CITY AND COUNTY OF DENVER, COLORADO
2010 DISCLOSURE STATEMENT

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

For the year ended December 31, 2009

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

2010 DISCLOSURE STATEMENT
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DENVER
THE MILE HIGH CITY

JOHN W. HICKENLOOPER
Mayor

DEPARTMENT OF FINANCE

CLAUDE PUMILIA
CHIEF FINANCIAL OFFICER

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September 27, 2010

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 Mayor of Denver's Executive Order 114, first enacted in 1996, which further commits the City to providing ongoing information to the financial markets. The purpose of the *Disclosure Statement for the Year Ended December 31, 2009* is to present information about the City's 2009 financial condition, but it also contains certain post-2009 information as noted. **The *Disclosure Statement for the Year Ended December 31, 2009* must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR),** which can be found on the City's Web Site at www.denvergov.org or by contacting the Office of the Controller. The Disclosure Statement includes information the City has contracted to provide on an ongoing basis.

The City, for and on behalf of its Department of Aviation (the "Airport"), executed bond transactions in 2009 for the purpose of refunding certain Airport obligations and funding new money for capital improvement projects. In October 2009, $170,190,000 and $65,290,000 Series 2009A and 2009B bonds were issued in a fixed rate mode for the purpose of purchasing and retiring portions of outstanding Series 2006B, Series 2007D-2 and Subseries 2008A-4 bonds and funding new money for capital improvement projects. In November 2009, $104,655,000 Series 2009C bonds were issued in variable rate mode to current refund all of the Airports outstanding Commercial Paper Notes, Series A.

In May 2009, the City also issued $73,630,000, Series 2009A Excise Tax Bonds to refund the Series 2001B Excise Tax Bonds. And, in June 2009, the City issued $33,940,000, Series 2009B Excise Tax Bonds to refund the Series 1999A Excise Tax Bonds.

In June 2009, the City issued $104,500,000 and $14,415,000 of Series 2009A and Series 2009B General Obligation Bonds, respectively. The proceeds of the Series 2009A bonds were used to provided funding for Better Denver Bond project approved by voters in November 2007 and to fund new money for the Denver Zoo, authorization for the Zoo approved by the Denver voters in 1999. The 2009B Bonds, were issued to refund the Series 2000 General Obligation Bonds.

For those who seek additional information about the City's 2009 transactions or other financings, the Official Statements can be found in the files of the Municipal Securities Rulemaking Board,

DENVER
THE MILE HIGH CITY

or online at www.dacbond.com, or may be obtained by calling the City's Debt Management offices at 720-913-5000.

As the Manager of Finance and Chief Financial Officer, I am responsible for the City's compliance with Rule 15c-2-12 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, 2009,* or if you have any comments regarding future disclosures.

Sincerely

Claude J. Pumilia

Claude Pumilia
Manager of Finance, Chief Financial Officer
City and County of Denver

CITY AND COUNTY OF DENVER OFFICIALS
AS OF DECEMBER 31, 2009

Mayor
John W. Hickenlooper

City Council
Jeanne Robb, President

Carol Boigon	Peggy A. Lehmann
Charles V. Brown Jr.	Douglas D. Linkhart
Jeanne Faatz	Paul Lopez
Rick Garcia	Carla Madison
Michael B. Hancock	Judy H. Montero
Marcia M. Johnson	Chris Nevitt

Auditor
Dennis J. Gallagher

CABINET OFFICIALS

Derek Brown	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
David R. Fine, Esq.	City Attorney
Alvin J. LaCabe, Jr.	Manager of the Department of Public Safety
Peter J. Park	Manager of Community Planning and Development
Kevin Patterson	Manager of the Department of Parks and Recreation
Claude J. Pumilia	Manager of Finance/Chief Financial Officer/*Ex Officio* Treasurer
Nancy J. Severson	Manager of the Department of Environmental Health
Guillermo "Bill" V. Vidal	Deputy Mayor, Manager of the Department of Public Works
Patricia Wilson Pheanious	Manager of the Department of Human Services

Clerk and Recorder
Stephanie Y. O'Malley

BOARD OF WATER COMMISSIONERS

Penfield Tate III	President
John R. Lucero	First Vice President
Thomas A. Gougeon	Member
Paula Herzmark	Member
Greg Austin	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 622,100 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 thereunder as the consolidated municipal government known as the City and County of Denver and exists as a "home-rule" city under the City Charter adopted by the qualified electors of the City on March 29, 1904, as amended from time to time. The City is a single governmental entity performing both municipal and county functions.

Government

The City Charter establishes a "strong-mayor" form of government. The Mayor of the City is the chief executive, exercising all administrative and executive powers granted to the City, except as otherwise delegated by the City Charter. The Mayor is elected every four years and is limited to three consecutive terms. The legislative powers of the City are vested in the City Council, except as otherwise provided in the City Charter. The City Council consists of 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. The current City Auditor is Dennis J. Gallagher. Powers to conduct financial and performance audits are carried out by the City Auditor in that office's audit capacity.

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 controller, treasurer, budget manager and assessor. Responsibilities for issuance of payments, payroll and other general accounting functions are performed by the Department of Finance. Claude J. Pumilia, the initial Manager of Finance, Chief Financial Officer and Ex Officio Treasurer, was previously serving in the role of Manager of Revenue, Chief Financial Officer and Ex Officio Treasurer since his appointment in April 2007.

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 Stephanie Y. O'Malley.

As of December 31, 2009, the appointed members of the Mayor's cabinet were the following individuals:

Derek Brown	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
David R. Fine, Esq.	City Attorney
Alvin J. LaCabe Jr.	Manager of the Department of Public Safety
Peter J. Park	Manager of Community Planning and Development
Kevin Patterson	Manager of the Department of Parks and Recreation
Claude J. Pumilia	Manager of Finance/Chief Financial Officer/*Ex Officio* Treasurer
Nancy J. Severson	Manager of the Department of Environmental Health
Guillermo "Bill" V. Vidal	Deputy Mayor, Manager of the Department of Public Works
Patricia Wilson Pheanious	Manager of the Department of Human Services

In addition to the members of the cabinet, Roxane White, the Chief of Staff, has a significant advisory role in formulating policy.

Since December 31, 2009, the following changes have taken place in the Mayor's cabinet or the staffing described above:

- The position of Chief Operating Officer remains vacant. No replacement has been announced.

- Alvin J. LaCabe Jr. retired from the position of Manager of the Department of Public Safety, effective June 30, 2010. As of September 1, 2010 Mary Malatesta was appointed as the acting Manager of the Department of Public Safety.

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 number to fulfill the duties of the Mayor. Mayor Hickenlooper is currently running for the position of Governor of Colorado. No special election is anticipated to be required as is it expected that Mayor Hickenlooper, even if elected on November 2, 2010, would not resign prior to November 24, the last day a special election would be required.

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 is to be maintained a 15% reserve, 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.

Interest Ratings Recalibrations

In April 2010, two of the three major credit rating agencies, Moody's and Fitch, undertook recalibrating the ratings on U.S. municipal long-term bond issues and issuers to a global rating scale. The recalibration was an effort to bring municipal bond ratings into line with global ratings scales for corporate bonds and sovereign debt. The agencies have stated the recalibration of the ratings represents a change in scale only and does not represent a change in the credit quality, or credit opinion, of the affected issuers.

After the ratings recalibration, the City and County of Denver has the highest possible general obligation bond ratings from all three major credit ratings agencies. Denver is the only city or county in Colorado to hold AAA ratings from all three credit 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, 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, 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 is 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.

Proposed Colorado Fiscal Initiatives

The State Constitution provides that the people are empowered to propose laws and amendments to the State Constitution and to enact or reject such initiatives by a vote of the people by statewide ballot. The Colorado Secretary of State has certified a number of citizen initiatives to be submitted to the Colorado voters on November 2, 2010. Three of these citizen initiatives ("Initiatives") would impact governmental finance in Colorado if passed. The Initiatives are citizen propositions and lack clarity such that judicial interpretation or review may be necessary. These Initiatives are prospective and do not have a foreseeable impact on the legal status of financing which has been issued prior to the January 1, 2011effective date of the initiatives. The full text of all of the initiatives is available at the Colorado Secretary of State website, but are summarized below for convenience.

Amendment 60 would repeal any TABOR exemption election. The amendment would decrease the property tax revenues available to the City by re-imposing the TABOR revenue limit on the City's property tax revenues effective in 1992. Amendment 60 would limit future voter approved property tax increases to four years, require the City's TABOR enterprises to pay property taxes, and require the City to reduce its property tax rates to avoid any additional revenues resulting from any new enterprise tax revenues.

Amendment 61 provides that after 2010, all borrowings of local governments would require the prior voter approval of the electors of the local government at elections to be held only in November. This Initiative would apply to "any loan, whether or not it lasts more than one year; may default; is subject to annual appropriation or discretion; is called a certificate of participation, lease-purchase, lease-back, emergency, contingency, property lien, special fund, dedicated revenue bond, or any other name; or offers any other excuse, exception, or form" (collectively, "Covered Financings"). Under current State law, voter approval is not required for obligations that refund previous obligations at lower interest rates, obligations payable during the same fiscal year and certain obligations subject to annual appropriation. Additionally, Amendment 61 would restrict the City's non-enterprise debt limit to 10% of its actual real property valuation or approximately $1.1 billion. At December 31, 2009, the City's debt and other obligations that would be subject to this new limit is $2 billion. Amendment 61 would require that future Covered Financings take the form of bonded debt, subject to prepayment at any time without penalty, and mature within 10 years. Except for enterprise borrowings, when a Covered Financing is repaid, the tax rates of the City would be required to decrease in an amount equal to the average annual debt repayment, even if the debt is not repaid from taxes.

Proposition 101. Another Initiative, designated Proposition 101, would purportedly decrease specific ownership taxes in four equal yearly steps to $2 for new vehicles and $1 for old vehicles, eliminate City taxes on the first $10,000 of value of vehicle sales prices (phased in over four yearly equal steps) and all other City charges on vehicles and vehicle uses, eliminate City taxes on vehicle rentals or leases and eliminate City charges applying to telephone, pager, cable, television, radio, internet, computer, satellite, or other telecommunication service customer accounts. In addition, Proposition 101 may reduce the overall revenue that may be retained and spent by the City under the limits imposed by TABOR notwithstanding the approval of the City's electors allowing the City to retain excess revenues which would otherwise be required by TABOR to be refunded to taxpayers. For more information on TABOR, see "Constitutional Revenue and Spending Limitations" above.

