseries 2007F4 Bonds [2,5]	51,375,000
Subseries 2007G1 Bonds [2,4]	73,300,000
Subseries 2007G2 Bonds [2,4]	73,300,000
Subseries 2008A1 Bonds [2,4]	115,140,000
Series 2008B Bonds [2,3,4]	74,500,000
Subseries 2008C1 Bonds [2,3,4]	92,600,000
Subseries 2008C2 Bonds [2,3,4]	100,000,000
Subseries 2008C3 Bonds [2,3,4]	100,000,000
Series 2009A Bonds	167,565,000
Series 2009B Bonds	65,290,000
Series 2009C Bonds [2,3,4]	104,655,000
Series 2010A Bonds	171,360,000
Series 2011A Bonds	335,150,000
Series 2011B Bonds	179,165,000
Series 2011C Bonds	15,310,000
Series 2012A Bonds	315,780,000
Series 2012B Bonds	510,140,000
Series 2012C Bonds	30,285,000
	$3,897,420,000

1 In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease $54.88 million of Series 1991D Bonds and Series 1992C Bonds. Annually from 2006 through 2011, the City used Airport Net Revenues and revenues from PFCs to establish escrows to defease or call Senior Bonds related to the discontinued automated baggage system. None of the defeasances satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding.

2 These Senior Bonds constitute variable interest rate obligations that are either secured by letters of credit or insurance or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance or currently constitute credit facility bonds owned by certain banks as described in footnote 4 below. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

3 These credit facility Senior Bonds bear interest at a fixed spread to one-month LIBOR for initial three to five year initial terms pursuant to private placement transactions with certain banks.

4 A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2012 appended to the DIA 2013A-B Subordinate Revenue Bonds Official Statement, effectively converting the floating rates of the variable rate bonds to fixed rates and converting the fixed rates of the fixed rate bonds to variable rates.

5 The Subseries 2007F1 Bonds, the Subseries 2007F2 Bonds, the Subseries 2007F3 Bonds and the Subseries 2007F4 Bonds currently are in an auction rate mode.

(Source: Department of Aviation Audited Financial Report for 2012, DIA 2013A-B Subordinate Revenue Bonds Official Statement)

On October 17, 2012, the Airport issued Airport System Revenue Bonds, Series 2012A (AMT), 2012B (Non-AMT) and 2012 C (Taxable) in the amount of $856,205,000. A portion of the 2012A series was used to refund series 1998A, 2002E and 2003A bonds and refund series 2012A Commercial Paper notes. A portion of the 2012B series was used to refund series 1998B and 2003B bonds and refund series 2012A Commercial Paper notes. The 2012C series was used to refund series 2003A. All other proceeds not deposited into the Bond Reserve Fund were deposited into the Project Fund.

Subordinate Revenue Bonds. On July 17, 2013, the Airport issued Subordinate Airport System Revenue Bonds, Series 2013A (AMT), and 2013B (non-AMT) in the amount of $719,915,000 to fund a portion of the costs of the 2013-2018 capital program. All proceeds not deposited into the Capitalized Interest Accounts or Bond Reserve Fund were deposited into the Project Fund. No other Subordinate Bonds are currently outstanding.

Subordinate Commercial Paper Notes. Airport System Subordinate Commercial Paper Notes may be issued for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and other purposes. On January 27, 2011, the Airport entered into a Letter of Credit Agreement with Barclays Capital Inc., allowing the Airport to issue Subordinate Commercial Paper Notes. On May 30, 2012 the Airport issued $56,000,000 of Commercial Paper, these notes were refunded with proceeds from the 2012A and 2012B series bonds. As of December 31, 2012, no Commercial Paper notes were outstanding.

Subordinate Hedge Facility Obligations. In 1998, 1999, 2002, 2005, 2006, 2007 and 2008, the City 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 outstanding Senior Airport System Bonds. Detailed information regarding these swap agreements is set forth in Note 12 to the financial statements of the Airport System for fiscal year 2012.

Installment Purchase Agreements. The Airport System entered into various Master Installment Purchase Agreements. As of December 31, 2012 the following Agreements were outstanding:

Date Entered	Firm	Amount	Interest Rate
8/1/2006	GE Capital Public Finance	$20,000,000	4.6700%
10/26/2006	Koch financial Corporation	$23,000,000	4.3400%
10/26/2006	Koch financial Corporation	$2,000,000	4.2200%
10/26/2006	GE Capital Public Finance	$9,000,000	4.1600%
8/5/2008	Chase Equipment Leasing Inc	$15,300,000	3.3290%
1/10/2012	Sovereign Capital Leasing	$20,500,000	1.9595%

Summary Financial Information

The following table sets forth five years of operating results of the Airport System.

TABLE 37

AIRPORT SYSTEM
CONDENSED STATEMENT OF REVENUES AND EXPENSES
FOR THE FISCAL YEAR ENDED DECEMBER 31
($ in thousands)

	2008	2009[1]	Restated 2010	2011	2012
Operating revenues	$540,760	$564,490	$601,402	$602,769	$624,673
Operating Expenses	373,829	379,517	409,865	392,862	388,171
Operating income before depreciation	166,931	184,973	191,537	209,908	236,502
Depreciation and Amortization	168,026	177,583	181,496	179,070	178,567
Operating Income	(1,095)	7,390	10,041	30,838	57,935
Non-Operating Revenues (Expenses) net	(44,987)	(59,749)	(87,795)	(75,489)	(43,669)
Capital Contributions	14,393	38,621	30,200	34,702	22,996
Change In Net Assets	($31,689)	($13,738)	($47,554)	($9,949)	$37,262

1 2009 has been restated for adoption of GASB 53. 2008 has not been restated for adoption of GASB 53.

(Source: Department of Aviation)

Table 38

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE
UNDER THE BOND ORDINANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31
($ in thousands)

	2008	Restated 2009	2010	2011	2012
Gross Revenues[1]	$648,069	$648,069	$685,339	$705,703	$713,279
Operation & Maintenance Expenses	309,270	309,270	302,881	312,278	318,394
Net Revenues	338,799	338,799	382,458	393,425	394,885
Other Available Funds[2]	53,575	49,288	47,975	48,045	51,685
Total amount available for Debt Service Requirements	$383,800	$388,087	$430,434	$441,469	$446,570
Debt Service Requirement Senior and Subordinate Bonds[3]	$240,028	$237,905	$235,244	$235,356	$247,562
Debt Service Coverage Senior and Subordinate Bonds	160%	163%	183%	188%	180%

1 Including Passenger Facility Charges
2 Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager of Aviation to be transferred from the Capital Fund to the Revenue fund; but in no event is such amount to exceed 25% of aggregate Debt Service Requirements for such Fiscal Year.
3 Subordinate Obligations include Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations. No Subordinate Bonds were outstanding from 2008-2012.

(Source: Airport Financial Statements for 2012)

AVERAGE AIRLINE COSTS
PER ENPLANED PASSENGER
2012 Dollars

$11.43[1, 2]

AVERAGE AIRLINE COSTS
PER ENPLANED PASSENGER
FOR UNITED (excludes Continental)
2012 Dollars

$20.23[1]

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1 Numbers are net of revenue credit and fuel tax rebates.

(Source: Department of Aviation)

HISTORICAL PASSENGER FACILITY CHARGE REVENUES
($ in thousands)

Year	Revenues
2008	$96,786
2009	96,865
2010	102,595
2011	103,210
2012	$105,472

(Source: Department of Aviation)

CONTACTS FOR FURTHER INFORMATION

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debtmanagement@denvergov.org

Financial reports are available on the City's web site, **http://www.denvergov.org/**, and may be obtained by following the instructions given under the respective headings below. Copies of the financial reports may also be obtained from the following City and County of Denver, Colorado contacts:

Continuing Disclosure Annual Report and
Wastewater Management Enterprise Fund Financial Statements:
City and County of Denver
Department of Finance
Denver J. Maw
Senior Financial Management Analyst
201 West Colfax Avenue, Dept. 1004
Denver, Colorado 80202
(720) 913-9353 (Phone)
(720) 913-9460 (Fax)
www.denvergov.org/DisclosureStatements

Comprehensive Annual Financial Report:
Beth Machann
Controller
201 West Colfax Avenue
Denver, Colorado 80202
(720) 913-5000 (Phone)
(720) 913-5247 (Fax)
http://denvergov.org/controller

Financial Statements and Supplementary Information - Airport System:
Department of Aviation
Denver International Airport
Patrick Heck
Deputy Manager of Aviation/Finance and Administration
Administration Division
8500 Pena Boulevard
Denver, Colorado 80249-6340
(303) 342-2400 (Phone)
(303) 342-2460 (Fax)
http://business.flydenver.com/stats/index.asp

Financial Statements - Board of Water Commissioners:
Denver Water Board
Usha Sharma
Manager of Treasury Operations
1600 West 12th Avenue
Denver, Colorado 80204
(303) 628-6410 (Phone)
(303) 628-6479 (Fax)
http://www.denverwater.org/AboutUs/FinancialInformation/

The 2013 Disclosure Statement must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2012– available on the City's website or from the Controller's Office. See above.

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APPENDIX A
AN ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA

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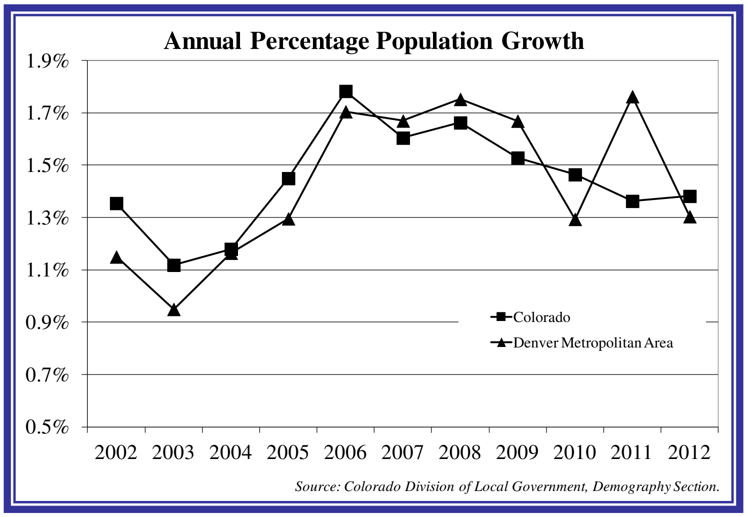
INTRODUCTION

Employment data for 2012 show Colorado outperforming the nation and boasting a lower than national average unemployment rate. The state's attractive business climate and high quality of life continued to be a magnet for young, talented adults. In fact, Colorado was the fifth fastest-growing state in terms of population between July 2010 and July 2011. A major revision to employment data suggests that employment grew even faster than originally estimated in the state. Colorado's economic recovery remained steady during the year, and employment grew at a healthy pace.

Growth advantages aside, Colorado's economy is not independent of national trends: political conflict, slow growth in nationwide economic output, and unstable foreign economies have had an impact on business in the state. Although progress was made during 2012, several important political situations have the potential to affect the state, particularly fiscal tightening measures. While the economy nationally and statewide improved during the year, national budget cuts may pose a threat to future growth.

As Colorado's economy expands, so will the economy in the Denver metropolitan area. The 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 61 percent of Colorado jobs and 56 percent of the state's total population. Like Colorado, employment data for the Denver metropolitan area also showed a stronger increase than originally estimated. Employment in one supersector – information – declined during the year. Four large industry sectors – professional and business services, education and health services, leisure and hospitality, and wholesale and retail trade – accounted for the majority of Denver metropolitan area jobs added between 2011 and 2012.



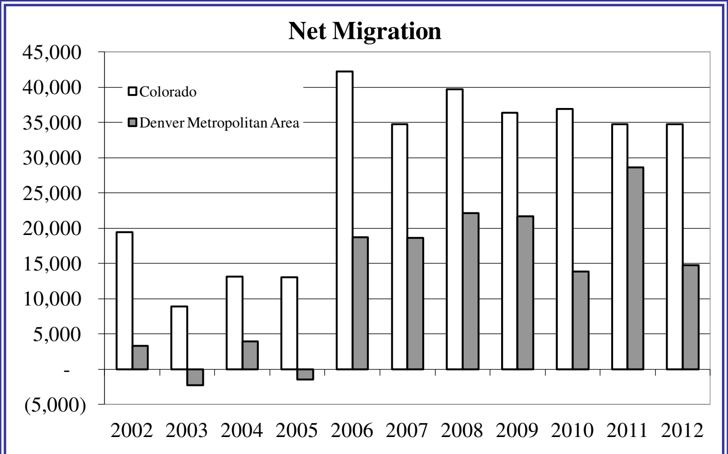
POPULATION

Colorado

The Colorado State Demographer's office recently announced that population data show Colorado as the fifth fastest-growing state between July 2010 and July 2011 with a growth rate of 1.4 percent. The 2012 population in the state totaled 5.2 million, and the state increased at about twice the rate of the nation due to a high birth rate, low death rate, and positive net migration.

Population growth depends on two components – natural increase and net migration. Natural increase is the difference between births and deaths, and typically changes only gradually as the population ages. Net migration reflects the number of in-migrants to the state minus the number leaving, and it tends to be more volatile as economic cycles, housing costs, and other less-predictable factors tend to influence population mobility. Natural increase accounted for 57 percent of Colorado's total population change between 2002 and 2012, and net migration accounted for 43 percent.

As Colorado's economy expanded and contracted over the past ten years, single-year net migration has represented a positive contribution to population growth, with several years showing more than 50 percent of growth due to migration. As Colorado's economy continues to recover and the state attracts households seeking a good quality of life, demographers expect net migration as a share of total population will remain strong through 2025, particularly as "Baby Boomers" retire and job opportunities become available. Historically, the largest groups of new Colorado residents have hailed from California, Texas, Arizona, and Florida.



Source: Colorado Division of Local Government, Demography Section.

Denver Metropolitan Area

The Denver metropolitan area is a magnet for new Colorado residents, although the two nationwide recessions that occurred over the past ten years made the share of regional population growth due to net migration somewhat smaller than it was during the 1990s and early 2000s. Net migration represented 37 percent of total Denver metropolitan area population growth between 2002 and 2012, and natural increase represented 63 percent of total growth. The prior decade (1992-2002) showed net migration of 71 percent.

Even with slower net migration during recession periods, the Denver metropolitan area's average annual population growth over the past ten years (1.4 percent) was noticeably faster than the national average (0.9 percent). The region's population grew 1.3 percent between 2011 and 2012, and the Denver metropolitan area is now home to nearly 2.9 million residents.

As the total population continues to grow at a faster-than-average pace, the Denver metropolitan area's young adult population is growing quickly as well. According to the Brookings Institution, the Denver metropolitan area had the third largest number of young adult (ages 25-34) net migration between 2009 and 2011 among 51 large metropolitan areas with populations greater than one million. The Denver metropolitan area also had the third highest amount of college graduates, aged 25 and older during the period. The area's median age (36.2) is lower than the nationwide median (37.3) and the total share of the region's population age 65 and older (11.2 percent) is somewhat smaller than the comparable share nationwide (13.3 percent).

Denver Metropolitan Area Population by County

	2002	2007	2012	Avg. Annual Population Growth (%) 2002-2007	2007-2012
Adams	371,181	415,915	459,730	2.3%	2.0%
Arapahoe	510,503	545,882	593,589	1.3%	1.7%
Boulder	284,433	288,757	304,066	0.3%	1.0%
Broomfield	42,432	53,328	58,930	4.7%	2.0%
Denver	559,090	570,437	628,174	0.4%	1.9%
Douglas	209,705	268,599	296,889	5.1%	2.0%
Jefferson	527,539	527,120	542,958	0.0%	0.6%
Denver Metropolitan Area	**2,504,883**	**2,670,038**	**2,884,336**	**1.3%**	**1.6%**
Colorado	**4,504,709**	**4,821,784**	**5,189,245**	**1.4%**	**1.5%**

Source: Colorado Division of Local Government, Demography Section.

Of the seven Denver metropolitan area counties, Douglas County, the City and County of Broomfield, and Adams County have reported the fastest population growth over the past five years. Growth in five of the seven counties exceeded both the statewide and national average growth rates between 2007 and 2012.

City and County of Denver

The City and County of Denver grew relatively slowly during the period 2002-2007. Net out-migration for each year from 2002 to 2006 contributed negatively to population growth, leading to a growth rate of 0.4 percent for the five-year period. However, migration picked up between 2007 and 2012 and led to an above average growth rate for the City and County of Denver compared with the entire Denver metropolitan area and Colorado. Rapid growth in new suburb-like neighborhoods such as Stapleton and Green Valley Ranch helped boost population. The revitalization of several existing downtown neighborhoods has also helped increase the number of city residents. Demographers expect net population change in Denver to remain positive and steady throughout the rest of the decade.

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.

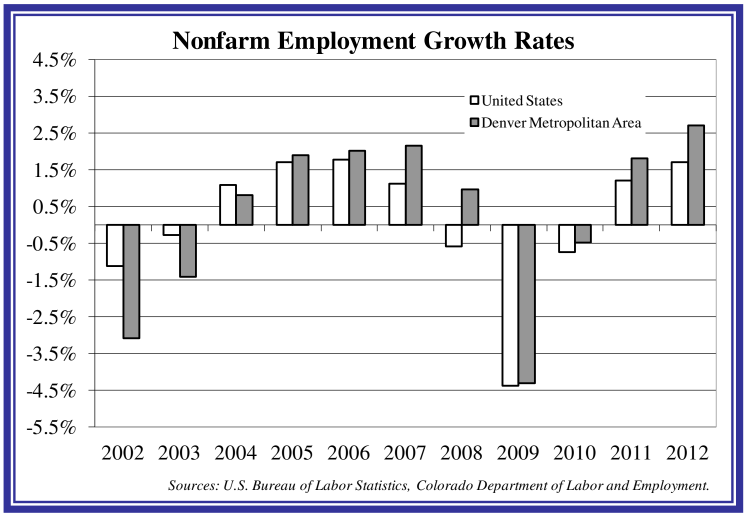
The so-called “establishment” survey is the data source for the Current Employment Statistics (CES) series, which includes detailed information on employment, hours, and earnings by industry. Although the survey does not count the self-employed, the CES data are some of the most closely watched and widely used gauges of employment trends. CES data was revised in March 2013, and annual benchmark data are included in this report.

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 groups that are combined to form 11 industry “supersectors.”

Colorado

In the past ten years, Colorado employment grew at an annual average rate of 0.6 percent, three times the national rate (0.2 percent). Two periods of recession pushed the employment growth down and have clearly shown the state’s tendency to exhibit amplified employment trends compared to the national average. Colorado has typically shown a more negative growth rate during the last two recessions but recovered more quickly and showed higher growth at peak times.

The concentration of certain industries in the state gave it unique advantages in recent times of economic growth. A large presence of high-tech, natural resource, and construction activity positioned Colorado to fare well in the current recovery. However, during periods of contraction, Colorado lacks large numbers of workers in industries that showed strength after the recent recession, such as public-sector healthcare and education and manufacturing. These factors led to a contraction (-1 percent) during 2010 that was greater than the national average (-0.7 percent) but higher growth during 2011 (1.6 percent) and 2012 (2.3 percent) than the nation (1.2 percent in 2011 and 1.7 percent in 2012).

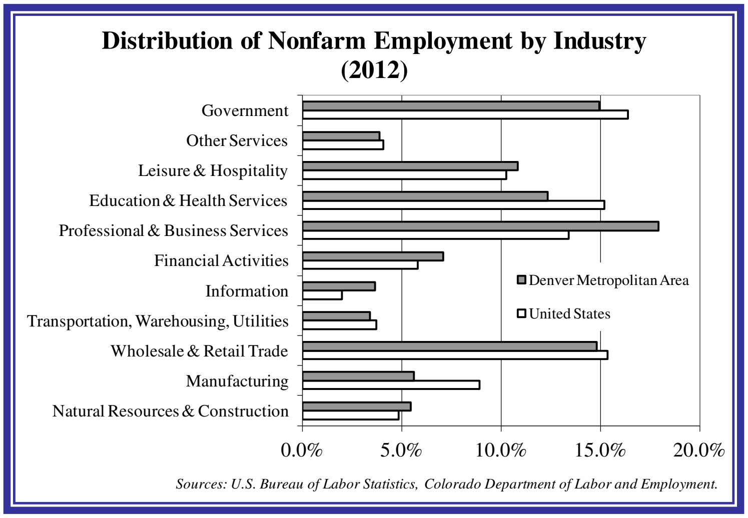


Denver Metropolitan Area

The U.S. Bureau of Labor Statistics also compiles CES data for a number of Metropolitan Statistical Areas (MSAs), including the Denver-Aurora-Broomfield 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 reflect the Denver MSA and Boulder MSA (Boulder County) combined.

This 11-county region has a nonfarm employment base of more than 1.4 million workers. Growth for the region has been even stronger than the state during the recent recovery, with employment rising 2.7 percent between 2011 and 2012. Accounting for over 61 percent of the state's employment, the Denver metropolitan area added 37,300 jobs of the total 51,800 jobs added in the state during the last year. The ten-year average annual growth rate for the area (0.6 percent) is approximately equal to the state. The 11-county region weathered the recent recession slightly better as well, with the lowest point of a 4.3 percent contraction in 2009, slightly higher than the state's employment loss of 4.5 percent.

Four industry supersectors – professional and business services, education and health services, leisure and hospitality, and wholesale and retail trade – accounted for 72 percent of Denver metropolitan area jobs added between 2011 and 2012. Part of these industries' large impact on overall job growth reflects their sheer size, as they are some of the region's largest sectors in terms of total jobs. Employment in the region's third-largest industry supersector, government, increased slightly (0.5 percent) between 2011 and 2012, with slight increases in local and state government employment offsetting a 0.6 percent decline in federal government jobs.



The only supersector to report a decline between 2011 and 2012 was information. Employment in the supersector was 1.1 percent lower in 2012, most likely due to the dissemination of free information on the Internet, the changing landscape of publishing, and the reorganization of the region's largest telecommunications companies.

City and County of Denver

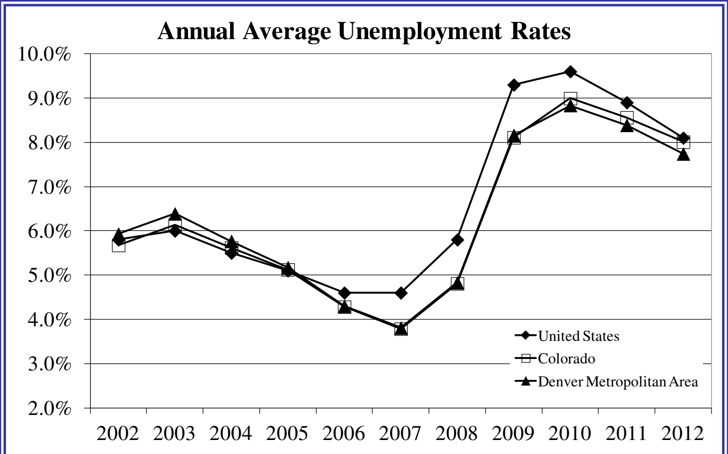
The City and County of Denver is the employment center for the Denver metropolitan area and accounts for 31 percent of the region's total jobs. Downtown Denver's central business district has one of the area's largest concentrations of office space and is home to telecommunications companies, large healthcare organizations, financial and legal firms, and a variety of other businesses. The City and County of Denver had the state's largest job base of roughly 434,100 workers in 2012, and employment increased 2.7 percent between 2011 and 2012.

The City and County of Denver's three largest industry supersectors by employment concentration are professional and business services (20 percent), government (16 percent), and education and health services (12 percent). Total employment rose in nine of the 11 industry supersectors with the largest increases in professional and business services (6.6 percent), natural resources and construction (6.5 percent), transportation, warehousing, and utilities (4.5 percent), and other services (4 percent).

Of the two industry supersectors that contracted in the City and County of Denver over-the-year, the steepest decline was in the information supersector (-4 percent), mirroring the larger Denver metropolitan area trend. Education and health services also contracted (-2.6 percent).

LABOR FORCE & UNEMPLOYMENT

Since the recovery began in 2009, the nation has struggled with an elevated unemployment rate. While profits are at record levels, companies are not hiring in the uncertain economic environment. The national unemployment rate remains high, although progress has been made since reaching a peak in 2010 of 9.6 percent. Revised data show the unemployment rate declined to 8.1 percent in 2012, a decline of 0.8 percentage points from the 2011 rate (8.9 percent).



Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment.

Colorado

Colorado's unemployment rate, while still elevated, was lower than the national average at 8 percent for 2012. Indeed, the Colorado unemployment rate consistently stayed below the national average throughout the recent recession. At the highest point in 2010, Colorado's unemployment rate was 9 percent, 0.6 percentage points below the national average peak.

Denver Metropolitan Area

The effects of the 2001 recession kept the region's unemployment rate above the national average until 2006, at which time the Denver metropolitan area unemployment rate remained below five percent through 2008. The region's rate stayed below the national average throughout the recent recession and recovery. The revised data for 2012 show a 7.7 percent unemployment rate, and the Denver-Aurora-Broomfield MSA ranked in the middle (25th) based on data for December 2012 for the 49 largest metropolitan areas. The lowest rate was 4.8 percent in the Oklahoma City MSA and the highest in the Riverside-San Bernardino-Ontario, CA MSA (12.1 percent).

The Denver metropolitan area consistently attracts young, talented workers. As mentioned previously, between 2009 and 2011 the region recorded the third largest positive net migration of 25 to 34 year olds and had the third highest number of college graduates 25 years of age or older among the 51 largest metropolitan areas. The attractive pool of workers coupled with the well-performing economy enable employers to fill positions with local talent across a broad spectrum of skill levels.