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 2008, 2009 and 2010, 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, 2009, 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 Revenue. Collection started January 1, 2007. The general use tax, at the end of December 31, 2009, 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. The General Fund net property tax mill levy was as follows for the related tax collection years: 8.854 mills for 2006; 9.323 mills for 2007; 6.306 mills for 2008; 6.389 mills for 2009, and 5.867 mills for taxes being collected in 2010. In collection years 2008, 2009 and 2010, 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 occupation privilege taxes ("OPT" or "Head Tax") previously credited to the CIP Fund were redirected to the General Fund The redirected property tax mills were 2.285, 2.350 and 2.170, for the years 2008 through 2010. These levies take into account temporary mill levy rate reductions as needed to comply with State Constitutional revenue and spending limitations. See "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. Prior to 2008, 50% of the revenues from the OPT were credited to the General Fund and 50% of such revenues were credited to the CIP Fund. Effective with Fiscal Year 2008, 100% of the revenues from the OPT are credited to the General Fund in exchange for a portion of property taxes that historically were deposited to the General Fund, being reallocated to the CIP Fund. OPT revenues accounted for approximately 5.0% of total General Fund revenues in 2008 and were budgeted to account for approximately 5.1% of total General Fund revenues in 2009 due to this change. For 2009, the property taxes reallocated from the General Fund to the CIP Fund are $24,457,800.

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 2009 Revised Budget (50.4%) was allocated to Public Safety, which is primarily responsible for administering police, fire and sheriff's department services. For the 2010 Budget, Public Safety represents 49.4% of the General Fund.

Management Discussion of 2010 Budget

The 2010 Budget, adopted in November 2009, assumed gradual improvement in the economy for 2010, enabling modest growth of the many revenue steams negatively impacted by the economy in 2008 and 2009. Compared to the 2009 Revised Budget, total General Fund revenues were projected to grow 3.8%, while sales tax revenues, which represent 50% of the total General Fund revenues were estimated to grow 3.5%. Total General Fund expenditures for 2010 were projected to be $855.6 million, a decrease of 1.1% from the revised 2009 operating budget and a decrease of 3.9% from 2008 actual expenses.

In the period from 2009-2010, the City closed a $246 million deficit between revenues and expenditures, equaling approximately 14% of each years expenditure budget. This was done through a combination of methods including: revenue enhancements - $31 million, operational savings (staff reductions and supply/service reductions) - $133.7 million, compensation savings (wage freezes and furloughs) - $41.3 million, and partial use of fund balance reserves - $40 million. In 2010, Denver employees have already taken three furlough days, and two additional furlough days are required to be taken in the fall as of 2010. The current 2010 Budget plan is designed to minimize layoffs whenever possible and maintain core services.

The 2010 budget does not include any of the amounts relating to the Initiatives nor a lawsuit filed by the Denver Police Officers. A lawsuit has been filed against the City in the United States District Court for the District of Colorado on behalf of 850 Denver police officers. The suit alleges damages in excess of $200 million and includes (1) claims of unpaid overtime compensation for activities performed outside scheduled work hours such as donning and doffing police uniforms and equipment, (2) late payment of overtime, (3) improper calculation of overtime rates and (4) denial of compensatory time usage. The trial is expected to be conducted in phases, beginning November 1. 2010, and the liability portion of the case is not expected to be completed until some time in 2011. The City is vigorously defending against all claims. However, as with any litigation, the outcome of this complex case is impossible to predict with any accuracy. Pursuant to State law and subject to constitutional limitations, if a monetary judgment is rendered against the City, and the City fails to provide for the payment of such judgment, the City Council must levy a tax (not to exceed 10 mills per annum) upon all of the taxable property within the City for the purpose of making provision for the payment of the judgment. The City is required to continue to levy such tax until the judgment is discharged. Such mill levy is in addition to all other mill levies for other purposes.

TABLE 1

GENERAL FUND BUDGET SUMMARY
2008 ACTUAL RESULTS, 2009 REVISED BUDGET AND 2010 BUDGET
Prepared in Budgetary Format
($ in thousands)

	2008 Actual Results	2009 Revised Budget	2010 Budget
REVENUES			
Taxes	$ 573,873	$ 536,527	$ 554,388
Licenses and Permits	22,170	15,341	16,047
Intergovernmental Revenues	27,623	26,988	24,651
Charges for Services	148,587	141,960	152,584
Investment Income	9,229	4,562	6,201
Fines and Forfeitures	41,792	44,039	47,324
Other Revenues	42,837	48,548	50,732
TOTAL FINANCIAL SOURCES	866,111	817,962	851,926
EXPENDITURES			
General Government	208,325	220,031	212,441
Public Safety	424,422	436,554	422,668
Public Works	81,143	85,290	78,321
Health	42,513	44,906	43,664
Parks and Recreation	50,376	50,738	45,693
Cultural Activities	31,298	32,358	30,087
Other Financing and Adjustments	(1,716)	(51,820)	(5,089)
Transfers to other City Funds	53,892	47,407	27,811
TOTAL EXPENDITURES BUDGET	890,253	865,462	855,596
TOTAL/EXPENDITURES/ USE OF RESOURCES			
Excess (Deficit) Financial Resources	(24,142)	(47,500)	(3,670)
Adjustment in Undesignated Reserves	18,930	-	-
Unrestricted Fund Balance – January 1	154,774	149,562	102,062
Unrestricted Fund Balance – December 31	$149,562	$102,062	$98,392

(Source: The 2010 Mayor's Budget, dated November, 2009)

TABLE 2

GENERAL FUND BUDGET SUMMARY
2008 ACTUAL RESULTS, 2009 REVISED BUDGET AND 2010 BUDGET
(by percentage)

	2008 Actual Results	2009 Revised Budget	2010 Budget
REVENUES & OTHER FINANCING SOURCES			
Taxes	66.3%	65.6%	65.1%
Licenses and Permits	2.6	1.9	1.9
Intergovernmental Revenues	3.2	3.3	2.9
Charges for Services	17.2	17.4	17.9
Investment and Interest Income	1.1	0.6	0.7
Fines and Forfeitures	4.8	5.4	5.6
Other Revenues	4.9	5.9	6.0
TOTAL REVENUES & OTHER FINANCING SOURCES	100.0%	100.0%	100.0%
EXPENDITURES & OTHER FINANCING USES			
General Government	23.4%	25.4%	24.8%
Public Safety	47.7	50.4	49.4
Public Works	9.1	9.9	9.2
Health	4.8	5.2	5.1
Parks and Recreation	5.7	5.9	5.3
Cultural Activities	3.5	3.7	3.5
Other Financing and Adjustments	(0.2)	(6.0)	(0.6)
Transfers to other City Funds	6.1	5.5	3.3
TOTAL EXPENDITURES & OTHER FINANCING USES	100.0%	100.0%	100.0%

(Source: The Mayor's 2010 Budget, dated November 2009)

Management Discussion of Recent Financial Results

The City maintains a policy of managing General Fund resources to the level of funds available rather than relying on tax increases. This is accomplished by reallocating resources selectively and maintaining year-end unrestricted General Fund balances equal to at least 15% of estimated expenditures, but with the flexibility that reserves may be spent down to 10% as a temporary measure to assist with budget deficits.

2005. The Denver economy started to improve as the state and national economies improved. The City experienced a 7.66% increase in sales tax revenues compared to 2004. The City continued to control personnel costs by reviewing all vacant positions for possible elimination and by not filling a number of positions during the year.

2006. In the first half of 2006, the City's economy outperformed the national economy and the City experienced above-average growth in employment, compensation and retail activity. As a result of significant snow storms in the City during the last few weeks of 2006 and early 2007, retail sales were negatively impacted as stores were forced to close some days prior to Christmas, which would normally have been among the busiest sales days of the year for the retail market. Sales and use tax revenues were 1.9% higher in 2006 as compared with 2005.

2007. The city's economy continued to grow, albeit at a slower pace than 2006, reflecting the national economical trends. Sales and use tax revenues were 5.29% higher in 2007 as compared with 2006. The City saw higher than average growth in lodging tax, due in large part to construction of several new hotels in the downtown area. Operating expenditures were under budget due to efforts by departments to save money to ease pressures on the 2008 budget. The General Fund balance remained at a level equal to at least 15% of 2007 expenditures.

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. 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.

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 2005 through 2009.

TABLE 3

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

	2005	2006	2007	2008	2009
ASSETS					
Cash and cash equivalents	$ 80,062	$ 91,178	$ 94,691	$ 94,089	$ 28,021
Cash on hand	--	2	2	30	34
Receivables (net of allowances for uncollectibles):					
Taxes	124,775	128,385	113,616[1]	117,668	116,253
Notes	--	--	25	25	23
Accounts	7,588	11,494	14,292	13,737	19,760
Accrued interest	1,091	1,537	1,111	781	542
Due from other funds	26,049	26,711	289	31,596	44,001
Interfund receivable	80	97	30,977	215	224
Prepaid items and other assets	24,530	1	--	861	--
Restricted assets:					
Cash and cash equivalents	19,681	42,608	40,817	21,001	20,207
TOTAL ASSETS	$283,856	$301,512	$295,820	$280,003	$229,065
LIABILITIES					
Vouchers payable	$ 15,548	$ 13,135	$ 13,576	$ 10,672	$10,639
Accrued liabilities	7,572	10,177	12,168	19,160	21,781
Due to other funds	3,067	3,413	2,776	3,450	3,873
Deferred revenue	79,099	89,131	71,706	75,252	79,552
Advance	--	--	3	--	--
TOTAL LIABILITIES	$105,286	$115,856	$100,229	$108,554	$115,845
FUND BALANCE					
Reserved for emergency use	$ 19,681	$ 19,663	$ 20,101	--[2]	--
Reserved for encumbrances	13,727	14,635	--	--	--
Reserved for prepaid items and other assets	24,530	22,544	20,716	$ 21,001	$20,207
Unreserved:					
Undesignated	120,632	128,814	154,774	150,448	93,013
TOTAL FUND BALANCE	$178,570	$185,656	$195,591	$171,449	$113,220
TOTAL LIABILITIES AND FUND BALANCE	$283,856	$301,512	$295,820	$280,003	$229,065

1 The decrease in tax revenues allocated to the General Fund beginning in 2007 reflects the reallocation of a portion of General Fund property tax revenues for CIP Fund purposes. See "General Fund – Major Revenue Sources"

2 In 2008, a policy decision was made by the City to transfer $20,400,000 of the reserved fund balance to a separate TABOR Emergency Reserve Special Revenue Fund.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2005 -2009)

TABLE 4

CITY AND COUNTY OF DENVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2005-2009
($ in thousands)