City and County of Denver

The City and County of Denver is an urban center, so its unemployment rate tends to be higher than that of the greater Denver metropolitan area. The unemployment rate in the City and County of Denver was also above the national average for the 2002-2006 period. After briefly dipping below the national average in 2007 through 2009, the rate once again surpassed the national average recently. Despite this, the unemployment rate in the City and County of Denver has stayed within 0.4 percentage points of the U.S. average during the recent recovery. Unemployment reached a peak of 10 percent in 2010, the highest point since the mid-1980's but shed 1.5 percentage points by 2012 to reach the lowest annual rate since 2008 (8.5 percent).

MAJOR EMPLOYERS

Metro Denver Largest Private Sector Employers

Company	Product/Service	Employment
King Soopers Inc.	Grocery	12,720
Wal-Mart	General Merchandise	10,930
HealthONE Corporation	Healthcare	10,320
SCL Health System	Healthcare	7,710
Centura Health	Healthcare	7,140
Lockheed Martin Corporation	Aerospace & Defense Systems	6,950
CenturyLink	Telecommunications	6,800
Kaiser Permanente	Healthcare	6,030
Target Corporation	General Merchandise	5,550
Comcast Corporation	Telecommunications	5,500
Safeway Inc.	Grocery	5,420
Children's Hospital Colorado	Healthcare	5,020
United Airlines	Airline	4,900
University of Colorado Health	Healthcare	4,890
Wells Fargo Bank	Financial Services	4,800
DISH Network	Satellite & TV Equipment	4,310
IBM Corporation	Computer Systems & Services	4,200
University of Denver	University	3,850
United Parcel Service	Parcel Delivery	3,430
Ball Corporation	Aerospace, Containers	3,300
Frontier Airlines	Airline	3,300

Source: Development Research Partners, May 2013

Colorado's small businesses play a major role in the state's job creation and economic growth. Data from the U.S. Census Bureau show that, as of 2011, more than 98 percent of Colorado businesses employed fewer than 100 workers. Self-employment is another important economic driver in Colorado: according to the U.S. Bureau of Economic Analysis, Colorado had the nation's fourth-largest share of total jobs linked to sole proprietorship in 2011.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are also key providers of jobs and income. Census Bureau data show 123 firms with 1,000 or more employees were operating in Colorado in 2011 and more than 60 percent of these large businesses were located in the Denver metropolitan area.

Ten companies headquartered in Colorado were included on the 2013 *Fortune 500* list. Arrow Electronics (141st) was the highest-ranked Colorado company, followed by DISH Network (189th), Liberty Global (256th), Liberty Interactive (270th), Newmont Mining (274th), Ball Corporation (301st), DaVita Inc. (311th), Level 3 Communications (398th), CH2M Hill (415th), and Western Union (445th).

Private sector businesses account for the majority of employment in the Denver metropolitan area, but the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consists of 14,000 federal government employees, 19,600 state government employees, and 33,600 employees in local government entities including Denver Public Schools (13,100 employees) and the City and County of Denver (10,800 employees).

INTERNATIONAL TRADE

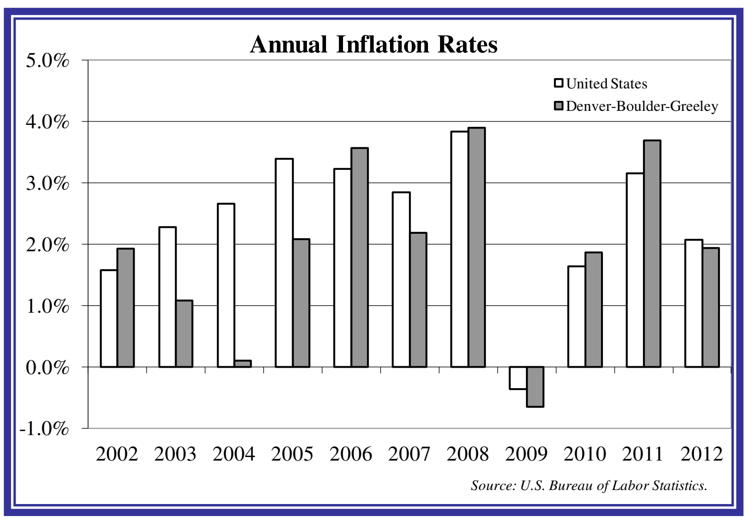
The Denver metropolitan area is located just west of the nation's geographic center and at the exact midpoint between Tokyo and Frankfurt. As a result, it serves as an ideal hub for businesses focused on interstate and international commerce. Shipping businesses can access the Denver metropolitan area via all transportation modes except water, and the region's location midway between Canada and Mexico – U.S. partners under the North American Free Trade Agreement (NAFTA) – is another asset for trade-focused companies. About one-third of the total dollar value of export shipments from Colorado went to Canada and Mexico in 2012; others of the state's largest trading partners include China, Japan, Germany, and the Netherlands.

The most recent recession took a significant toll on Colorado's exports, which fell sharply (-23.9 percent) between 2008 and 2009. Over that period, the decline in exports of computers and electronic products – Colorado's largest export commodity – was significantly sharper in Colorado (-41.3 percent) than it was nationwide (-15.6 percent). The state's total exports are now rebounding with an 11.3 percent increase from 2011 to 2012 compared with a 4.4 percent national increase.

Key exports for Colorado include computer and electronic products, food and kindred products, machinery, and chemicals. Computer exports increased 38 percent between 2011 and 2012, the largest increase of all export products. Other large increases occurred in oil and gas (32 percent), articles of iron or steel (23 percent), and meat (11 percent).

INFLATION

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



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

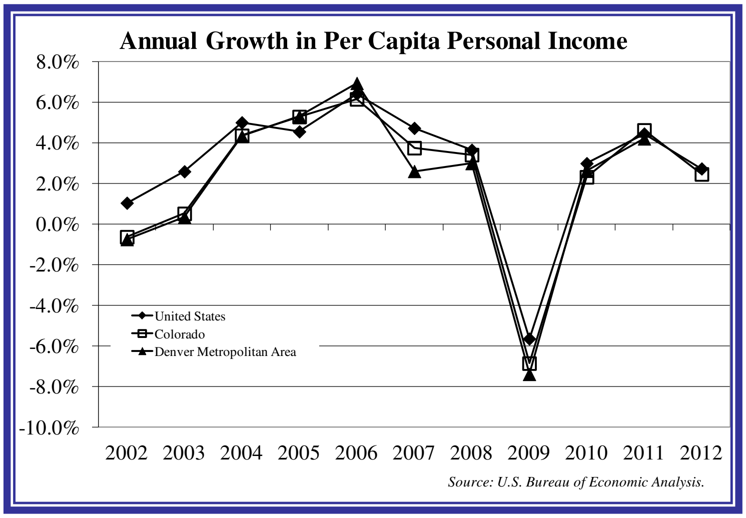
Fallout from the 2007 recession caused a rare decline in both the Denver-Boulder-Greeley and U.S. CPIs in 2009, but variation in housing trends – slightly stronger trends in Denver and weaker trends elsewhere – again drove the CPIs apart in the following years. The Denver-Boulder-Greeley CPI rose 3.7 percent in 2011, 0.5 percentage points higher than the U.S. CPI. The two indexes stabilized in 2012, with the Denver-Boulder-Greeley index rising only 1.9 percent and the U.S. increasing 2.1 percent.

Denver-Boulder-Greeley prices for education and communication, food and beverage, other goods and services, medical care, and recreation rose more quickly than U.S. prices in 2012. Apparel, housing, and transportation rose more slowly.

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. After the 2001 recession, the total personal income growth rate declined to 0.8 percent in 2002. The following years showed a steady increase in growth, with faster-than-average growth in 2005 and 2006 reflecting a boom in energy and natural gas exploration. The housing crisis pushed total personal income growth downward in subsequent years, eventually leading to a decline of 5.3 percent in 2009. Growth began to recover in 2010 (3.9 percent) and continued in 2011 (6.1 percent). However, even though employment increased at a brisk pace in 2012, stubbornly high unemployment rates kept wage growth to a minimum, and personal income grew at a slower 3.9 percent pace in 2012.



Growth in per capita personal income – or total personal income divided by population – is often slower-than-average in Colorado as the state's population has long grown at a rate faster than the national average. Despite this trend, per capita personal income in Colorado was $45,135 in 2012 or 106 percent of the national average.

Denver Metropolitan Area

Personal income trends in the Denver metropolitan area have roughly followed the statewide trend over the past decade. Income growth slowed after the 2001 recession, accelerated between 2004 and 2006, and slowed – eventually declining – during the most recent recession. The decline in Denver metropolitan area total personal income between 2008 and 2009 (-5.8 percent) was steeper than the decline reported nationwide (-4.8 percent), but the region's personal income grew faster than the national average in 2011, increasing 6 percent compared with the national increase of 5.2 percent.

Denver metropolitan area per capita personal income in 2011 ($49,398) was 119 percent of the U.S. average. Comparatively high wage rates tend to keep per capita personal income in the Denver metropolitan area above the national average. Denver metropolitan area average annual pay in 2012 ($56,340) was up 3.2 percent over the 2011 annual average.

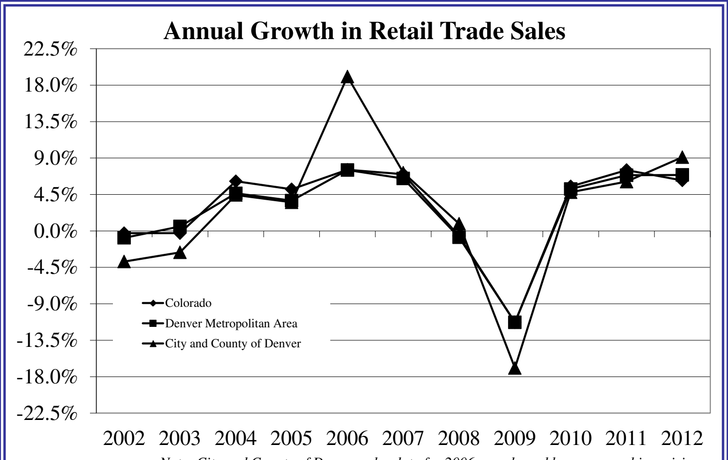
City and County of Denver

Per capita personal income in the City and County of Denver is generally higher than the U.S., averaging 134 percent of the national number between 2002 and 2011. The income differential peaked in 2006, when per capita personal income ($53,034) reached 141 percent of the national average. The City and County of Denver per capita personal income fell sharply (-9.9 percent) between 2008 and 2009, but began recovery in 2010 and 2011, growing 5.6 percent and 4.1 percent, respectively.

The City and County of Denver boasts a higher than average per capita personal income compared with the Denver metropolitan area, averaging 109 percent of the metro-wide number since 2002. The difference can be attributed to the relatively high wage rates in the county. Denver metropolitan area average annual pay in 2012 ($56,340) was up 3.2 percent over the 2011 annual average. The comparable average annual pay for the City and County of Denver ($60,960) in 2012 was 2.6 percent higher than the previous year.

RETAIL TRADE

Retail sales account for a large part of the nation's total economic output and are a useful indicator of overall consumer health. The recession pushed national retail sales down in 2008 and 2009, when sales declined 1.2 percent and 7.1 percent, respectively. However, as consumer financial situations recovered and confidence rose, retail sales also grew, increasing 8 percent in 2011 and 5 percent in 2012. Durable goods sales also recovered, an encouraging sign since these products tend to be more expensive and represent a long-term commitment, such as cars. In fact, motor vehicle sales rose 10.8 percent in 2011 and 7.6 in 2012. The strong increase in consumers purchasing vehicles signaled that households were financially more stable than they were during the recession when motor vehicles sales decreased significantly by 14 percent in 2008 and 13.9 percent in 2009. The impressive rebound may also partially be due to the delay in purchasing big ticket items during difficult times.



Note: City and County of Denver sales data for 2006 was skewed by a geographic revision.
Source: Colorado Department of Revenue.

Colorado

Reflecting the recessions in 2001 and 2007, retail trade sales in Colorado fell in 2002 and 2003 and again in 2008 and 2009. However, as the labor market recovered, retail trade sales reflected consumers' recovering incomes and spending abilities. After a decline in 2009, retail trade sales increased 5.5 percent in 2010 and increased even more in 2011 by 7.5 percent. Sales growth slowed slightly in 2012 to 6.2 percent, possibly reflecting the slower growth in personal income and that much of the pent-up demand was satisfied in 2011.

Denver Metropolitan Area

Like sales in Colorado, retail trade sales in the Denver metropolitan area grew rapidly in 2006 and 2007. A strong housing market allowed households more asset-based wealth, and solid job and income growth also supported retail sales. When the most recent recession dramatically lessened household wealth and drove unemployment higher, Denver metropolitan area retail trade sales fell 0.8 percent in 2008 and 11.3 percent in 2009.