	2005	2006	2007	2008	2009
REVENUES					
Taxes:					
Property	$ 74,131	$ 75,158	$ 79,232	$ 62,703[1]	$64,396[1]
Sales and Use	389,731	397,163	418,177	430,928	387,838
Other	76,473	51,760	73,531	80,284	72,123
Licenses and Permits	26,046	26,123	28,094	27,763	23,229
Intergovernmental Revenues	28,794	31,527	32,861	32,107	31,955
Charges for Services	95,108	120,694	107,519	137,160[1]	138,563[1]
Investment Income	6,360	11,571	18,717	11,692	4,512
Fines and Forfeitures	30,510	34,246	34,253	38,416	41,389
Other Revenues	6,919	7,863	11,165	8,663	11,863
TOTAL REVENUES	$734,072	$756,105	$803,549	$829,716	$775,868
EXPENDITURES					
Current:					
General Government	$163,547	$165,154	$156,040	$175,817	$165,897
Public Safety	361,645	374,829	400,469	423,136	429,718
Public Works	68,407	73,463	84,310	81,710	79,506
Health	40,702	41,745	41,783	42,438	43,750
Parks and Recreation	42,501	45,210	47,003	49,516	46,183
Culture and Entertainment	29,342	29,780	31,386	32,531	32,222
Community Development	--	--	17,499	17,209	16,343
Principal retirement	--	--	571	378	276
Interest	--	--	2,737	4,047	1,795
Capital Outlay	749	--	--	--	--
TOTAL EXPENDITURES	$706,893	$730,181	$781,798	$826,782	$815,690
Excess of Revenues Over Expenditures	$ 27,179	$ 25,924	$ 21,751	$ 2,934	($39,822)
OTHER FINANCING SOURCES (USES)					
Insurance Recoveries	134	99	1	74	287
Proceeds from Sale Capital Assets	--	7	13	--	--
Proceeds from Financing Transactions	749	--	--	9,710	1,307
Operating Transfers In	18,034	24,725	32,333	30,731	30,577
Operating Transfers Out	(33,487)	(43,668)	(44,163)	(67,591)	(50,578)
TOTAL OTHER FINANCING SOURCES (USES)	$(14,570	$(18,838)	$(11,816)	$(27,076)	$(18,407)
Net Change in Fund Balances	12,609	7,086	9,935	(24,142)	(58,229)
Fund Balance – January 1	165,961	178,570	185,656	195,591	171,449
FUND BALANCE – December 31	$178,570	$185,656	$195,591	$171,449	$113,220

1 In 2008 and 2009, all of the occupational privilege tax collected was deposited in to the General Fund in exchange for sending an equivalent amount of property taxes to the Capital Improvement Fund.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2005 - 2009)

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 account for over 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. The revenue from this increase is only available for the described purpose, and cannot be used for General Fund Revenue. 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 2009

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 2009 reflects the City's total tax rate of 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
2000 – 2009
($ in thousands)

Year	Revenues	Percent Change
2000[1]	$393,550	13.15%
2001	388,171	(1.37)
2002	375,334	(3.31)
2003	366,627	(2.32)
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)

[1] Does not include a one-time $20 million payment resulting from a use tax audit.

(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 2000 through 2009.

TABLE 6

STATE PROPERTY APPRAISAL SYSTEM

Collection Year	Assessment Year	Value Calculated as of	Based on the Market Period
2001	2000	July 1, 1998	January 1, 1997 to June 30, 1998
2002	2001	July 1, 2000	January 1, 1999 to June 30, 2000
2003	2002	July 1, 2000	January 1, 1999 to June 30, 2000
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

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 2009. For assessment years 2001 and 2002, residential real property was valued for assessment at 9.15% of its statutory actual value. For assessment years 1998 through 2000, residential real property was valued for assessment at 9.74% of its 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 2009, this capital maintenance levy generated approximately $28 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	2005	2006	2007	2008	2009
City and County of Denver:					
General Fund	8.854	9.323	6.306[3]	6.389[3]	5.867[3]
Bond Principal Fund	6.248	6.933	4.750	4.470	4.470
Bond Interest Fund	2.185	1.500	3.683	3.110	3.110
Human Services	3.838	3.992	3.630	3.698	3.394
Developmentally Disabled	1.000	1.012	1.013	1.011	1.013
Fire Pension	1.422	1.480	1.345	1.371	1.258
Police Pension	1.698	1.767	1.607	1.636	1.502
Capital Maintenance	--	--	2.500[2]	2.500[2]	2.524[2]
Capital Improvement	--	--	2.285[3]	2.350[3]	2.170[3]
School District No.1	40.360	40.333	39.210	39.657	39.262
Urban Drainage and Flood Control District	0.597	0.608	0.568	0.591	0.569
TOTAL MILL LEVY:	66.202	66.948	66.897	66.783	65.139

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.

2 In November 2007, City voters authorized a 2.5 mill levy, the revenues from which are to be dedicated for the purpose of capital maintenance.

3 The City's General Fund mill levy was reduced by an amount applied to the Capital Improvement Fund while occupational privilege taxes previously used to fund capital improvements were redirected to the General Fund.

(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

	2005	2006	2007	2008	2009
ACTUAL AND ASSESSED VALUATION:			($ in millions)		
Statutory Actual Valuation (est.)[1]	$ 65,842	$66,999	$ 74,348	$ 78,564	$ 82,844
Assessed Valuation:					
Real Property – Land	$ 2,342	$ 2,348	$ 3,145	$ 3,042	$ 3,434
Real Property – Improvement	5,112	5,221	5,952	6,191	6,944
Personal Property	729	715	780	792	813
Public Utilities	760	751	784	838	822
Total Assessed Valuations[2]	$ 8,943	$ 9,035	$ 10,660	$ 10,863	$ 12,012
Total Assessed Valuation Percentage Change[3]	4.8%	1.0%	17.9%	1.9%	10.58%
LEVIES AND COLLECTIONS:[4]			($ in thousands)		
Taxes Levied:	$ 189,029	$ 194,857	$ 242,269[5]	$ 239,658[5]	$ 254,135[5]
Total Collections	$ 185,398	$ 192,164	$ 238,425	$233,164	N/A
Percent of Original Levy Total Collections to Date:	98.82%	99.31%	99.10%	N/A	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 valuation includes the assessed values of properties in the Tax Increment Financed Districts located within the City of $735,524,709 for 2009.

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 valuations.

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 2008 are collected in 2009.

5 Represents mill levies for General Fund, Bond Principal Fund, Bond Interest Fund, and Human Services Fund, including approximately $47,969,000, $49,402,000 and $52,905,000, respectively for Capital Improvement and Capital Maintenance Funds in 2007, 2008 and 2009.

(Sources: Department of Finance)

Assessed Valuation of Major Taxpayers

Table 9 lists the ten major property taxpayers based on assessed valuations for the 2009 assessment year.

TABLE 9

CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2009
(FOR COLLECTION 2010)
($ in thousands)

Name	Business	Assessed Valuation	Percentage of City's Total Assessed Valuation[1]
Qwest Corp.[2]	Utility	$ 205,363,010	1.71%
Xcel	Utility	164,173,060	1.37
Callahan Capital Partners	Real Estate	143,325,760	1.19
LBA Realty Funds II & III	Real Estate	103,374,360	0.86
Brookfield Properties	Real Estate	100,793,620	0.84
United Airlines, Inc. [3]	Airlines	100,582,500	0.84
UBS Realty Investors	Real Estate	94,427,800	0.79
MPG Office Trust Inc.	Real Estate	91,581,080	0.76
Frontier Airlines.	Airlines	89,294,790	0.74
Broadreach Capital Partners	Real Estate	82,148,630	0.68
	TOTALS	$1,175,064,610	9.78%

1 Based on a December 31, 2009, certified assessed valuation of $12,012,342,720.

2 In April 2010, Centurytel Inc. announced plans to buy Qwest Corp. and move headquarters to Monroe, Louisiana.

3 See "The AIRPORT SYSTEM"

(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, 2009, the City had outstanding general obligation bonds in the aggregate principal amount of $616,209,000, which does not include accrued interest of $3,234,000 on compound interest bonds. In addition there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of $31,170,000.

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. In 2008, the City instituted a commercial paper program for interim funding of the Better Denver Bonds projects which is refunded upon issuance of the General Obligation Bonds. In June 2009, the City issued $104,500,000 and $14,415,000 of Series 2009A and 2009B General Obligation Bonds, respectively. The proceeds of the Series 2009A were used to redeem $53,000 in commercial paper notes and provide $25,000,000 of new money for the Better Denver Bond Projects. The Series 2009A bonds also provided $26,500,000 of new money for the Denver Zoo, which was the remaining balance of the $62,500,000 authorization for the Zoo approved by voters in 1999. The proceeds of the 2009B bonds, along with other City funds, were used to advance refund the Series 2000 General Obligation Bonds in order to achieve present value savings.

In June 2010, the City issued General Obligation Bonds of which $349,965,000 was applied to the authorized Better Denver Bonds projects. Upon the issuance of the 2010 General Obligation Bonds, $121,765,000 of authorization remains under the Better Denver Election. The City anticipates issuing $45 million of additional General Obligation Bonds in 2010 to fund the projects authorized under the Better Denver Election.

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, 2009.

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN

TOTAL ESTIMATED ACTUAL VALUATION	$ 82,844,303,500
Maximum general obligation debt, limited to 3% of total valuation	$ 2,485,329,105
Less: Outstanding bonds chargeable to limit	616,209,000
LEGAL DEBT MARGIN – December 31, 2009	$ 1,869,120,105

General Obligation Bonded Debt

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2009.

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	32,155
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	35,000	6,610
General Obligation Medical Facilities Bonds, Series 2003B	148,000	97,025
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	77,000	63,795
General Obligation Justice System Facilities Bonds, Series 2006	125,000	120,080
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	165,635
General Obligation Better Denver and Zoo Bonds, Series 2009A	104,500	104,500
General Obligation Various Purpose Bonds, Series 2009B	14,415	14,415
Subtotal	742,545	616,209
General Obligation Water Bonds[3]	161,730	31,170
TOTAL:	$814,360	$647,379

1 Amount excludes $2,042,000 of compound interest on the Series 1999A bonds.
2 Amount excludes $1,192,000 of compound interest on the Series 2007 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, 2009 (excluding general obligation bonds issued by the Denver Water Board).

Year Ending December 31	Debt Service ($ in thousands)
2010	$ 71,102
2011	66,632
2012	62,984
2013	60,009
2014	61,775
2015 through 2025, totaling	551,570
TOTAL:	$ 874,072

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, 2009.

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

Total Direct General Obligation Bonded Debt	$ 647,379
Less General Obligation Water Bonds	31,170
Net Direct General Obligation Bonded Debt	$ 616,209
Overlapping Debt[1]	1,033,460
Net Direct and Overlapping General Obligation Bonded Debt	$ 1,649,669
Actual Valuation	$82,844,304
Assessed Valuation[2]	$ 12,012,343

	DEBT RATIOS		
	Actual Valuation	**Assessed Valuation**	**Per Capita[3]**
Total Direct G.O. Bonded Debt	0.78%	5.39%	$ 1,041
Net Direct G.O. Bonded Debt	0.74	5.13	991
Net Direct and Overlapping G.O. Bonded Debt	1.99	13.73	2,652

1 The overlapping general obligation debt set forth is the outstanding debt of School District No. 1 as of December 31, 2009 and does not include the general obligation debt of certain overlapping government entities.
2 This valuation includes the assessed values of properties in the Tax Increment Financed Districts located within the City of $735,524,709.
3 Based upon the 2009 population estimate of 622,100.

(Sources: Department of Finance; Office of the County Assessor; Denver Regional Council of Governments)

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 Center and other cultural facilities are the City's Facilities Development Admission Tax ("Seat Tax") and the OPT. 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 2001A, 2005A, 2009A and 2009B Bonds (as hereafter described), and 1.75% is pledged only to the payment of the 2001A, 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 amount, 0.50% is pledged to be used for the payment of the 2001A, 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 amount, 2.00% is pledged to the payment of the 2001A, 2005A, 2009A and 2009B Bonds, and 1.75% is pledged only to the payment of the 2001A, 2005A and 2009A Bonds. In April and May 2009, the 2001B and 1999A Bonds were refunded with the proceeds of the 2009A Bonds and 2009B Bonds in the aggregate principal amount of $73,630,000 and $33,940,000, respectively. The following table shows the City's calculation of the historic debt service coverage on the Series 1999A Excise Tax Revenue Refunding Bonds and the Series 2001A, 2001B, 2005A, 2009A and 2009B Excise Tax Revenue Bonds.

TABLE 11

COLORADO CONVENTION CENTER RELATED
DEBT SERVICE COVERAGE ON EXCISE TAX BONDS
PAYABLE FROM PLEDGED REVENUES
2000-2009
($ 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]
2000	$10,005	$7,764	$6,632	$11,406	$1,486	$37,293	$7,377	5.06%
2001	9,099	7,804	6,164	10,642	1,381	35,090	23,998	1.46
2002	8,418	7,833	5,876	10,017	688	32,832	19,002	1.73
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	2.10
2009	12,279	10,141	6,874	13,177	415	42,886	24,779	1.73

1 Represents 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 2001A, 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.

In May 2009, the City issued $73,630,000, Series 2009A Excise Tax Revenue Refunding Bonds to current refund the Series 2001B Excise Tax Revenue Bonds and are secured on a parity basis with the City's 2001A, 2005A and 1999A Bonds.

In June 2009, the City issued $ 33,940,000, Series 2009B Excise Tax Revenue Refunding Bonds to current refund the Series 1999A Excise Tax Revenue Bonds to reduce debt service costs. The new bonds are secured on a parity basis with the City's 2001A, 2005A, and 2009A Bonds.

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 Head Tax (OPT Tax) revenues.

The following table sets forth the total Seat Tax collections for each of the bond years ending 1999 through 2009:

TABLE 12

TOTAL SEAT TAX COLLECTIONS AND PAYMENTS IN LIEU OF SEAT TAXES FOR 1999 THROUGH 2009

Bond Year	Seat Tax Collections	Payments in Lieu of Seat Taxes	Total
1999[1]	11,646,620	--	11,646,620
2000	8,696,219	--	8,696,219
2001	6,668,290	$2,700,000[2]	9,368,290
2002	4,627,202	2,700,000	7,327,202
2003	5,733,912	2,700,000	8,433,912
2004	5,206,453	2,700,000	7,906,453
2005	6,651,729	2,700,000	9,351,729
2006	7,316,419	2,700,000	10,016,419
2007	7,406,237	2,700,000	10,106,237
2008	7,065,078	2,700,000	9,765,078
2009	7,082,095	--	7,082,095

1 McNichols Sports Arena demolished in 1999.

2 In 2001, the Denver Broncos Football Club ceased playing games at a City-owned facility and began to play at Invesco 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 (OPT Tax) collections for the years ending 1999 through 2009:

TABLE 13

TOTAL HEAD TAX COLLECTIONS FOR EACH BOND YEAR ENDING 1999 THROUGH 2009

Year	Head Tax Collections
1999	$40,723,200
2000	44,188,200
2001	43,020,800
2002	41,028,000
2003	40,867,199
2004	40,118,190
2005	41,499,554
2006	41,502,771
2007	42,750,837
2008	43,040,587
2009	39,550,447

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 1999 through 2009:

TABLE 14

DENVER PERFORMING ARTS COMPLEX RELATED HISTORIC DEBT SERVICE COVERAGE

Bond Year	Pledged Excise Tax Revenue	Revenues Pursuant to the Escrow and Security Agreement	Interest Earnings	Total Pledged Revenues[1]	Debt Service Requirements	Coverage Ratio
1999	$52,889,900	--	$377,200	$53,267,100	$6,033,600	8.8%
2000	52,951,500	--	302,100	53,253,600	6,030,400	8.8
2001	46,049,850	$2,700,000	328,650	49,078,500	6,026,600	8.6
2002	43,501,550	2,700,000	193,700	46,395,250	6,032,000	8.2
2003	45,569,249	2,700,000	N/A[1]	48,269,249	1,648,462	31.1
2004	44,996,040	2,700,000	N/A	47,696,040	3,058,305	16.6
2005	47,822,604	2,700,000	N/A	50,522,604	3,054,305	17.5
2006	48,563,000	2,700,000	N/A	51,263,000	3,054,605	16.8
2007	50,143,000	2,700,000	N/A	52,843,000	3,054,105	17.3
2008	50,105,665	2,700,000	N/A	52,805,665	3,056,499	17.3
2009	46,632,542	--	N/A	46,632,542	3,054,136	15.2

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 2005 through 2009:

TABLE 15

Historical Coverage

	2005	2006	2007	2008	2009
Operating Revenues	$7,661,000	$8,053,000	$8,157,324	$8,399,251	$8,352,842
Non-Operating Revenues[1]	89,000	319,000	455,000	226,000	28,959
Series 2005 Rate Maintenance Account	-	240,403	240,403	240,403	240,403
Golf Enterprise Fund Gross Revenue	7,750,000	8,612,403	8,852,727	8,865,654	8,622,204
Operation and Maintenance Expenses[2]	7,130,000	7,425,000	5,567,734	7,285,941	6,577,389
Pledged Revenue	620,000	1,187,403	3,284,993	1,579,713	2,044,815
Series 2005 Maximum Annual Debt Service	686,865	686,865	686,865	686,865	686,865
Coverage	0.90	1.73	4.78	2.30	2.98

1 Investment and interest income
2 Excludes depreciation

The following table sets forth comparative, unaudited operating results of the Enterprise for Fiscal Years 2005 through 2009.

TABLE 16*

City of Denver, Colorado – Golf Division Enterprise Fund - Comparative Statement of Revenues, Expenses For the Years Ended December 31 in Net Assets

	2005	2006	2007	2008	2009
Operating Revenues					
Golf Charges	$7,661,000	$8,055,000	$8,141,979	$8,395,666	$8,324,567
Other	-	(2,000)	15,345	3,584	28,275
Total Operating Revenues	**7,661,000**	**8,053,000**	**8,157,324**	**8,399,251**	**8,352,842**
Operating Expenses					
Personnel Services	4,074,000	4,079,000	4,291,415	4,563,226	4,335,102
Contractual Services	391,000	660,000	528,139	256,903	205,940
Supplies and Materials	968,000	810,000	722,975	1,067,259	868,216
Depreciation Expense	657,000	649,000	658,000	667,771	1,045,412
Other Operating Expenses	1,697,000	1,876,000	25,205	1,398,554	1,168,131
Total Operating Expenses	**7,787,000**	**8,074,000**	**6,225,734**	**7,953,713**	**7,622,801**
Operating Income (Loss)	(126,000)	(21,000)	1,931,590	445,538	730,041
Non-Operating Revenue (Expenses)					
Investment and Interest Income	89,000	319,000	455,000	225,803	28,959
Interest Expenses	-	(259,000)	(312,000)	(298,322)	(275,000)
Income(Loss) Before Transfer Out	**(37,000)**	**39,000**	**2,074,590**	**373,018**	**484,000**
Net Assets – January 1	10,430,202	10,393,202	10,432,202	12,506,792	12,879,810
Net Assets – December 31	$10,393,202	$10,432,202	$12,506,792	$12,879,810	13,363,810

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2005-2009)

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. Fees were increased in 2009 to bring rates in alignment with market standards. Table 18 reflects the latest increase in green fees effective as of April 1, 2009.

TABLE 17

Total Rounds Played

	2005	2006	2007	2008	2009
Aqua Golf[1]	N/A	N/A	N/A	N/A	20,520
City Park	54,298	55,280	55,874	54,312	51,040
Evergreen	26,689	22,843	24,677	24,319	22,714
Harvard Gulch	31,379	30,471	33,025	33,504	30,909
Kennedy	110,111	100,814	97,688	103,156	93,325
Overland	52,637	51,903	51,350	53,751	49,773
Wellshire	59,929	57,442	54,906	54,390	54,836
Willis Case	53,648	48,809	52,063	47,953	45,530
Total	**388,691**	**367,562**	**369,583**	**371,385**	**368,647**

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 aqua (water) driving range.

TABLE 18

Schedule of Green Fees Effective as of April 1, 2009 – Denver Golf Courses

Category of Play	City Park	Evergreen	Harvard Gulch[1]	Kennedy	Overland	Wellshire	Willis Case
18-Hole Resident – Weekday	$25.00	$22.00	N/A	$25.00	$25.00	$25.00	$25.00
18-Hole Resident – Weekend	33.00	30.00	N/A	33.00	33.00	33.00	33.00
18-Hole Non-Resident-Weekday	25.00	22.00	N/A	25.00	25.00	25.00	25.00
18-Hole-Non-Resident-Weekend	33.00	30.00	N/A	33.00	33.00	33.00	33.00
18-Hole Resident Senior	19.00	18.00	N/A	19.00	19.00	19.00	19.00
18-Hole Resident Junior	13.00	13.00	N/A	13.00	13.00	13.00	13.00
Nine-Hole Resident-Weekday	15.00	14.00	$8.00	15.00	15.00	15.00	15.00
Nine-Hole Resident Weekend	17.00	16.00	8.00	17.00	17.00	17.00	17.00
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 Resident Senior	10.00	9.00	7.00	1000	10.00	10.00	10.00
Nine-Hole Resident Junior	10.00	6.00	7.00	10.00	10.00	10.00	10.00
Denver Annual Pass /Daily Fee for 18-Hole (with initial payment of $450 - good at all seven City golf facilities)	6.00	6.00	N/A	6.00	6.00	6.00	6.00
Denver Annual Pass/Daily Fee for 18 Holes (for resident seniors only with initial payment of $275)	6.00	6.00	N/A	N/A	N/A	N/A	N/A
Denver Annual Pass/Daily Fee for Nine-Hole (with initial payment of $450 – good at all seven City golf facilities	4.00	4.00	N/A	4.00	4.00	4.00	4.00
Denver Annual Pass/Daily Fee for Nine Hole (for resident seniors only with initial payment of $275	4.00	4.00	N/A	N/A	N/A	N/A	N/A

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, 2009, the School District had $1,033,460,175 aggregate principal amount of general obligation bonds outstanding.