Denver Metropolitan Area Retail Trade Sales ($000s)

Industry	2011	2012	Percentage Change
Retail Trade:			
Motor Vehicle / Auto Parts	$7,811	$8,876	13.6
Furniture and Furnishings	$1,385	$1,526	10.2
Electronics and Appliances	$1,438	$1,412	-1.8
Building Materials / Nurseries	$2,491	$2,733	9.7
Food/Beverage Stores	$8,296	$8,755	5.5
Health and Personal Care	$1,434*	$1,615	-------
Service Stations	$2,612	$2,745	5.1
Clothing and Accessories	$2,276	$2,362	3.8
Sporting/Hobby/Books/ Music	$1,522	$1,505	-1.1
General Merchandise/ Warehouse	$6,261	$6,548	4.6
Misc. Store Retailers	$1,804	$2,115	17.2
Non-Store Retailers	$789 *	$859	-------
Total Retail Trade	$38,336	$41,052	7.1
Food / Drinking Services	$5,369	$5,674	5.7
TOTAL	$43,705	$46,726	6.9

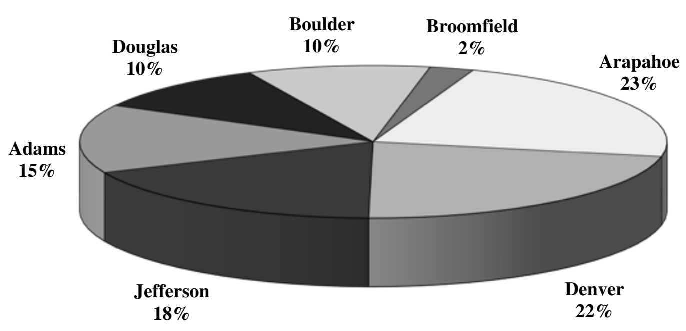
Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression.
**total does not include data that have been suppressed.*
Source: Colorado Department of Revenue.

Consumer confidence data suggest many households are becoming more optimistic about the economic situation, and consumers have noticeably increased their spending since the recession. Denver metropolitan area retail trade sales rose 6.9 percent in both 2011 and 2012. Sales of motor vehicles and auto parts, a good indicator of healthy spending, rose 13.6 percent in 2012. Furniture and furnishings, another durable goods category, increased 10.2 percent. Sales for two of the largest contributors to total Denver metropolitan area retail trade sales – grocery stores and general merchandise stores – rose 5.5 percent and 4.6 percent between 2011 and 2012, respectively.

City and County of Denver

Retail trade sales in the City and County of Denver represented 22 percent – the second-largest share – of total sales in the Denver metropolitan area in 2012. Total 2012 sales in the City and County of Denver were up 9.1 percent over-the-year, the strongest increase of the seven counties. Arapahoe County – which has the largest share of retail trade activity in the Denver metropolitan area – showed retail trade sales growth of 6.4 percent. Sales in each county in the Denver metropolitan area increased in 2012, with the smallest over-the-year gain in the City and County of Broomfield (1.4 percent). The other counties increased between 5.4 percent (Jefferson County) and 8.8 percent (Adams County).

Distribution of 2012 Retail Trade Sales by County



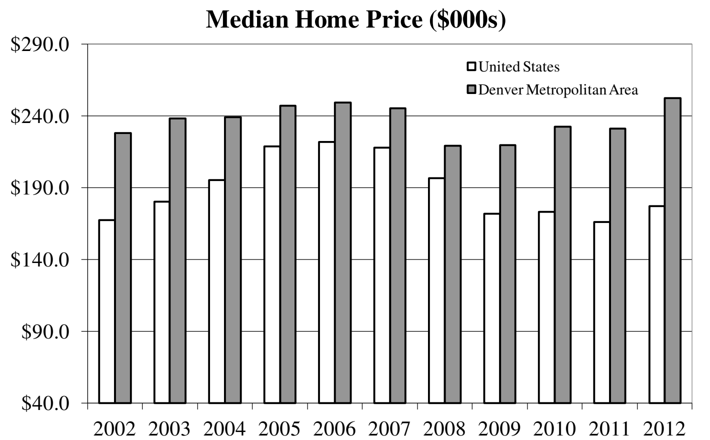
Source: Colorado Department of Revenue.

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. Housing's large role in the economy explains why the market collapse helped trigger such a deep recession in 2007.

While housing markets appear to be recovering, the makeup and function of markets has clearly changed. Census data show the U.S. homeownership rate fell from 69.1 percent in the first quarter of 2005 to a fourth quarter 2012 rate of 65.4 percent, the lowest rate reported since 1997. The shift in homeownership for individual states has been even more profound: Colorado's homeownership rate fell from 72.1 percent in the first quarter of 2005 to 64.9 percent in the first quarter of 2012. In fact, Colorado ranked ninth for largest percentage-point decline in homeownership over the seven-year period.

Despite a large decline in homeownership, Colorado's housing market appears to be recovering more quickly than markets elsewhere. Foreclosures declined during 2012 and home sales improved. With interest rates at record lows nationally, home ownership is becoming even more attractive, as demand improved for both existing-home sales and residential building permits.

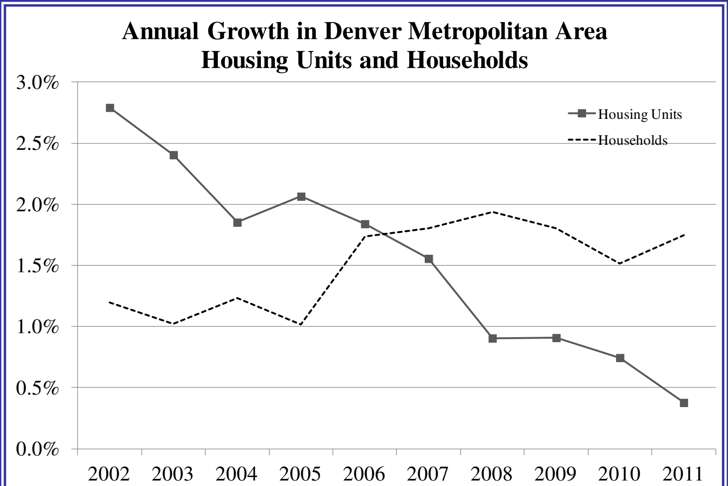


Source: National Association of Realtors.

Residential Home Prices

Median home prices in the Denver metropolitan area showed positive signs of recovery during 2012, rising 9.1 percent to an average of $252,400. After a slight dip in 2011 (-0.4 percent), the increase in 2012 brought housing prices above levels prior to the housing bust. The Denver metropolitan median home price is now 1.2 percent higher than the 2006 peak, whereas the 2012 national median home price remained 20.1 percent lower than the 2006 peak. Prices in the Denver metropolitan area did not rise as quickly as national prices during the 2000-2006 period, leading to the relatively milder collapse of housing prices in 2007 and the subsequent faster increase during the recovery.

The S&P/Case-Shiller Home Price Index shows that the Denver home price index is the city closest to reaching its prior peak index value. The December 2012 data shows the Denver index was 4.4 percent below its peak in August 2006. The 20 city composite index was 29.3 percent below its peak in July 2006. Another housing price index, the Federal Housing Finance Agency's Home Price Index shows Denver as having the 19th highest (+2.9 percent) over-the-year increase of 304 metropolitan areas using third quarter 2012 data. When comparing the Denver area index to its five-year value change, it ranks 72nd with a slightly negative change (-1.8 percent). Both price indexes, while using different methodologies, indicate that the Denver metropolitan area is doing relatively well, and home prices are recovering.



Source: Colorado Division of Local Government, Demography Section.

Demographic data suggest Denver metropolitan area home prices might be poised for continuing appreciation in the coming years. Since 2006, the growth in household formation has outpaced the growth in housing units. The growth in households will ultimately lead to stronger demand for housing, supporting higher home prices and prompting increased residential construction.

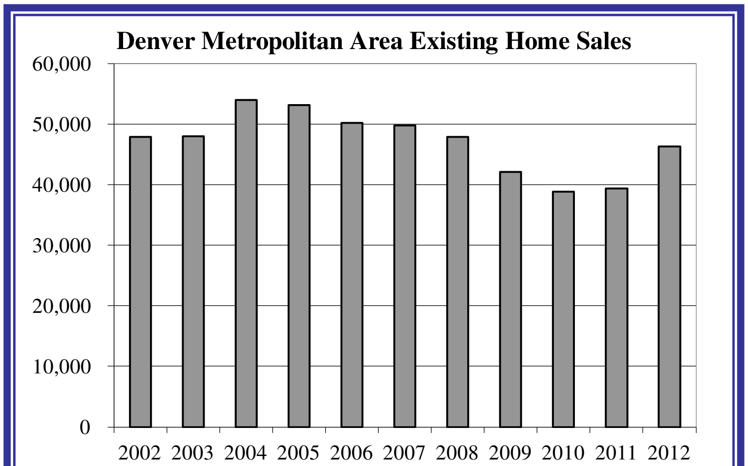
Foreclosures

The foreclosure crisis, triggered by widespread subprime home loans, high unemployment, and falling home prices, significantly improved by 2011. Foreclosure filings fell 28.4 percent in 2011 to 16,741 in the Denver metropolitan area and dropped another 10.3 percent in 2012. Despite the declines, 2012 filings were still almost 2.5 times the number in 2002. The improving economy and tighter restrictions on home loans are helping to keep foreclosures down, but numbers may remain elevated until foreclosures delayed by judicial processes subside.

The count of new filings reported in the City and County of Denver in 2012 (3,064) was almost 11 percent lower than the 2011 count.

Residential Home Sales

Denver metropolitan area existing home sales reached a peak (54,012) in 2004. Sales ratcheted down in the following years before dropping more noticeably in 2009 and 2010. With high unemployment, tight housing credit, falling home prices, and the whiplash effect of homebuyers' stimulus programs – an initial boost in demand followed by a sharp drop in home buying – sales in 2010 fell more than 28 percent below the 2004 peak.



Source: Metrolist.

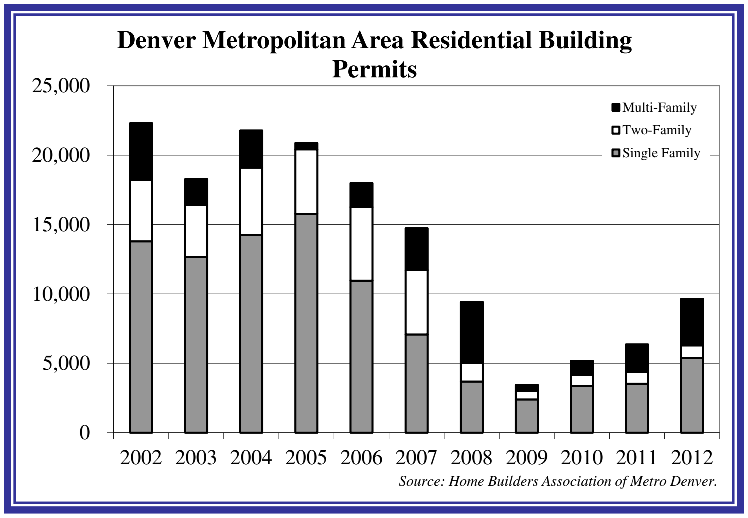
By mid-2011, however, home sales totals were consistently rising above year-ago totals. The sales count for the year (39,387) was still substantially below pre-recession averages, but a gradual upswing in sales activity appeared increasingly entrenched. Sales improved significantly in 2012, rising 17.5 percent to 46,299. The strong increase boosted the sales level to a more sustainable level based on the size of the Denver metropolitan area market. The inventory of unsold houses has also declined, reaching the lowest level at the end of 2012 of data dating back to 1990. The low inventory has created a seller's market, which should ultimately encourage hesitant home sellers to enter the market.

Residential Building Permits

Denver metropolitan area new home construction trends met both extremes since 2000: the total count of residential permits pulled in 2000 (28,310) was one of the highest reported since the early 1980s, while the total pulled at the bottom of the market crash in 2009 (3,436) was the lowest reported in at least three decades. Permit issuance notched upwards beginning in 2010, and increased 51.3 percent in 2012 to 9,636 and 180.4 percent since the low in 2009. Despite the significant year-over-year gains, building permits are still far below the 2000 peak.

Demographic data and anecdotal reports suggest housing demand is growing. Colorado and the Denver metropolitan area continue to attract new residents, and stronger-than-average job growth over the past year has added to the areas' appeal for relocating households. Housing demand will rise as families that lost a home or shared housing during the downturn seek new living arrangements. Low existing housing inventory for sale also signals that households will turn to building new homes.

While these shifts suggest housing demand will continue to strengthen as the economy improves, demand may rise for different property types – specifically, smaller homes and rental housing – than those commonly sought before the downturn. Construction of apartment-style housing more than doubled in 2010 and 2011, signaling that demand for rental housing was rising in a difficult economic environment. However, 2012 data suggest a slight



shift in direction, as single-family detached home permits rose 52.3 percent over 2011, and the increase in apartment construction slowed to a 66.7 percent increase.

Total permits issued in the City and County of Denver dropped nearly 37 percent between 2011 and 2012, after a large jump the previous year of almost 75 percent. After a strong year, multi-family permits dropped to 87 in 2012 from 1,215 in 2011. As households struggled to obtain financing for houses after the recession, apartment demand prompted builders to begin projects. Much of the demand for rentals had been satisfied, pushing down 2012 numbers. Single-family permits, including attached and deattached single-family homes, climbed to 1,211 in 2012, a 45 percent increase.

Data on apartment vacancy also indicate that demand for apartments in the Denver metropolitan area is increasing, as the vacancy rate dropped 0.5 percentage points between 2011 and 2012 to an average rate of 4.7 percent. The *Denver Metro Apartment Vacancy and Rent Survey* shows vacancy rates declining for each of the seven counties in the region except the City and County of Denver. The vacancy rate increased 0.4 percentage points in the City and County of Denver, reflecting the large increase in new apartments permitted, which occurred in 2011. Vacancy rate changes in the other counties ranged from a decrease of 0.1 percentage points in Douglas County to a 1.2 percentage point drop in Boulder/Broomfield Counties.

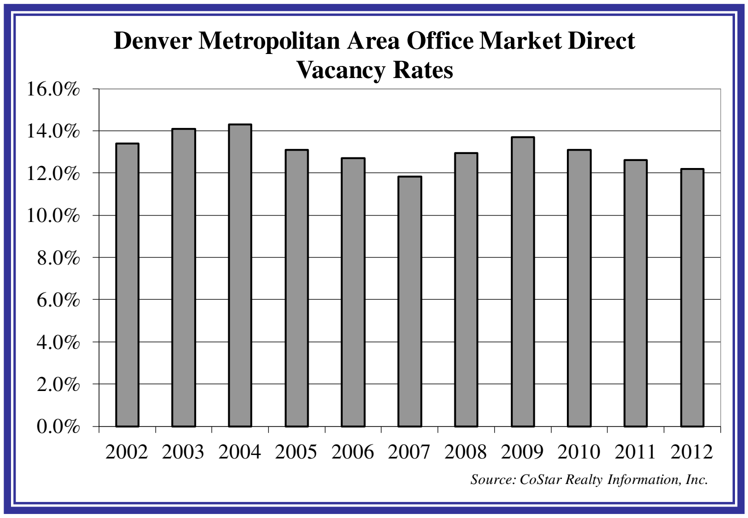
Rising apartment demand and falling vacancy rates have driven average lease rates higher: the Denver metropolitan area average rent increased 5.5 percent between 2011 and 2012 to $974 per month. The only county to report a decline in the average rental rate was Adams County, where the average rent for 2012 declined 0.2 percent compared with 2011. The largest increase occurred in the Boulder/Broomfield area, as the average rent for 2012 increased 7.2 percent annually.

COMMERCIAL REAL ESTATE

Prior to the 2001 recession, commercial developers were highly active in the Denver metropolitan area: in 2000 and 2001 alone, builders completed almost 20 million square feet of new office and industrial space. Once the nationwide recession took hold, the large inventory of new space weighed on the market and pushed lease rates steadily lower until 2004.

After a few years of recovery, the region's commercial real estate markets faced another recession. While defaults, a near disappearance of commercial real estate credit, and a drop in property demand put Denver metropolitan area markets under heavy strain, this latest round of recession was arguably more manageable for many submarkets and property types. Without the overbuilding that came before the 2001 recession, vacancy rates in many areas did not rise to the levels reported earlier in the decade.

As 2012 ended, the Denver metropolitan area's commercial real estate markets appeared to have settled in a pattern of slow – but steady – improvement, and the market remained highly attractive to national tenants and investors. Vacancy rates have not improved enough to push up lease rates, but speculative development is finally on the horizon, an encouraging sign for commercial real estate.



Office Activity

Data from CoStar Realty Information, Inc. show the direct office market vacancy rate in the Denver metropolitan area fell in 2012 to 12.2 percent, the lowest rate since 2007. The vacancy rate hit a peak of 13.7 percent in 2009 and has been slowly improving since that time. Office lease rates have not struggled as much as vacancy rates, remaining relatively stable during the recession and after. The average lease rate in the fourth quarter of 2012 ($20.74 per square foot) was an improvement over the rate of $19.86 per square foot posted in the fourth quarters of both 2011 and 2010.

As job growth continues and office market property demand revives, the region's rental rates should increase and will eventually prompt new development. In the meantime, most of the office market construction has been build-to-suit. Several large build-to-suit projects were underway at the end of 2012. Notable projects include IMA Financial Group, The TriZetto Group, and Trimble, with each choosing to build headquarters in the Denver metropolitan area.

Industrial and Flex Activity

CoStar Realty Information shows that industrial direct vacancy rates for the Denver metropolitan area improved since the recession. In fact, the 2012 vacancy rate of 5.2 percent was at its lowest point since 2000. The vacancy rate has steadily decreased since the high of 8.1 percent in 2005. However, higher demand for space has not translated into higher lease rates, as rates have been volatile since 2008, decreasing one year but increasing the next. Until vacancy rates decrease enough to push up lease rates, volatility may continue. The fourth quarter 2012 industrial direct average lease rate was $4.66 per square foot, 2 percent higher than the fourth quarter 2011 rate but 0.6 percent lower than the fourth quarter 2010 rate.

Like lease rates in the industrial market, flex market rates have not yet responded to lower vacancy: the Denver metropolitan area direct flex market lease rate in the fourth quarter of 2012 ($8.80 per square foot) was 8.8 percent lower than the fourth quarter 2008 average. Direct flex market vacancy in the fourth quarter (11.9 percent) was 0.9 percentage points below the year-ago level but was still above the pre-recession low of 11.1 percent. Bargain-priced office, industrial, and retail properties made stiff competition for flex properties during the recession and have likely contributed to a slower flex market recovery.

Build-to-suit projects dominated the 2012 industrial and flex market construction scene. However, as vacancy rates slowly decline, speculative projects will begin to pick up. After the completion of a mere 50,000 square feet of new industrial and flex space in 2011, about 1 million square feet was completed in 2012. Improvement in overall economic activity is encouraging developers and companies to pursue projects delayed by the recession and slow recovery.

Retail Activity

Because the recession dealt a direct blow to consumers, it also took a large toll on retail real estate. The direct vacancy rate for the retail market in the Denver metropolitan area has steadily declined since the recession, after hitting a peak of 8.1 percent in 2009. The 2012 vacancy rate (6.6 percent) was lower than the 2011 rate (6.9 percent). Average lease rates in the retail market have not responded to improved vacancy rates, trending downward since 2009. Despite the 1.3 percentage point decline in the vacancy rate between the fourth quarter of 2009 and fourth quarter of 2012, the lease rate has declined 11.5 percent over the same period. Landlords may be keeping rents low until consumer spending markedly improves. As the economy grows and consumers become more confident, the retail market should see positive results.

The amount of retail projects under construction was at its highest point at the end of 2012 since the end of 2008. Retailers were most likely wary of economic circumstances and less inclined to build new facilities during and after the recession. The pickup in construction activity points to a recovering market and higher consumer confidence in the economy.

Medical Facilities

A rapidly growing – and aging – population demands more healthcare, and the healthcare sector continues to be one of the Denver metropolitan area's most active in construction activity. Projects underway in 2012 included the $100 million Children's Hospital Colorado South Campus in Highlands Ranch; three Centura Health expansions in Lakewood, Westminster, and Castle Rock; a $90 million renovation and expansion of Craig Hospital in Englewood; and a $623 million Exempla St. Joseph Hospital redevelopment project in Denver. Other projects are already slated to begin in 2013, signaling that strong activity will continue beyond 2012.

The healthcare field is particularly active in Aurora and includes the Fitzsimons Life Sciences District and the University of Colorado Anschutz Medical Campus. The site, including the Fitzsimons Life Sciences District and the adjacent Anschutz Medical Campus, is the largest medical-related redevelopment in the nation and the world's only completely new research, education, and patient complex. The attractiveness of this unique area has brought new facilities and companies. Several projects were finished at the campus during 2012 including the Children's Hospital Colorado which opened a $230 million expansion consisting of a 10-story East Tower and the University of Colorado Hospital which opened a five-story, $20 million addition to the Anschutz Cancer Pavilion. Also in Aurora, the 543,000-square-foot Buckley Clinic on Buckley Air Force base opened in May 2012.

TRANSPORTATION

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

Highways

Colorado's transportation network includes almost 1,000 miles of Interstate highway, more than 300 miles of other freeways and expressways, and almost 87,100 miles of arterials, collectors, and local roads. In 2011, the entire network supported more than 46.6 billion vehicle-miles of travel.

The Denver metropolitan area is at the crossroads of three major Interstate highways. Motorists can access I-25 for north-south travel and both I-70 and I-76 for east-west routes. More than three-quarters of the Denver metropolitan area beltway – E-470, C-470, and the Northwest Parkway – has been completed to date. In 2008, Jefferson County, the City and County of Broomfield, and the city of Arvada formed the Jefferson Parkway Public Highway Authority to complete the remaining portion of the beltway. Despite the recent positive developments in the parkway planning, construction may be more than two years in the future.

Improvement and maintenance of a high quality transportation system contributes to the state's long-term economic well-being. In 2009, Colorado legislators approved a bill – Funding Advancements for Surface Treatment and Economic Recovery (FASTER) – which added an average of $61 per year to the cost of each Colorado vehicle registration to fund bridge repairs and highway improvements. FASTER encompasses four programs that focus separately on bridge safety and repair, highway safety, highway funding, and transit and rail. FASTER revenues are projected to total $197 million in fiscal year 2013.

As the state's largest economic hub, the Denver metropolitan area receives a significant portion of the Colorado Department of Transportation (CDOT) annual funding allocation. In fiscal year 2011, the highway regions that encompass the Denver metropolitan area received $233.8 million in CDOT funding that went towards construction (62 percent of funds), maintenance (29 percent), and traffic and safety work (eight percent).

Mass Transit

The Regional Transportation District (RTD), funded by a one percent sales tax, oversees the Denver metropolitan area's mass transit system. RTD operates almost 1,000 buses on 134 fixed routes and 172 light rail vehicles on six light rail lines (C, D, E. F, H, and W). The District operates 77 Park-n-Rides, 46 light rail stations, and more than 9,800 bus stops. RTD also operates 36 hybrid-electric buses along the 16th Street Mall in downtown Denver and transports visitors from one end of the mile-long pedestrian mall to the other free of charge. System-wide ridership for 2012 resulted in more than 99 million boardings.

As the Denver metropolitan area continues to grow, RTD is working to expand its capacity and satisfy transit demand through FasTracks, a $7.4 billion plan for the buildout of a comprehensive, multi-modal metro transit system. When completed, FasTracks will add 122 miles of new light rail and commuter rail, 18 miles of bus rapid transit service, and more than 21,000 new parking spaces at rail and bus stations. FasTracks will also redirect bus service to better connect communities throughout the Denver metropolitan area and will add 57 new transit stations.

Perhaps the most prominent of these stations, Union Station, will combine state-of-the-art facilities for buses, light rail, regional rail, and commuter rail with office, residential, and retail development on nearly 20 acres of space in the heart of downtown Denver. Builders are currently working to redevelop the historic Union Station and have made progress on a regional bus facility, a light rail plaza, and support systems for a commuter rail line to Denver International Airport. The completed Union Station project will also include several public plazas and a privately operated boutique hotel.

Rail lines that will connect with Union Station are also underway. The West Corridor – which runs between Union Station and the Jefferson County Government Center – was the first FasTracks corridor to begin full construction and was recently completed in April 2013. In 2010, builders broke ground on Eagle P3, a multi-pronged project that includes the East Corridor commuter rail line between Union Station and the airport, the Gold Line light rail between Union Station and Wheat Ridge, and a portion of the Northwest Rail Corridor. The Eagle P3 corridors will be funded, built, and managed by a first-of-its-kind public-private partnership, and construction should be complete in 2016.

Other FasTracks projects currently underway include an extension of the I-225 Corridor light rail line, which will eventually connect to commuter rail on the East Corridor, and the U.S. 36 Bus Rapid Transit, an 18-mile highway segment providing service between Downtown Denver and Boulder. RTD staff are also planning work on the North Corridor and extensions to several existing corridors.

Air

Denver International Airport (DIA) provides an invaluable link between the Denver metropolitan area and the global community. Located on a 53-square-mile parcel northeast of downtown Denver, DIA has six runways – one of which is the longest commercial runway in North America – plus three concourses, 93 gates, and 47 regional aircraft positions. Fourteen commercial carriers offer more than 170 nonstop flights from DIA to destinations worldwide. Partly because three of those carriers – United Airlines, Southwest Airlines, and Frontier Airlines – have Denver hubs, the airport has developed a reputation for some of the nation's most competitive fares. DIA ranked third among the 20 major U.S. airports with the lowest airfares in the fourth quarter of 2012, and it reported the largest decline in average fares between the fourth quarters of 2000 and 2012.