The School District has entered into annually renewable lease purchase arrangements from time to time in connection with which certificates of participation have been executed and delivered by trustees for the transactions. As of December 31, 2009, the aggregate principal amount of such certificates outstanding was $776,142,160. 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 $29,316,360 for 2009. The Sewage District had outstanding $305,002,676 aggregate principal amount of bonds as of December 31, 2009.

Regional Transportation District. The Regional Transportation District (the "Transportation District"), a governmental and political subdivision of the State, was established in 1969, and currently includes the City, Boulder and Jefferson Counties, most of the City and County of Broomfield, and portions of Adams, Arapahoe, Weld, and Douglas Counties. The Transportation District is empowered to develop, maintain and operate a mass transportation system within its boundaries. Pursuant to a change in State statutes in 1982, the Transportation District may levy up to ½ mill for the payment of expenses of the Transportation District in situations of deficiencies, subject to the provisions of State constitutional revenue and spending limitations.

On November 2, 2004, the voters of the District authorized an increase in the District's sales and use tax rate from 0.6% to 1.0%, effective January 1, 2005, to finance the FasTracks transit improvement program and the issuance by the District of up to $3.477 billion in debt principal. As of December 31, 2009, $600 million has been issued and is included in the aggregate principal amount of outstanding obligations below. FasTracks will entail the addition of six new light-rail lines and diesel-powered commuter rail lines, along with other transit improvements, in the Denver metropolitan area over the next 12 years. This authorization also exempted the District from any revenue and spending limitations on the additional tax and on any investment income generated by the increased tax revenue and allowed the District to incur debt to finance the capital improvements included in the FasTracks program. At the time that all the FasTracks debt is repaid, the District's sales and use tax rate will be reduced to a rate sufficient to operate the rapid transit system financed through FasTracks.

The Transportation District issues bonds to maintain and improve the transit system. The Transportation District has no general obligation debt. As of December 31, 2009, the Transportation District had $1,172,980,000 in aggregate principal amount of outstanding obligations. Of this principal amount, $881,845,000 was bonded debt backed by the Transportation District's sales tax and $291,135,000 was the principal amount of outstanding certificates of participation in various lease purchase and installment sales arrangements under which the Transportation District is the lessee or purchaser. The Transportation District was authorized to issue up to $92.5 million of commercial paper in order to provide bridge financing for the portion of Southeast Corridor multimodal project expected to be repaid from future federal grant monies. As of December 31, 2009, the Transportation District had amortized all but $22 million of the authorized commercial paper.

Denver Metropolitan Major League Football Stadium District. In 1996, the State General Assembly enacted legislation creating the Metropolitan Football Stadium District ("Football District"). The Football District was authorized to finance and construct a sports facility designed for use primarily as a National Football League stadium which has been built in the City. The Football District encompasses the City, Boulder and Jefferson Counties, most of the City and County of Broomfield, and the urbanized portions of Adams, Arapahoe and Douglas Counties.

In 1998 the electors of the Football District authorized the Football District to issue up to $260 million of debt and to impose a sales tax at the rate of 0.10% on taxable transactions occurring within the Football District. The Football District has issued $260 million of bonds. The outstanding principal amount on these obligations as of December 31, 2009 was $85,653,175.

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 below:

TABLE 19

CITY AND COUNTY OF DENVER
OVERLAPPING TAXING DISTRICTS WITH GENERAL OBLIGATION DEBT[1]

Taxing District	2009 Assessed Valuation Attributable to Denver	% of Total Denver Assessed Value	2009 Bond Mill Levy
Bowles Metro[2]	$27,467,330	0.229%	21.878
Central Platte Valley Metro	92,224,330	0.768	41.000
Denver Gateway Center Metro	191,112,700	1.591	6.700
Denver Inter. Bus. Center Metro	4,788,740	0.040	26.992
Ebert Metro	24,183,210	0.201	23.320
Fairlake Metro	63,473,390	0.528	58.000
Gateway Regional Metro	28,818,860	0.240	25.000
Gateway Village GID	56,644,850	0.472	11.410
Goldsmith Metro[2]	17,648,340	0.147	20.000
Greenwood Metro[2]	338,175,400	2.815	8.000
GVR Metro	1,405,310	0.012	7.000
Madre Metro No. 2	63,892,350	0.532	8.837
Mile High Business Ctr. Metro.	4,102,930	0.034	40.000
North Washington Fire[2]	15,012,140	0.125	29.000
Sand Creek Metro[2]	6,342,590	0.053	1.128
SBC Metro	42,459,690	0.353	21.000
Section 14 Metro[2]	55,795,670	0.464	28.600
South Denver Metro	15,492,980	0.129	16.155
Southeast Public Impr. Metro[2]	58,669,570	0.488	7.000
Westerly Creek Metro	309,974,070	2.580	0.220
	269,771,460	2.246	53.153
Special District Total Assessed Value	$1,687,455,910	14.05%	
Denver Total Assessed Value[3]	$12,012,342,720		

1 As of December 31, 2009.
2 District also has assessed value located in more than one county.
3 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 – Urban Renewal Authorities.

Source: Office of the County Assessor.

City Discretionary Support Payments

Early in 2010, the City executed service agreements with entities that involved City support on the entities obligations. Any payments by the City are subject to the City Council appropriating funds for this purpose. Below is a description of each pledge.

Denver Urban Renewal Authority Contingent and Discretionary Payments

The Denver Urban Renewal Authority issued Stapleton Senior Tax Increment Refunding Revenue Bonds, Series 2010B-1 in the amount of $100,740,000. The bonds are secured by certain tax increment revenues and a debt service reserve fund, in the amount of $6 million. In order to support the redevelopment activities funded by the bonds, the City has entered into a Services Agreement, dated April 1, 2010 with DURA in which the City's Manager of Finance has agreed to request that the City Council consider appropriating funds to replenish the bond reserve fund to the extent that pledged revenues are insufficient to pay the principal and interest on the bonds in any year and amounts are withdrawn from the 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 bonds and will not 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. 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 the Regional Transportation District ("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, 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 provide for a debt service reserve fund (the "DOT Reserve Fund") 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 the DOT Reserve Fund up to an amount still to be negotiated in the DOT Indenture in the event of a draw on such fund. The City Council's decision to appropriate such funds is expected to be by ordinance without compulsion and solely in the City Council's discretion. DUSPA is required under the current terms of the Contingent Commitment Agreement to reimburse the City for the amount of its payments thereunder 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 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 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, 2009	$4,250,000[1]
December 1, 2009	4,250,000[1]
June 1, 2010	4,500,000
December 1, 2010	4,500,000
June 1, 2011	4,375,000
December 1, 2011	4,375,000
June 1, 2012	4,625,000
December 1, 2012	4,625,000
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

[1]These Economic Development Payments were made by the City to the Authority.

Retirement Plans

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

City Employees. DERP is a single employer defined benefit pension plan established by the City to provide pension benefits for its employees. 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 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 employees who were members of DERP.

DERP membership consisted of the following as of December 31, 2008 and 2009:

	2008	2009
Retirees and beneficiaries currently receiving benefits	6,869	7,416
Terminated employees entitled to benefits but not yet receiving such benefits	3,338	3,326
Current employees:		
Vested	6,227	5,867
Non-vested	3,097	2,750
TOTAL	19,531	19,356

DERP provides retirement benefits plus death and disability benefits. Employees who retire at or after age 65 (or age 55 if the sum of age plus credited service is 75 or more) are entitled to a retirement benefit in an amount equal to 1.5% to 2.0% of their average monthly salary, for each year of credited service, payable monthly for life. The average salary is based on the employee's highest salary in a 36-consecutive-month period of credited service. Employees with five years of credited service who do not qualify for full retirement may retire at or after age 55 and receive a reduced retirement benefit. The vesting requirement is five years of credited service. Benefit and contribution provisions are established by the City Council, which acts upon the recommendation of DERP's governing board as accompanied by an independent actuarial analysis.

DERP's funding policy provides for annual employer contributions at rates determined by an independent actuary, which when expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Beginning January 1, 2005, the City employees' contribution was changed from 2.0% to 2.5% and the City's contribution was changed from 8.0% to 8.5% of the salary of covered employees. Effective as of the first payroll of 2010, the combined total contribution rate increased to 13% of salary. The City's contribution remained at 8.5% and the City employees' contribution increased to 4.5%. As of December 31, 2009, the total net plan assets were $1,659,086,663. Per DERP's independently audited 2009 Comprehensive Financial Annual Report, as of January 1, 2009, 91.8% of the plan's accrued liabilities were covered by valuation assets.

Other Post Employment Benefits. DERP provides a contribution towards health insurance in addition to pension, death and disability benefits. Retired employees under 65 receive a contribution of $12.50 for every year of service towards health insurance premiums, which is reduced to $6.25 when the employee reaches 65. As of December 31, 2009, the under funded amount of the retirement plan for health insurance was 31% of the actuarial amount. Because the under funded amortization period is up to 30 years, favorable future market conditions are expected to fund this amount much sooner.

Fire and Police Pension Plans. All full-time fire fighters and police officers in the classified service of the City hired on or after April 8, 1978 ("New Hires") participate in the Statewide Defined Benefit Plan ("New Hire Plan"), a cost sharing multiple-employer public employee retirement system. The New Hire Plan is administered by the 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 and the Old Hire Firefighters Pension Plan are affiliated with FPPA, 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.