DIA is the only major U.S. airport constructed in the past 25 years. As a relatively new facility, DIA was designed around sustainability and has become one of the nation's models for green operations. The airport's ISO 14001 certified environmental management system provides a comprehensive framework for reducing waste, protecting natural resources, and conserving energy, and airport officials aim to make DIA a zero-waste, carbon-neutral facility by 2020. Progress towards that goal is already evident: with three large solar arrays, DIA is the largest distributed generation photovoltaic energy producer in the state.

The airport's location and relative youth also make it one of the few facilities nationwide that still have room for growth, and expansion capacity has become an asset as the airport serves progressively larger numbers of passengers. In 2012, DIA and airline staff managed almost 1,700 flight operations and more than 145,600 passengers every 24 hours. Total airport passenger traffic rose 0.6 percent between 2011 and 2012 and reached a record 53.2 million, while passenger traffic nationwide decreased 6.8 percent. DIA ranks as the nation's fifth-busiest airport by passenger traffic and is the 11th busiest airport worldwide.

The total amount of cargo shipped through DIA declined slightly between 2011 and 2012. Still, air freight activity remains a dynamic part of the airport's daily operations. Five cargo airlines and 10 major and national carriers currently provide DIA cargo service, and the carriers handled roughly 522 million pounds of shipments – including 488 million pounds of freight and express and 34 million pounds of air mail – in 2012.

With a dynamic freight business and record passenger growth, DIA is poised to expand. Builders have started work on the $500 million South Terminal redevelopment project, which includes train and baggage system upgrades, a new public plaza, a station for the commuter rail line that will connect DIA with Union Station, and a 519-room Westin Hotel. The train station should be ready for preliminary testing in 2014, and the hotel will open in 2015.

The airport's growth is also galvanizing development activity on surrounding property. Officials with DIA and the City and County of Denver recently unveiled plans for Airport City Denver, a large, mixed-use development that could occupy surplus airport land. The plan includes six individual districts: the first district, Airport City Center, would include a cluster of hotels, stores, and office buildings and would locate near DIA. Another district, Airport City Gateway, would include parking structures, an automobile and RV mall, and several transit-oriented developments. Airport City Tech would house companies focused on renewable energy, aerospace, and bioscience, while Airport City Agro would support food and biofuels manufacturing. Airport City Logistics would offer warehousing and distribution space, and Airport City Aero would focus on military and aviation uses.

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

Rail

Rail lines are a critical component of the nation's transportation system and are vital to the Denver metropolitan area's economic health and global competitiveness. Colorado is home to 14 freight railroads operating on more than 2,680 miles of track, and the Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroads. According to the Association of American Railroads, coal accounted for 70 percent of rail shipments originating in Colorado and almost 60 percent of shipments ending in the state in 2010.

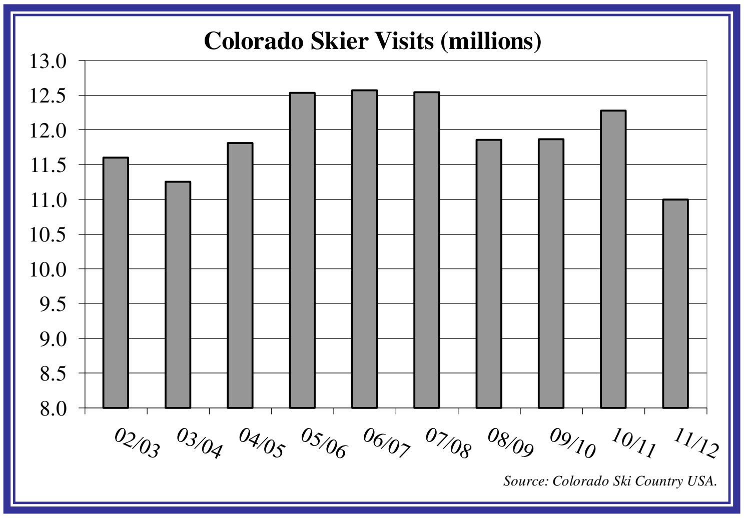
Passenger rail adds to the variety of travel options available in the Denver metropolitan area. Amtrak's California Zephyr route offers area residents transportation through the Rocky Mountains west of Denver and connects Chicago to San Francisco. Almost 206,430 travelers passed through Colorado Amtrak stations in fiscal year 2011, and more than half (56 percent) of those travelers either boarded or alighted from trains in the Denver metropolitan area.

TOURISM

Denver's many recreational opportunities, cultural attractions, and entertainment and convention venues make the region a favorite of business and leisure travelers. According to the most recent study by Longwoods International, Denver tourism activity increased to a record 13.2 million overnight visitors spending $3.3 billion in 2011, representing a four percent increase in visitors and a 10 percent increase in spending over 2010. Business travelers were responsible for a large portion of the increase, registering a 17 percent increase in visits and a 15 percent increase in spending. Top Denver attractions for visitors included the 16th Street Mall and the Cherry Creek Shopping District, as well as the LoDo Historic District and numerous other cultural facilities.

In addition to excellent cultural attractions and amenities, the Denver metropolitan area is also home to a variety of professional sports teams and some of the newest sports venues in the nation. Denver sports fans enjoy seven professional sports franchises – the NFL Denver Broncos, the NBA Denver Nuggets, the MLB Colorado Rockies, the NHL Colorado Avalanche, the MLS Colorado Rapids, the NLL Colorado Mammoth, and the MLL Denver Outlaws. Each of these teams plays in a venue constructed within the past 20 years. Coors Field – a 76-acre ballpark – hosted two sold-out games of the 2007 World Series, and the 76,125-seat Sports Authority Field at Mile High hosts Denver Broncos football and Denver Outlaws games as well as large public events. Located nine miles northeast of downtown Denver, Dick's Sporting Goods Park opened in spring 2007 and hosts the Colorado Rapids soccer team. With an 18,000-seat stadium and a fully-lit, 24-field complex, the park is considered to be one of the largest of its kind in the world. Finally, the Pepsi Center hosts three professional sports teams and numerous special events throughout the year.

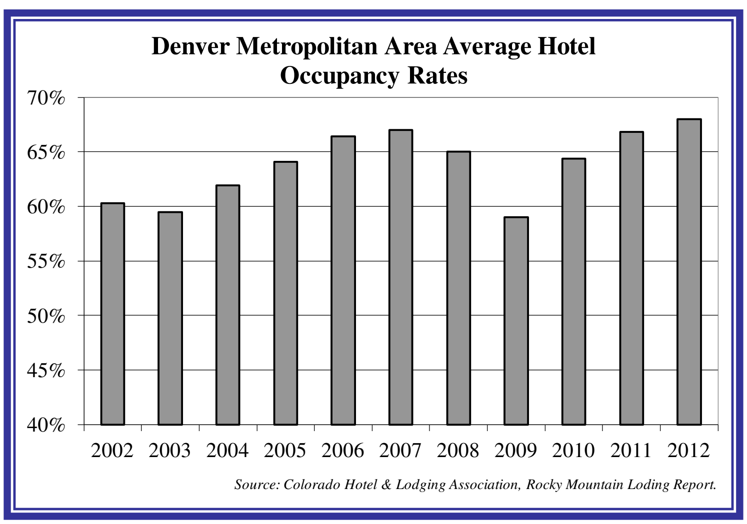
Denver metropolitan area residents and visitors enjoy year-round outdoor recreation. The City and County of Denver maintains more than 200 city and mountain parks, and eight state parks are located in or immediately outside of the seven-county Denver metropolitan area. The region is also the gateway to the Rocky Mountains, which attract hikers, bikers, rafters, and climbers during the summer and winter sports enthusiasts during colder



months. In fact, Colorado is one of the nation's most-favored destinations for skiing: 11 of the 20 top resorts in *Ski* magazine's "2011-2012 Resort Rankings" are located in the Colorado Rocky Mountains.[1]

Twelve Colorado ski resorts – including several in the top resorts ranking – are located within two hours of the Denver metropolitan area. Data from Colorado Ski Country USA and Vail Resorts, Inc. indicate that the count of skier visits at Colorado resorts during the 2011/2012 season fell to about 11 million, a 10.3 percent decline. Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – declined in response to extreme weather impacting Colorado resorts. Although abundant snowfall occurred in the fall, prompting some resorts to open early, the record low levels of snowfall during the remainder of the season halted the momentum.

Already magnets for recreational visitors, Colorado and the Denver metropolitan area are increasingly recognized as ideal locations for business travel. A Metropoll survey released in early 2012, for example, showed meeting planners nationwide rank Denver as the nation's fifth-best city for hosting a convention.[2] Increased convention activity confirms the region's growing popularity among meeting planners and attendees: the Colorado Convention Center reported a 5.8 percent increase in convention delegates between 2010 and 2011 and an equivalent increase in delegate spending. As one of the largest public meeting facilities in the west, the Colorado Convention Center is poised to accommodate more and larger gatherings. In fact, 11 conventions between May and October 2012 attracted at least 5,000 delegates each.



Growth in convention activity – and visitor activity more generally – has supported more hotel development throughout the Denver metropolitan area. Development has been particularly brisk in downtown Denver, where multiple new or remodeled hotels – including the Four Seasons Hotel Denver, the Embassy Suites Denver-Downtown Convention Center, and the Ritz-Carlton, Denver – have opened within the past several years. The Metropolitan State University of Denver's Hotel and Hospitality Learning Center opened in fall 2012 and offers a fully functioning flagged hotel – the 150-room SpringHill Suites® Denver Downtown – and an

[1] SKImag.com. "2011-2012 Resort Rankings." www.skinet.com
[2] *Denver Business Journal*. "Denver Ranked 5th-Best City for Conventions." January 30, 2012.

extensive learning laboratory for growing hospitality student enrollment. Plans for at least three other downtown hotels are also moving forward.

New hotel openings – particularly the launch of luxury establishments – are one reason why average room rates for the Denver metropolitan area have recently increased. Some of the gain, however, also reflects a strengthening economy and increased business and consumer willingness to travel. Data from the *Rocky Mountain Lodging Report* show the region's average nightly room rate for 2012 ($111.78) was 1.7 percent higher than the 2011 average, and the average occupancy rate for 2012 (68 percent) was also higher than the 2011 rate (66.8 percent).

SUMMARY

Employment growth in the Denver metropolitan area shows a steady path of recovery and an improving unemployment rate. The region's total population and its young adult population have also grown at a pace faster than the national average. Given accelerating job growth and a growing population of highly educated, working-age residents, the Denver metropolitan area appears poised for solid growth.

While the region's foreclosure crisis is not yet resolved, the Denver metropolitan area housing market made significant progress during 2012, and experts believe much of the foreclosure crisis has passed. Low unsold inventory, better-than-average price trends, and a favorable balance between housing unit development and new household formation supports a healthy market. As housing demand continues to revive, Denver metropolitan area home construction will accelerate but may result in more apartment units and smaller-format homes than the region has had in the past.

The region's commercial real estate markets are recovering at a slow but steady pace, and several businesses are building new headquarters. Evolving plans for Airport City Denver will leverage the region's attractiveness for national tenants and property investors and one of its strongest transportation assets, Denver International Airport. Rising airport passenger traffic reflects the region's continued appeal for business and leisure travelers, as does increased convention activity.