All full-time City police officers and firefighters in the classified service contribute to the plans at a rate of 8% of base salary, and the City contributes a matching 8% of salary to the Police and Firefighters Pension Plans (Old Hire Plans and New Hire Plan). In order to pay off the unfunded liability that exists for the Old Hire Plans, the City is required to provide level dollar funding at a minimum of $16,261,604 each year until there is no longer any unfunded actuarial liability for Old Hire Police and Old Hire Firefighters Pension Plans. The State of Colorado is assisting Denver in paying off the unfunded liability. However, in 2009, the City contributed $16,301,000 into the Old Hire Police Plan but the State did not contribute funds. The Colorado State legislature changed the funding timeline in 2009 requiring a resumption of State contributions to the Old Hire Police Plan in 2012. As of January 1, 2009, the Old Hire Fire Plan no longer has a level dollar funding requirement because its funding obligations were met and such plan is no longer eligible for State assistance. In 2009, the City met its 8% funding requirement to the Old Hire Fire Plan. There are no long-term contracts for contributions to the New Hire Plan

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 utilized lease purchase transactions whereby an independent lessor 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 from specified remedies. If appropriated for the applicable fiscal year, the City has the obligation to pay the related lease agreement rentals for that fiscal year.

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, 2009 are summarized in Table 21.

TABLE 21

SCHEDULE OF LEASE PURCHASE TRANSACTIONS AND RELEASE DATES

Series	Outstanding Principal Amount (As of 12/31/09)	Leased Property	Release Dates
1995A	$ 355,000	City Office Building for Information Services and other City departments	January 1, 2014
2001A	9,950,000	2000 W. 3rd Avenue – Wastewater Building	December 1, 2017
2001B	16,570,000	5440 Roslyn – Fleet Maintenance Facility, Fire Stations #1, #10 & #15, and 2 Fire Trucks	December 1, 2016
2001C	11,550,000	Blair-Caldwell Research Library	December 1, 2021
2002A-B	11,890,,000	Denver Cultural Center Parking Garage	December 1, 2021
2003A	3,310,000	Cherry Creek North Parking Garage	December 1,2017
2003B	46,455,,000	Buell Theatre, Jail Dorm Bldg	December 1, 2023
2005A	40,650,000	Human Services Campus	May 1, 2020
2008A1-A3	259,255,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,735,000	Denver Botanic Gardens Parking Facility	May 1, 2020
TOTAL:	$417,720,000		

The City expects to advance refund one or more of the Series 2001 COP transactions in 2010 to attain interest savings.

In August 2010 the City, as lessee entered into a lease purchase agreement to finance a portion of the costs that the City's Wastewater Enterprise incurred for the construction and land acquisition of the Central Platte Service Center Project to be used primarily for the operations of the City's Department of Public Works. This private placement financing was accomplished by the execution and delivery of certificates of participation in the principal amount of $22.6 million.

DENVER WATER BOARD

The following section has been taken from the 2009 CAFR 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 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.

Summary of 2009

Denver Water's water supplies were plentiful throughout 2009 – irrigation season storage levels averaged 91% of reservoirs capacity at the end of 2009, 3% higher than historical median levels at that time of the year. To ensure that supplies continue to be reliable and, at the same time, to safeguard the utility's financial health, Denver water focused on the following strategies in 2009:

- In 2008, the Board of Water Commissioners began updating an Integrated Resource Plan (IRP), a comprehensive plan that will guide decisions related to Denver Water's system – the collection, treatment, distribution, and recycling systems – over the next 40 years. This long-range planning effort continued throughout 2009, and publication of the finished plan is scheduled for late 2010.

- Improving water resource management efforts to provide long term, reliable supplies in the face of changing climatic conditions and a growing customer base relies on three strategies for augmenting existing supplies: Conservation, recycling, and developing new supplies.

- Because conservation is the least expensive of these three methods of adding to supplies, water efficiency programs remain the cornerstone of Denver Water's efforts to stretch its limited water resources. As part of the conservation effort, financial incentives are being offered to encourage customers to make permanent changes in their water use habits, eliminate water waste, and move baseline use to a more efficient level.

Two of Denver Water's most visible accomplishments in 2009 include; a new multimillion dollar Customer Information System, which enables the monthly billing of customers instead of every two months. The new CIS system also provides the ability to track customer account information, analyze water savings and administer sophisticated rate designs. Also in 2009, Denver Water unveiled its new website at www.denverwater.org.

Denver Water Board - 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. As of December 31, 2008, wholesale water distributor contracts accounted for 24.7% of total water consumption

- 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.

Total square mileage served by Denver Water as of December 31, 2009 was as set forth below.

DENVER WATER DISTRIBUTOR CONTRACT SERVICE AREA

(SQUARE MILES)

	Total Miles
Outside City	
Total Service	40.8
Read & Bill	41.2
Master Meter	90.7
Inside City	
City and County	111.3
DIA	43.3
Total	**327.3**

The number of customer accounts served by Denver Water and its master meter customers as of December 31, 2009 was as follows:

NUMBER OF CUSTOMER ACCOUNTS – ACTIVE TAPS*

	Number of Accounts
City	162,883
Treated Water Contract Area:	
Master Meter	75,285
Total Service	36,140
Read & Bill	35,760
Total Customer Accounts	310,068

**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 twenty-five largest customers of the system accounted for only 5.51% of treated water sales revenue received in fiscal year 2009.

TABLE 22

TOTAL TREATED WATER CONSUMPTION
FOR THE PERIOD 2000 - 2009

	Millions of Gallons				
Year	**Annual**	**Daily Average**	**Daily Maximum**	**Estimate of Population Served July 1**[1]	**Average Daily Gallons Per Capita**
2000	83,585.25	228.38	478.19	1,036,000	220
2001	81,054.72	222.07	488.71	1,052,000	211
2002	75,221.18	206.09	419.20	1,076,000	192
2003	65,399.47	179.18	370.05	1,081,000	166
2004	60,578.77	165.52	340.92	1,104,000	150
2005	68,473.70	187.60	424.80	1,115,000	168
2006	74,724.98	204.73	425.68	1,124,000	182
2007	70,479.84	193.10	425.70	1,143,000	169
2008	71,975.87	196.66	426.16	1,154,000	170
2009	62,106.90	170.16	341.80	1,173,000	145

1 Population estimates are for treated water customers only and are interpolated from an analysis of the 2000 census. Data has been revised from prior years as new census data becomes available.

Denver Water Board – 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.

On June 2, 2009, The Water Board issued $44,000,000 of Build America Bonds for the acquisition of various capital improvements. These taxable bonds, created by the American Recovery and Reinvestment Act of 2009, carry a 35 percent federal tax subsidy on interest costs. With the subsidy, Denver Water will actually pay only 3.94 percent in interest, a lower rate than the 4.23 percent average rate it pays on its currently outstanding tax-exempt bonds.

The following table shows outstanding General Obligation and Water Revenue Bonds as of December 31, 2009.

TABLE 23

BOARD OF WATER COMMISSIONERS
GENERAL OBLIGATION AND WATER REVENUE BONDS
Outstanding at December 31, 2009
($ in thousands)

Date of Issue	Interest Rates on Bonds Outstanding	Amount		
		Issued	Retired	Outstanding
General Obligation Bonds				
Series 1999	5.50-6.00%	$ 14,530	--	$ 14,530
Series 2000	4.80-5.50%	12,700	$ (9,455)	3,245
Series 2001A	4.125-4.70%	11,215	(5,350)	5,865
Series 2002	3.25-4.50%	11,610	(4,080)	7,530
Total General Obligation Bonds		$ 50,055	$ (18,885)	$ 31,170
Water Revenue Bonds				
Series 2003A	2.75–5.00%	$ 50,000	$ (600)	$ 49,400
Series 2003B	3.75-5.00%	77,155	(23,770)	53,385
Series 2004	4.125-5.50%	43,655	(8,820)	34,835
Series 2005	3.25-5.25%	30,000	(4,155)	25,845
Series 2007A	3.00-5.00%	100,000	-	100,000
Series 2008A	0.75%	1,800	(240)	1,560
Series 2009	4.65%- 6.15%	44,000	-	44,000
Total Water Revenue Bonds		$ 346,610	$ (37,585)	$ 309,025

Denver Water Board - 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.

The Board entered into an annually renewable Master Lease Purchase Agreement (the "MLPA") in 1987 with the Denver Capital Leasing Corporation ("DCLC"), a nonprofit corporation organized in accordance with State law to facilitate financing of certain capital projects. DCLC assigned its interest in the MLPA to a trustee, and certificates of participation in the MLPA were issued. As of December 31, 2009, the aggregate principal components of the lease payments remaining under the MLPA were $27,835,000, payable through 2016.

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 $31,500,000 through 2020. The present value of the minimum lease payments as of December 31, 2009, net of interest, was $20,789,000. 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.

Denver Water Board - 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 $584.1 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 $131.6 million have been collected since inception.

TABLE 24

SYSTEM DEVELOPMENT CHARGES
AND PARTICIPATION RECEIPTS 1973-2009
(Cash Basis - Net of Refunds)

	System Development Charges[1]	Participation Receipts
2009	$ 8,012,859[2]	$ 497,302[2]
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
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1973-1998	330,016,194	84,819,460
Total	$584,092,175	$131,630,615

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

2 The decrease in System Development Charges and Participation Receipts for 2009 reflects the economic impact of the decrease in new housing and commercial construction.

SYSTEM DEVELOPMENT CHARGES
(As of December 31, 2009)
$/TAP

	Treated Water	
	Inside Denver	**Outside**
Sing1e Family Residential Taps[1]		
Base charge per residence	$ 2,240	$ 3,140
Charge per square foot gross lot size	$ 0.45	$ 0.64
Multi-family Residential Taps[2]		
Base charge for duplex or first two household units (served through a single tap)	$ 6,970	$ 9,760
Charge for each additional household unit above two units (served through a single tap)	$ 1,380	$ 1,930

	Treated Water Service		Recycled Water Service	
All Other Taps[3]				
Size of Connection:	Denver	Outside City	Inside	Outside
¾”	$ 5,650	$ 7,920	$ 4,050	$ 5,670
1”	14,760	20,660	10,820	15,140
1½”	31,220	43,710	23,500	32,910
2”	57,650	80,710	43,200	60,480
3”	108,560	151,980	83,190	116,470
4”	154,130	215,780	116,100	162,550
6”	237,610	332,650	186,870	261,620
8”	323,260	452,560	257,640	360,690
10”	444,960	622,940	328,400	459,770
12”	481,760	674,460	399,170	558,840
Acre Foot Conversion ($/AF)				
Inside the Combined Area	$ 10,370	$ 14,520	$ 7,430	$ 10,400
Outside the Combined Area		$ 18,410		$ 13,190

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	(5.40)