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DATA APPENDIX

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
POPULATION (July 1)											
United States (thousands)	287,625	290,108	292,805	295,517	298,380	301,231	304,094	306,772	309,326	311,588	313,914
Colorado	4,504,709	4,555,084	4,608,811	4,662,534	4,745,660	4,821,784	4,901,938	4,976,853	5,049,717	5,118,526	5,189,245
Denver Metropolitan Area	2,504,883	2,528,665	2,558,106	2,582,177	2,626,197	2,670,038	2,716,819	2,762,164	2,797,896	2,847,212	2,884,336
City and County of Denver	559,090	560,348	560,230	559,459	562,862	570,437	581,903	595,573	604,879	620,917	628,174
POPULATION GROWTH RATE											
United States	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%
Colorado	1.4%	1.1%	1.2%	1.4%	1.8%	1.6%	1.7%	1.5%	1.5%	1.4%	1.4%
Denver Metropolitan Area	1.1%	0.9%	1.2%	1.3%	1.7%	1.7%	1.8%	1.7%	1.3%	1.8%	1.3%
City and County of Denver	-0.7%	0.2%	0.0%	0.1%	0.6%	1.3%	2.0%	2.3%	1.6%	2.7%	1.2%
NET MIGRATION											
Colorado	19,411	8,903	13,162	13,024	42,205	34,777	39,719	36,379	36,876	34,716	34,714
Denver Metropolitan Area	3,284	(2,296)	3,986	(1,496)	18,720	18,606	22,148	21,716	13,854	28,634	14,718
City and County of Denver	(10,648)	(5,323)	(6,527)	(7,370)	(2,910)	1,319	5,152	7,362	3,536	10,281	947
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	130.5	130.1	131.5	133.7	136.1	137.6	136.9	130.9	129.9	131.5	133.7
Colorado (thousands)	2,184.2	2,152.8	2,179.6	2,226.0	2,279.1	2,331.3	2,350.3	2,245.6	2,222.3	2,258.2	2,310.0
Denver Metropolitan Area (thousands)	1,332.8	1,314.0	1,324.7	1,349.9	1,377.2	1,406.8	1,420.4	1,359.2	1,352.5	1,377.1	1,414.4
City and County of Denver	438,891	425,474	423,446	424,641	432,416	442,750	449,257	423,329	420,592	422,764	434,086
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.4%	-0.7%	1.2%	1.7%
Colorado	-1.9%	-1.4%	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%	-1.0%	1.6%	2.3%
Denver Metropolitan Area	-3.1%	-1.4%	0.8%	1.9%	2.0%	2.1%	1.0%	-4.3%	-0.5%	1.8%	2.7%
City and County of Denver	-5.0%	-3.1%	-0.5%	0.3%	1.8%	2.4%	1.5%	-5.8%	-0.6%	0.5%	2.7%

DATA APPENDIX

2012 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	6.3%	5.5%	5.1%
Manufacturing	5.7%	5.6%	4.4%
Wholesale & Retail Trade	14.6%	14.8%	12.1%
Transportation, Warehousing, Utilities	3.1%	3.4%	5.5%
Information	3.0%	3.6%	2.8%
Financial Activities	6.3%	7.1%	7.8%
Professional & Business Services	15.4%	17.9%	19.6%
Education & Health Services	12.2%	12.4%	12.2%
Leisure & Hospitality	12.1%	10.9%	11.6%
Other Services	4.1%	3.9%	3.4%
Government	17.1%	15.0%	15.5%

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
UNEMPLOYMENT RATE											
United States	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%
Colorado	5.7%	6.1%	5.6%	5.1%	4.3%	3.8%	4.8%	8.1%	9.0%	8.6%	8.0%
Denver Metropolitan Area	5.9%	6.4%	5.8%	5.2%	4.3%	3.8%	4.8%	8.2%	8.8%	8.4%	7.7%
City and County of Denver	6.7%	7.2%	6.6%	5.8%	4.8%	4.2%	5.3%	9.0%	10.0%	9.3%	8.5%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5	218.1	224.9	229.6
Denver-Boulder-Greeley	184.8	186.8	187.0	190.9	197.7	202.0	209.9	208.5	212.4	220.3	224.6
INFLATION RATE											
United States	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%	3.2%	2.1%
Denver-Boulder-Greeley	1.9%	1.1%	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%	1.9%	3.7%	1.9%

DATA APPENDIX

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$9,055	$9,369	$9,929	$10,477	$11,257	$11,901	$12,452	$11,853	$12,308	$12,950	$13,402
Colorado	$157,752	$159,918	$168,587	$179,695	$194,390	$205,242	$216,030	$204,625	$212,545	$225,410	$234,142
Denver Metropolitan Area	$99,903	$100,934	$106,176	$113,046	$123,018	$128,512	$134,768	$127,016	$132,535	$140,544	N/A
City and County of Denver	$23,834	$23,933	$25,031	$26,593	$29,534	$30,036	$31,699	$29,204	$31,599	$33,811	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	2.0%	3.5%	6.0%	5.5%	7.4%	5.7%	4.6%	-4.8%	3.8%	5.2%	3.5%
Colorado	0.8%	1.4%	5.4%	6.6%	8.2%	5.6%	5.3%	-5.3%	3.9%	6.1%	3.9%
Denver Metropolitan Area	0.3%	1.0%	5.2%	6.5%	8.8%	4.5%	4.9%	-5.8%	4.3%	6.0%	N/A
City and County of Denver	1.6%	0.4%	4.6%	6.2%	11.1%	1.7%	5.5%	-7.9%	8.2%	7.0%	N/A
PER CAPITA PERSONAL INCOME											
United States	$31,481	$32,295	$33,909	$35,452	$37,725	$39,506	$40,947	$38,637	$39,791	$41,560	$42,693
Colorado	$35,131	$35,312	$36,849	$38,795	$41,181	$42,724	$44,180	$41,154	$42,107	$44,053	$45,135
Denver Metropolitan Area	$40,049	$40,187	$41,925	$44,148	$47,208	$48,436	$49,884	$46,201	$47,406	$49,398	N/A
City and County of Denver	$42,806	$43,310	$45,448	$48,203	$53,034	$53,219	$55,060	$49,582	$52,365	$54,537	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	1.0%	2.6%	5.0%	4.5%	6.4%	4.7%	3.6%	-5.6%	3.0%	4.4%	2.7%
Colorado	-0.6%	0.5%	4.4%	5.3%	6.1%	3.7%	3.4%	-6.8%	2.3%	4.6%	2.5%
Denver Metropolitan Area	-0.8%	0.3%	4.3%	5.3%	6.9%	2.6%	3.0%	-7.4%	2.6%	4.2%	N/A
City and County of Denver	2.5%	1.2%	4.9%	6.1%	10.0%	0.3%	3.5%	-9.9%	5.6%	4.1%	N/A
RETAIL TRADE SALES											
United States (billions)	$3,460	$3,612	$3,834	$4,084	$4,304	$4,446	$4,394	$4,080	$4,306	$4,651	$4,884
Colorado (millions)	$58,850	$58,689	$62,288	$65,492	$70,437	$75,375	$74,911	$66,454	$70,105	$75,374	$80,074
Denver Metropolitan Area (millions)	$35,355	$35,548	$37,197	$38,589	$41,491	$44,177	$43,829	$38,882	$40,894	$43,705	$46,726
City and County of Denver (millions)	$7,564	$7,364	$7,691	$7,963	$9,480	$10,162	$10,252	$8,517	$8,925	$9,468	$10,330

DATA APPENDIX

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
RETAIL TRADE SALES GROWTH RATE											
United States	2.4%	4.4%	6.1%	6.5%	5.4%	3.3%	-1.2%	-7.1%	5.5%	8.0%	5.0%
Colorado	-0.3%	-0.3%	6.1%	5.1%	7.6%	7.0%	-0.6%	-11.3%	5.5%	7.5%	6.2%
Denver Metropolitan Area	-0.8%	0.5%	4.6%	3.7%	7.5%	6.5%	-0.8%	-11.3%	5.2%	6.9%	6.9%
City and County of Denver[1]	-3.8%	-2.6%	4.4%	3.5%	19.1%	7.2%	0.9%	-16.9%	4.8%	6.1%	9.1%
MEDIAN HOME PRICE											
United States (thousands)	$167.6	$180.2	$195.2	$219.0	$221.9	$217.9	$196.6	$172.1	$173.1	$166.2	$177.2
Denver Metropolitan Area (thousands)	$228.1	$238.2	$239.1	$247.1	$249.5	$245.4	$219.3	$219.9	$232.4	$231.4	$252.4
EXISTING HOME SALES											
Denver Metropolitan Area	47,919	47,966	54,012	53,106	50,244	49,789	47,837	42,070	38,818	39,387	46,299
NEW RESIDENTIAL UNITS DENVER METROPOLITAN AREA											
Single Family	13,793	12,656	14,260	15,778	10,952	7,082	3,686	2,397	3,372	3,525	5,370
Two-Family	4,425	3,755	4,843	4,642	5,311	4,632	1,330	601	798	834	918
Multi-Family	4,085	1,858	2,681	459	1,727	3,015	4,413	438	1,002	2,008	3,348
Total Units	22,303	18,269	21,784	20,879	17,990	14,729	9,429	3,436	5,172	6,367	9,636
OFFICE VACANCY RATE											
Denver Metropolitan Area	13.4%	14.1%	14.3%	13.1%	12.7%	11.8%	12.9%	13.7%	13.1%	12.6%	12.2%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	60.3%	59.5%	61.9%	64.1%	66.4%	67.0%	65.0%	59.0%	64.4%	66.8%	68.0%
SKIER VISITS	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**
Colorado (millions)	11.6	11.3	11.8	12.5	12.6	12.5	11.9	11.9	12.3	11.0	N/A

N/A: Not Available

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

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

APPENDIX B
EXECUTIVE ORDER NO. 114

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EXECUTIVE ORDER NO. 114

TO: **All Departments and Agencies Under the Mayor**

FROM: **Mayor**

DATE: **May 4, 2012**

SUBJECT: **Securities Disclosure Policies and Practices of the City and County of Denver**

PURPOSE: This Executive Order establishes the policy of the City and County of Denver for the preparation and dissemination of information that must be disclosed in connection with the issuance of certain bonds, notes, certificates of participation and other municipal securities of the City and its Enterprises. The City is required to prepare and disseminate certain disclosure information in order to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, including a requirement for continuing disclosure of annual financial information and notices of certain material events in a timely fashion. These reporting and disclosure practices require close coordination on the part of the City in order to assure compliance with contractual Undertakings, promote uniformity in disclosures and reduce liability on the part of the City to holders of securities.

This Order is designed to centralize the information dissemination process, to establish appropriate controls on Disclosure Statements made by the City's Department of Finance, and to enable the City and its Enterprises to comply with Rule 15c2-12, in order to assure the City's access to the capital markets as a source of funds for necessary and useful public undertakings of the City.

This Order is not designed to limit any person's access to public records or information, nor to infringe upon the political process, in particular the right of any elected official of the City to review, discuss, release, comment upon or criticize any information.

Executive Order No. 114, dated October 29, 1996, is hereby canceled and superseded by this Executive Order No. 114.

1. **Applicable Authority**. The applicable authority relevant to the provisions and requirements of this Executive Order No. 114 are Sections 2.5.1 and 2.5.3 (E) of the Charter of the City; and Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, including a requirement for continuing disclosure of annual financial information and notices of certain material events in a timely fashion.

2. **Definitions.** As used in this Order, the terms "annual financial information," "issuer," "municipal securities," "obligated person," and "official statement" shall have the meanings ascribed to these terms under Rule 15c2-12. The following terms shall have the following meanings.

   2.1. "1934 Act" means the Securities Exchange Act of 1934, as the same may be amended, modified and integrated at the time in question, together with any similar federal statute applicable to brokers, dealers or municipal securities dealers purchasing, selling or trading in securities issued by the City.

   2.2. "Compliance Officer" means the Manager of the Department of Finance of the City.

   2.3. "Disclosure Statement" means any written or oral communication relating generally to the creditworthiness of the City or its Enterprises or specifically to the financial viability of particular projects being financed with municipal securities whose payment is supported by the City or one of its Enterprises. The term includes annual financial information, information concerning the occurrence of events, and notices, conferences, reports, speeches and published material of any other sort made in a manner and under circumstances where it is —reasonable to expect that such statement may reach and be relied upon by investors in the securities issued by the City or its

Enterprises. The term does not include any statement made or information provided by an elected official of the City unless the statement has been coordinated with and approved by the Compliance Officer for release to the public.

2.4. "Enterprise" means the Department of Aviation, the Wastewater Management Division of the Department of Public Works, and any other section, division, agency or department of the City designated as an "Enterprise" pursuant to the Charter or by ordinance.

2.5. "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the 1934 Act, as the same may be amended, modified and interpreted at the time in question, together with any similar rule or regulation promulgated by a federal agency and applicable to the City and its securities.

2.6. "SEC" means the United States Securities and Exchange Commission and any success or federal agency having jurisdiction over the purchase, sale and offering by broker-dealers of securities such as those issued by the City.

2.7. "Undertaking" means a contract designed to comply with the continuing disclosure requirements of Rule 15c2-12, entered into by the City and obligating the City to provide annual financial information and notices of the occurrence of certain events, if material.

3. **Statement of Policy:** In order to assure compliance by the City with the disclosure requirements of Rule 15c2-12, it is the policy of the City that:

3.1. No official statement relating to any municipal securities as to which the City or any of its Enterprises is the issuer or an obligated person for purposes of Rule 15c2-12 shall be issued or released to the public until and unless approved by the Manager of the Department of Finance.

3.2. No Disclosure Statement concerning municipal securities as to which the City or any of its Enterprises is the issuer or an obligated person for purposes of Rule 15c2-12 shall be issued or released to the public by any employee, agent or official of the City in a way reasonably expected to be received and relied upon by investors in such securities until and unless such Statement and its release shall be approved by the Manager of the Department of Finance.

3.3. No Undertaking relating to municipal securities as to which the City or any of its Enterprises is the issuer or an obligated person for purposes of Rule 15c2-12 shall be binding upon the City without the approval of the Manager of the Department of Finance.

3.4. Unless required by law to do otherwise, prior to releasing to the public any Disclosure Statement intended to be made public, all non-elected employees, agents and officials of the City shall report to and file with the Manager of the Department of Finance any such Disclosure Statement, together with such additional information requested by the Manager of the Department of Finance, and each such employee, agent and official of the City shall consult with the Manager of the Department of Finance concerning such proposed Disclosure Statement.

3.5. No Disclosure Statement, official statement or Undertaking in respect of any municipal securities as to which the City or any of its Enterprises is the issuer or an obligated person for purposes of Rule 15c2-12 that is issued or released to the public by any employee, agent or official of the City without the approval of the Manager of the Department of Finance required by this Order shall be deemed to be a statement or undertaking by or on behalf of the City or such Enterprise.