1 Percentage change for residential service

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2005 - 2009 AND 2010 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2010	2009			2008		2007		2006		2005	
	Budget	Revised Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$ 194,012	$ 198,311	$ 198,311	$ 198,311	$ 226,160	$ 226,160	$ 149,198	$ 149,198	$ 159,276	$ 159,276	$ 154,996	$ 155,626
RECEIPTS FROM:												
Sale of water	223,305	212,028	212,028	188,293	207,219	204,232	189,814	194,225	164,333	195,054	169,492	157,902
Drought Surcharge	-	-	-	-	-	-	-	-	-	-	(2,657)	68
Nonoperating, interest & other	16,168	20,576	20,576	18,274	17,865	25,284	17,165	24,074	14,976	25,254	15,202	12,391
System development charges	8,000	8,000	17,016	9,013	22,981	19,138	27,843	26,214	25,654	22,389	22,586	26,280
Developer participation (new facilities) & Reimbursements & grants	4,863	11,605	11,605	10,938	3,717	5,197	7,672	3,315	7,683	4,321	3,043	2,612
	252,336	252,209	261,225	226,518	251,782	253,851	242,494	247,828	212,646	247,018	207,666	199,253
Sale of bonds	39,000	44,075	44,075	44,000	-	1,800	50,000	99,158	40,000	-	25,000	30,500
Total receipts	291,336	296,284	305,300	270,518	251,782	255,651	292,494	346,986	252,646	247,018	232,666	229,753
LESS EXPENDITURES FOR:												
Operations, maintenance & refunds	178,177	152,021	154,704	153,182	139,655	139,813	124,803	118,760	116,770	114,980	107,294	111,379
Debt service	50,525	51,933	51,933	50,800	49,495	49,604	54,392	53,909	47,398	46,264	44,428	44,732
	228,702	203,954	206,637	203,982	189,150	189,417	179,195	172,669	164,168	161,244	151,722	156,111
Capital improvements (new facilities)	52,818	43,235	32,945	32,568	44,932	41,813	61,012	58,793	50,400	59,246	43,325	30,848
System replacements	30,755	31,148	32,662	21,653	26,025	24,291	22,318	16,463	21,289	17,431	21,074	19,055
Equipment	10,552	20,954	21,588	14,927	16,687	16,693	15,732	7,749	13,853	7,083	12,878	8,334
	94,125	95,337	87,195	69,148	87,644	82,797	99,062	83,005	85,542	83,760	77,277	58,237
Indirects to capital	15,738	11,512	11,512	15,429	14,637	11,286	12,007	14,350	11,990	12,092	11,381	11,755
Total expenditures	338,565	310,803	305,344	288,559	291,431	283,500	290,264	270,024	261,700	257,096	240,380	226,103
Cash Balance Adjustment				13,742 [1]								
ENDING CASH & INVESTMENTS	$ 146,783	$ 183,792	$ 198,267	$ 194,012	$ 186,511	$ 198,311	$ 151,428	$ 226,160	$ 150,222	$ 149,198	$ 147,282	$ 159,276

GENERAL EXPLANATION OF VARIANCES:

[1]This variance is explained by the timing of payments that were made in January, 2010 from a cash perspective but were accounted for in December 2009 from an accural basis.

At the request of the Board of Water Commissioners, the 2009 Revised Budget reflects reductions in operating costs and increased capital expenditures to include accelerating any projects that could have a positive economic impact.

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.
Variance in beginning 2005 Cash & Investments Budget-Actual is due to Treasury's year end adjustment.

Source: Denver Water Comprehensive Annual Financial Report, 2009

WASTEWATER MANAGEMENT SYSTEM

The Wastewater Management Enterprise Fund ("Wastewater"), a department within the City's Department of Public Works, was established by the City on January 1, 1967 to account for the sanitary sewer and storm operations of the City. The City's wastewater collection facilities consist of over 1,500 miles of sanitary sewer lines of various composition, ranging in size from 6" to 60" in diameter and over 550 miles of storm drainage. Denver's system utilizes gravity flow and lift stations; four sanitary sewer lift stations and three storm sewer lift stations are currently in service.

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 expansion program.

In April 2002, the City, for and on behalf of the Wastewater Management Division of its Department of Public Works, issued Wastewater Revenue Bonds in the principal amount of $30,700,000, the proceeds of which were used to finance improvements to the storm drainage facilities. The bonds are not general obligations of the City and are payable solely from revenues derived by the City from its storm drainage and sanitary sewerage facilities. As of December 31, 2009, the outstanding principal amount of these bonds is $23,015,000.

Wastewater Financial Information

Customer Information. Denver's Wastewater Management Division estimates that Wastewater serves approximately 154,200 sanitary sewer customers. Of this amount, approximately 143,460 (93%) are residential customers; approximately 10,700 (7%) 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 22 presents historical data between 2005 and 2009 relating to the Sewage District's total annual charges to Wastewater.

TABLE 26

HISTORICAL METRO WASTEWATER RECLAMATION DISTRICT ANNUAL CHARGES

	2005	2006	2007	2008	2009
Total Enterprise Operating Expense	$60,032,660	$66,818,454	$76,199,464	$75,146,179	$81,003,177
Metro Annual Charge[1]	$23,920,863	$25,227,259	$28,777,458	$25,994,957	$29,316,360
Metro Annual Charge as a Percentage of Total Operating Expense	39.85%	37.75%	37.77%	34.59%	36.19%
Year-to-Year Metro Annual Charge Increase (Decrease)	(3.62)%	5.46%	14.07%	(9.67)%	12.78%

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

(Source: Wastewater Management Financial Statements for Years Ended December 31, 2008 and 2009)

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 Accounts	Sanitary Sewerage Accounts
2000	144,757	142,595
2001	146,413	144,115
2002	146,694	145,120
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

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 (i.e., 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. Following is a table showing the rates for each ratio group that were effective on January 1, 2009:

TABLE 28

APPROVED CURRENT RATES

Ratio Group	Effective January 1, 2007
0 to .10	$1.44
.11 to .20	1.81
.21 to .30	2.18
.31 to .40	2.58
.41 to .50	2.95
.51 to .60	2.95
.61 to .70	3.34
.71 to .80	3.72
.81 to .90	4.09
.91 to 1.00	4.48

The rate for the lot's or parcel's ratio group is multiplied by the square footage of the lot's 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 $88.50 ($2.95 x 3,000/100). Notwithstanding any circumstances where a lot or parcel would be charged a service charge of less than $10.26 under this method of calculation, a minimum storm drainage service charge of $10.26 is imposed on each improved lot or parcel within the City. 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.

Wastewater Management Division Enterprise Fund Budgets

The following table sets forth the major items of revenues and expenditures included in the 2008 revised and the 2009 budgets of the Wastewater Management Division Enterprise Fund.

TABLE 29

WASTEWATER ENTERPRISE BUDGETS

	2008 Adjusted Budget	2009 Adjusted Budget	2010 Budget
Operating Revenue			
Charges for Services	$77,346,000	$76,340,000	$76,900,000
Total Operating Revenue	77,346,000	76,340,000	76,900,000
Operating Expenses			
Personnel Services	19,716,000	22,499,000	23,165,000
Contractual Services	15,945,000	16,903,000	17,530,000
Supplies and Materials	1,842,000	1,096,000	1,684,000
Payments To Metro Wastewater and Other Districts	25,995,000	29,316,000	34,615,000
Total Operating Expenses	63,498,000	69,814,000	76,994,000
Operating Income (loss)	13,848,000	6,526,000	(94,000)
Other Income (Expense)			
Earnings on investments	1,535,000	691,000	205,000
Debt interest payments	(1,250,103)	(1,209,000)	(1,208,000)
Bond principal payment	(1,180,000)	(1,235,000)	(1,300,000)
Purchase of capital Equipment	(1,349,000)	(1,676349)	(669,000)
Total Other Expense	(2,244,103)	(3,429,349)	(2,972,000)
Modified Net Income	$11,603,897	$ 3,096,651	$ (3,066,000)

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2008)

Operating History

Historical Wastewater Management Fund Information. Denver operates and accounts for its wastewater system through an enterprise fund. 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 2005 through 2009 is set forth in the following table.

The increase in capital contributions in 2006 is primarily due to transfers in from other city agencies. Curb and gutter infrastructure with a net book value of approximately $35.8 million, net of disposals for replaced curbs and gutters, was transferred to Wastewater Management. The remaining changes in capital contributions for both 2006 and 2005 are primarily the result of the timing of the completion of projects that are funded by outside developers and donated to Wastewater Management as capital contributions upon completion. The increase in capital contribution for 2009 is primarily a result of contributions received from the Urban Drainage and Flood Control District to partially fund flood control projects completed by Wastewater Management.

- Wastewater Management's net assets of $501.5 million at December 31, 2009 increased over 2008 by $9.9 million or 2.0%
- Wastewater Management experienced operating income of ($5.5) million for the year ended December 31, 2009, a decrease of $6.9 million or 480.2% over 2008 operating income.
- In 2009 Wastewater Management purchased a 23-acre parcel of land at 1271 West Bayaud Avenue. This land was formerly a General Chemical Company manufacturing site. The sellers negotiated a voluntary clean-up plan (VCUP) with the Colorado Department of Public Health and Environment and completed the VCUP prior to Denver's acquisition of the property.
- Wastewater Management entered into an Intergovernmental Agreement with Denver Water for use of Denver Water's new Customer Information System for $6.1 million.
- Wastewater Management provided funding in the amount of $32 million for the purchase of the land from General Chemical and for construction costs of the Central Platte Service Center Project, a capital project to provide facilities to be used in the operations of the City's Department of Public Works including Wastewater Management, such as, a fleet maintenance facility and an administration building. $22 million of the funding was attributable to the City's General Fund and approximately $7 million was attributable to Wastewater Management. The lease purchase financing for the Central Platte Service Center Project described herein under "LEASE PURCHASE AGREEMENTS- Certificated Lease Purchase Agreements" was accomplished in order to reimburse the Wastewater Enterprise in such amount. The City completed a private placement Certificates of Participation (COPs) financing in 2010 to reimburse Wastewater Management for the land purchase, construction payments and costs related to the Central Platte Campus Project in the amount of $22.6 million. The additional amount owed to Wastewater Management that was not reimbursed from the COP proceeds was reimbursed from other payment sources.