3.6. Filings with the Municipal Securities Rulemaking Board (MSRB) shall be made through the electronic platform Electronic Municipal Market Access (EMMA).

4. **Rules and Regulations:** The Manager of the Department of Finance shall promulgate and revise from time to time such rules and regulations as the Manager of the Department of Finance shall deem necessary to implement this Order, such rules and regulations to be binding upon all non-elected officials, employees and agents of the City.

Approved for Legality:

Douglas J. Friednash
City Attorney for the City and County
Of Denver

Approve:

Michael B. Hancock
MAYOR

Kim Day
Manager of Aviation

Doug Linkhart
Manager of Environmental Health

Adrienne Benavidez
Manager of General Services

Lauri J. Dannemiller
Manager of Parks & Recreation

Jose Cornejo
Manager of Public Works

Cary Kennedy
Manager of Finance

Alex J. Martinez
Manager of Safety

Penny L. May
Manager of Human Services

Molly Urbina
Manager of Community Planning and Development

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APPENDIX C
2012 ABSTRACT OF ASSESSMENT

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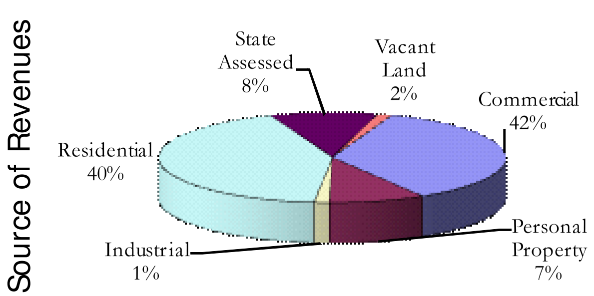
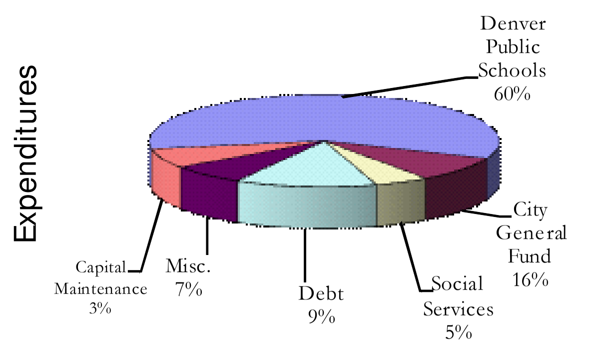
2013 Assessment Calendar

January 1—All taxable property is listed and valued based on its status.
By April 15—All assessable **business personal property** (equipment, fixtures, and furnishings) must be listed on a Declaration Schedule and returned to the Assessor to avoid penalties.
By May 1—Real property valuations are mailed to taxpayers.
May 1 to June 3—Assessor hears protests to real property valuations.
July 16 to August 6—Assessor hears protests to business personal property valuations.
By August 27—Initial Certifications of Value are sent to each of the taxing entities in the county.
By December 17—Taxing entities certify mill levies to Assessor.
By December 24—Final mill levies are approved for the following year's tax collections.

2012 Property Tax Dollars





General Information

Assessment Division is responsible for the accurate valuation and uniform assessment of property within the City & County of Denver. All real and personal property, except that specifically exempted by law, is subject to taxation. It is the joint responsibility of the Assessor and the owner to ensure that property is correctly listed on assessment rolls.

Please Note

- The Assessor does **not** set tax rates (mill levies).
- City & County taxes are established each year under constitutional guidelines and are approved by the Mayor and City Council.
- School taxes are levied by Denver Public Schools under authority of the School Board.
- Special district taxes are approved by boards of directors for their individual districts.

Tax bill calculations are based on four components: Actual Value, Exempt Amount, Assessment Rate and Mill Levy. The **Assessor** determines Actual Value and amount(s) under law to be exempted from taxation; the **State** of Colorado sets the Assessment Rate for various classes of property and **Taxing Jurisdictions** (City & County, School & Special Districts) establish Mill Levies (tax rates).

In 2012, the State continued the following assessment rates:

Residential Property…………………………..7.96%
Natural Resources..……………………………87.50%
Commercial………..……………………………29.00%

Each charge or line on a Tax Bill is calculated as follows:
(Actual Value — Exemption) x Asmt Rate x Millage = Charge

Denver property taxes issued in January may be paid in one or two installments. To avoid interest charges, the first half of taxes due in 2013 must be paid by February 28th and the second half must be paid by June 17th. If paid in one installment, the entire amount must be received (or postmarked) no later than April 30th.

Denver staff are available from 7:30 AM to 4:30 PM Monday through Friday to answer questions and provide information by dialing 3-1-1 (720-913-1311). For 24x7 assistance visit the Assessor's Office online at:

www.denvergov.org/assessor

Abstract of Assessment And Summary of Levies

City & County of Denver Colorado

DENVER®
THE MILE HIGH CITY

2012

Total
Assessed Valuation
$10,757,438,400

Michael B. Hancock
Mayor

Paul H. Jacobs
Assessor

2012 Abstract of Assessment

	Total Assessed Value	Total Actual Value
Vacant Land		
Residential	$ 84,407,160	$ 291,059,200
Commercial	67,038,070	231,165,800
Industrial	19,901,080	68,624,400
Agricultural	54,780	188,900
PUD	4,025,120	13,879,700
All Others	18,201,560	62,764,000
Possessory Interest	254,170	876,400
Total	**$ 193,881,940**	**$ 668,558,400**
Residential		
Single Family	$ 3,186,879,850	$ 40,036,179,000
Condominiums	665,533,350	8,360,971,700
Duplexes/Triplexes	82,000,870	1,030,161,700
Multi Unit (4 to 8)	33,454,690	420,285,100
Multi Unit (9 & up)	373,823,690	4,696,277,500
Manufactured Homes	477,090	5,993,600
Partial Exempt	2,848,540	35,785,700
Total	**$ 4,345,018,080**	**$ 54,585,654,300**
Commercial		
Merchandising	$ 627,299,800	$ 2,163,102,800
Lodging	223,701,640	771,385,000
Offices	1,928,719,900	6,650,758,300
Recreation	82,049,200	282,928,300
Commercial Condos	124,373,050	428,872,600
Possessory Interest	24,475,960	84,399,900
Special Purpose	594,889,540	2,051,343,200
Warehouses	815,197,530	2,811,026,000
Multi-Use	124,262,350	428,490,900
Partial Exempt	22,509,550	77,619,200
Total	**$ 4,567,478,520**	**$ 15,749,926,200**
Industrial	**120,329,280**	**414,928,500**
Personal Property		
Residential	$ 9,872,260	$ 34,042,300
Commercial	614,960,360	2,120,553,000
Industrial	97,680,260	336,828,500
Prod. Oil & Gas	0	0
Total	**$ 722,512,880**	**$ 2,491,423,800**
State Assessed	**808,217,700**	**2,786,957,600**
Grand Total	**$ 10,757,438,400**	**$ 76,697,448,800**

Exempt Properties	**Total Assessed Value**	**Total Actual Value**
Federal Government	$ 120,279,490	$ 416,110,700
State Government	422,822,860	1,465,071,000
County Government	1,720,568,310	6,261,764,100
Political Subdivision	989,973,100	3,454,457,500
Religious Entities	217,946,520	800,718,700
Private Schools	123,307,900	433,855,500
Charitable Entities	309,912,840	1,442,512,700
All Others	190,018,260	714,663,000
Total	**$ 4,094,829,280**	**$ 14,989,153,200**

Special Taxing Districts

	Assessed Value	Mill Levy	Tax Revenue
Bowles Metropolitan	$ 26,031,730	42.000	$ 1,093,333
Broadway Station Metro Dist 3	4,097,070	6.000	24,582
Central Platte Valley Metro (1)	38,826,770	52.000	2,018,992
Central Platte Valley Metro (debt)	48,647,270	16.000	778,356
Cherry Creek North B.I.D.	154,649,440	17.642	2,728,325
Cherry Creek Subarea B.I.D. (2)	23,278,270	0.644	14,991
Clear Creek Valley Water	744,280	2.791	2,077
Colfax B.I.D.	44,582,210	8.050	358,887
Colo. Int. Center Metro No 13	30	25.000	1
Colo. Int. Center Metro No 14	8,217,250	60.000	493,035
Denargo Market Metro No 2	290	40.000	12
Denver Gateway Center Metro	2,952,230	36.992	109,209
Denver High Point at DIA Metro	643,300	15.000	9,650
Denver Intl. Bus. Center No 1	17,120,840	40.000	684,834
DUS Metro District No 2 (3)	1,476,680	30.000	44,300
Ebert Metropolitan	58,507,950	75.000	4,388,096
Ebert Metropolitan (debt)	1,348,700	58.000	78,225
Fairlake Metropolitan	15,791,290	38.084	601,395
Fairlake Metropolitan (debt)	8,820,230	25.000	220,506
First Creek Metropolitan	93,270	10.845	1,012
Gateway Regional Metro	38,953,790	16.000	623,261
Gateway Regional Metro (debt)	8,858,140	2.817	24,953
Gateway Village G.I.D.	16,461,800	32.500	535,009
Goldsmith Metropolitan	227,919,150	14.750	3,361,807
Greenwood Metropolitan	1,660,700	15.110	25,093
GVR Metropolitan	65,803,100	32.957	2,168,673
Holly Hills Water & Sanitation	14,681,800	2.716	39,876
Madre Metropolitan Dist. No. 2	3,410,310	50.000	170,516
Mile High Business Center Metro	21,224,980	35.000	742,874
North Washington Fire Protection	6,597,500	17.344	114,427
North Washington Street Water	6,597,500	0.943	6,221
Old South Gaylord B.I.D.	5,186,390	6.863	35,594
Sand Creek Metropolitan	22,360,620	34.250	765,851
Sand Creek Metropolitan (debt)	8,243,370	20.000	164,867
SBC Metropolitan (4)	51,381,030	35.000	1,798,336
Section 14 Metro	7,589,970	23.681	179,738
Section 14 Metro (debt Raccoon)	2,993,550	16.798	50,286
Section 14 Metro (debt Fairmark)	2,482,410	12.573	31,211
Sheridan Sanitation Dist No. 2	416,200	0.555	231
South Denver Metropolitan	42,123,250	7.000	294,863
Southeast Public Improvement	229,163,880	2.083	477,348
Town Center Metropolitan	192,740	75.000	14,456
Town Center Metro Subdistrict 1	709,510	50.000	35,476
Valley Sanitation	9,574,890	2.493	23,870
Westerly Creek Metro (5)	291,411,580	55.311	16,118,266
Total			**$ 41,452,921**

(1) $455,314 of the tax for Central Platte Valley Metro is distributed to Denver Union Station DDA
(2) $8,425 of the tax for Cherry Creek Subarea BID is distributed to Denver Union Station DDA
(3) $31,286 of the tax for DUS Metro No 2 is distributed directly to Denver Union Station DDA
(4) $1,395,501 of the tax for SBC Metropolitan is distributed directly to Stapleton TIF
(5) $12,032,423 of the tax for Westerly Creek is distributed to Stapleton TIF

Tax Increment Finance Districts

District	Assessed Value Increment
Alameda Square	$ 2,336,890
American National	3,277,384
California St. Parking Garage	594,529
Cherokee	6,074,314
City Park South	15,171,323
Downtown Denver	126,706,056
Executive Tower Hotel	8,649,926
Guaranty Bank	1,341,545
Highlands Garden Village	7,793,492
Lowenstein Theater	2,674,200
Lowry	145,177,250
Marycrest	373,420
Mercantile Square	796,633
Northeast Park Hill	3,364,285
Pepsi Center	35,343,563
Point Urban	989,650
South Broadway	15,628,356
St. Luke's #1	10,892,764
St. Luke's #2	9,489,396
Stapleton	329,957,783
Westwood	6,372,242
York Street	4,277,680
Total	**$ 737,282,681**

Summary of Levies and Taxes

	Mill Levy	Tax Revenue
City & County of Denver		
General Fund	13.362	$ 143,740,892
Bond Principal	4.170	44,858,518
Bond Interest	3.780	40,663,117
Social Services Special Revenue	4.520	48,623,622
Developmentally Disabled	1.033	11,112,434
Fire Pension	1.587	17,072,055
Police Pension	1.893	20,363,831
Capital Maintenance	2.581	27,764,949
Total	**32.926**	**$ 354,199,417**
School District #1		
General Fund	39.575	$ 425,725,625
Bond Redemption	10.913	117,395,925
Total	**50.488**	**$ 543,121,551**
Urban Drainage & Flood Control District	**0.657**	**$ 7,067,637**
Total General Taxes	**84.071**	**$ 904,388,605**
Total Special District Taxes		**41,452,921**
Grand Total of All Taxes		**$ 945,841,526**
Taxes Distributed to DURA (Denver Urban Renewal Authority)		**$ 61,984,092**
Tax Distributed to DDA (Denver Downtown Development Authority)		**$ 1,083,493**

CITY AND COUNTY OF DENVER

SEAL