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

	2005	2006	2007	2008	2009
OPERATING REVENUES					
Sanitary Sewer Charges	$47,014	$47,896	$47,804	$46,936	$46,061
Storm Drainage Fees	23,206	25,855	27,946	29,654	29,451
TOTAL OPERATING REVENUES	70,220	73,751	75,751	76,590	75,512
OPERATING EXPENSES					
Personnel services	16,711	18,997	18,924	20,454	21,203
Contractual services	7,373	9,645	15,251	14,400	14,714
Materials and supplies	1,206	2,232	1,919	1,579	1,275
Utilities	327	93	131	114	125
Depreciation and amortization	10,495	10,655	11,197	12,603	14,369
Payments to Metro Wastewater Reclamation District	23,921	25,227	28,777	25,995	29,316
TOTAL OPERATING EXPENSES	60,033	66,819	76,199	75,146	81,003
Operating income (loss)	10,187	6,932	(448)	1,444	(5,491)
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,337	5,292	4,240	1,961	378
Interest Expense	(252)	5	5	5	5
Gain (loss) on disposition of assets	376	69	33	5	56
TOTAL NONOPERATING REVENUES (EXPENSES)	3,462	5,366	4,278	1,971	439
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	13,649	12,298	3,830	3,416	(5,052)
Capital Contributions	10,727	37,773	9,906	7,690	15,018
Transfers Out	0	(8)	(11)	(15)	(19)
CHANGES IN NET ASSETS	24,376	50,063	13,725	11,091	9,947
NET ASSETS, JANUARY 1	392,305	416,681	466,745	480,470	491,560
NET ASSETS, DECEMBER 31	$ 416,681	$ 466,745	$ 480,470	$ 491,560	$ 501,507

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2005 – 2009)

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	Net Pledged Revenues	Maximum Annual Debt Service Requirement	Debt Service Coverage Ratio
2004	$ 9,266,964	$ 2,484,444	3.73
2005	23,767,087	2,484,444	9.57
2006	22,867,696	2,484,444	9.20
2007	14,992,781	2,484,444	6.03
2008	14,840,330	2,484,444	5.97
2009	9,260,338	2,484,444	3.73

(Source: Wastewater Enterprise Department of Finance)

Capital Improvement Plan. The Enterprise continuously reviews its future capital needs through staff observation and customer and community feedback. Once needs are identified, a study is initiated which may result in a recommendation for a capital improvements project. Recommended projects are incorporated into the Six-Year Capital Needs Assessment. The timing and priority for implementation of recommended projects within the Six-Year Capital Needs Assessment 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 2010-2015:

PROPOSED CAPITAL EXPENDITURES

FOR 2010 THROUGH 2015
($ in thousands)[1]

Project Description	2010	2011	2012	2013	2014	2015
Storm Drainage						
Annual Programs[1]	$ 2,500	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Identified Projects	33,330	45,392	51,321	53,733	48,235	37,975
Subtotal	35,830	47,392	53,321	55,733	50,235	39,975
Sanitary Sewerage	10,250	14,800	14,800	14,800	18,800	18,800
Total	$46,080	$62,192	$68,121	70,533	69,035	$58,775

1 Annual programs consist of alley restoration; replacement of curbs, gutters and cross pans; and minor ongoing local and neighborhood capital improvements.

(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 "Department"). 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 passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses providing 95 full service jet gates and 64 commuter aircraft parking positions including 34 regional jet positions and (3) the Airport Administration Building. The Airport has six runways – four oriented north-south and two oriented east-west. The sixth runway 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, Denver has long been a major transportation hub. Airline service within the United States is provided non-stop between Denver and more than 160 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by the capability of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. In 2009, 50.2 million passengers traveled through Denver International, of which approximately 55.6% originated their travel at the Airport and 44.4% were passengers making connecting flights at the Airport. Currently, 26 passenger airlines provide scheduled passenger service at the Airport, including 11 major/national airlines, five foreign flag passenger airlines and regional/commuter airlines. In addition, several passenger charter and all-cargo airlines, including, among others, Airborne Express, DHL Worldwide Express, Emery Worldwide, FedEx, and United Parcel Service provide service at the Airport.

According to the Airports Council International, in 2009 the Airport was ranked as the fifth busiest airport in the nation and the 10th busiest airport in the world based on total passengers. As shown in Table 31, below, in 2007, the Airport experienced an increase of 5.4% representing approximately 24.9 million enplaned passengers and in 2008 the increase was 2.8% representing approximately 25.7 million enplaned passengers. 2009, however saw enplaned passengers decline 2.0%, totaling 25.1 million enplaned passengers, the first decline since 2002. The totals include activity data for major/national airlines, regional/commuter airlines and charter and other airlines.

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 of 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 MAJOR AIRLINE CATEGORY
2005-2009[1]

Year	Major/ National Airlines[2]	Percent Change	Regional/ Commuter Airlines	Percent Change	Charter/ Misc. Airlines	Percent Change	Totals	Percent Change
2005	18,278,079	(0.1)%	3,221,623	22.8%	202,273	(9.7)%	21,701,975	2.6%
2006	19,674,467	7.6%	3,791,642	17.7%	199,203	(1.5)%	23,665,312	9.0%
2007	20,774,889	5.6%	3,945,388	4.1%	220,676	10.8%	24,940,953	5.4%
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)%

1 Includes revenue and non-revenue enplaned passengers.

2 Includes Ted beginning in 2004, Southwest Airlines beginning in 2006 and Lynx beginning in 2007. United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008.

(Source: Department of Aviation management records)

The following table shows enplaned passengers for individual airlines serving the Airport System for 2008 and 2009, and comparative market share information based on enplaned passengers for such periods.

TABLE 32

AIRPORT SYSTEM
PERCENTAGE OF ENPLANED PASSENGERS BY AIRLINE

Airline	2008 Percent of Total	2009 Percent of Total
United	32.6%	32.5%
Ted[1]	4.3	--
United Express[2]	11.3	13.7
	48.2%	46.2%
Frontier Airlines[3]	22.7%	20.6%
Lynx[3]	2.0	2.4
Frontier JetExpress[4]	0.8	--
	25.5%	23.0%
American Airlines[5]	3.4%	2.8%
Continental[5]	2.0	2.0
Delta Airlines[5,6]	2.9	3.0
Northwest[6]	2.0	2.0
Southwest	9.3	14.4
US Airways	1.8	2.2
Other	4.9	4.4
	26.3%	24.0%
Totals	100.0%	100.0%

1 Ted commenced service at the Airport in February 2004; however, United discontinued Ted in 2008, effective January 2009, and ceased reporting separate enplanement data for Ted commencing with August 2008.

2 Includes Air Wisconsin through 2006.

3 Frontier filed for Chapter 11 bankruptcy protection on April 10, 2008 and emerged from bankruptcy on October 1, 2009, and is continuing operations as a subsidiary of Republic Holdings. Lynx, a Frontier subsidiary, commenced services at the Airport in December 2007. Republic Holdings announced it is planning to reduce operations of the Lynx subsidiary of Frontier to Colorado regional service beginning October 2010..

4 On June 30, 2008, Republic Airlines ceased operating at the Airport as Frontier JetExpress.

5 Does not include commuter affiliates

6 Delta and Northwest merged on October 29, 2008 with Northwest becoming a wholly owned subsidiary of Delta. Effective January 1, 2010 the two airlines operate under a single air carrier operating certificate.

(Source: Department of Aviation management records and Denver City Council records)

The following table sets forth a summary of all of the aviation activity at the Airport for the period of 2005 through 2009.

Table 33

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

	2005	2006	2007	2008	2009
Enplaned Passengers:					
United	7,775	8,365	8,324	8,361	8,165
Ted[1]	1,690	2,001	1,995	1,104	--
United Express	2,776	2,971	3,018	2,906	3,438
Total United Group	12,241	13,347	13,297	12,372	11,603
Frontier	3,749	4,427	5,118	5,812	5,181
Lynx Aviation	- -	- -	- -	504	602
Frontier Jet Express	468	478	533	216	--
Total Frontier Group	4,217	4,904	5,651	6,532	5,782
Southwest	--	790	1,322	2,379	3,614
Other	5,244	4,624	4,654	4,369	4,129
Total	21,702	23,665	24,941	25,650	25,128
Percent Change	2.6%	9.0%	5.4%	2.8%	(2.0)%
Total Originating Passengers	11,984	13,249	14,243	14,335	13,656
Percent Originating	55.2%	56.0%	57.1%	55.9%	54.3%
Total Connecting Passengers	9,718	10,416	10,698	10,975	11,472
Percent Connecting	44.8%	44.0%	42.9%	42.8%	45.7%
United Group Passengers[1]					
Percent Originating	39.5%	40.9%	42.0%	40.4%	36.8%
Percent Connecting	60.5%	59.1%	58.0%	59.6%	63.2%
Frontier Group Passengers					
Percent Originating	54.0%	56.8%	57.2%	50.5%	49.5%
Percent Connecting	46.0%	43.2%	42.8%	49.5%	50.5%
Average Daily Departures:					
Passenger Airlines:					
United and Ted	213	230	229	207	171
United Express	182	191	194	192	216
Frontier	107	125	137	167	158
Frontier JetExpress	25	24	27	10	--
Southwest	- -	24	39	78	108
Other	194	179	179	160	149
Total Passenger Airlines	722	772	806	814	802
All Cargo Airlines	30	28	27	26	25
Total	752	801	833	840	827
Percent Change	0.4%	6.4%	4.1%	0.8%	(1.6)%
Landed weight (billion pounds):					
Passenger Airlines:					
United and Ted	12.254	13.364	12.808	11.790	10.469
United Express	3.282	3.512	3.636	3.616	4.200
Frontier	5.222	6.087	6.695	7.342	6.768
Frontier JetExpress	616	617	0.699	0.263	--
Southwest	- -	1.058	1.781	3.508	4.817
Other	6.734	5.776	5.851	5.406	5.195
Total Passenger Airlines	28.108	30.418	31.471	31.925	31.448
All Cargo Airlines	1.541	1.430	1.363	1.325	1.250
Total	29.649	31.848	32.834	33.250	32.699
Enplaned Cargo (million pounds)[2]	312.663	280.534	262.724	248,122	221,144
Percent Change	(2.7%)	(10.3%)	(6.3%)	(5.6%)	(10.8%)
Total Aircraft Operations (Landings and Take-Offs):					
Air Carriers	384,552	428,794	451,228	460,311	456,675
Air Taxi, Commuter, Military and General Aviation	183,006	180,723	168,086	165,533	155,302
Total	567,558	609,517	619,314	625,844	611,977
Percent Change	0.2%	7.4%	1.6%	1.1%	(2.2)%

[1] Ted commenced service at the Airport on February 12, 2004. United announced in 2008 that it is planning to eliminate its Ted unit and plans to reconfigure the Ted fleet of aircraft into United's mainline operations.

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

(Source: Department of Aviation Management records)

Factors Affecting the Airport

Since the Airport opened in 1995, with the exception of 2001 and 2002, the Airport has generally experienced continued growth in both passenger traffic and associated revenues. In 2009 however, the Airport experienced declines in passenger traffic and associated revenues. Several factors, including the global and national economic recession that began in late 2007, weakened demand for air travel and reduced airline passenger capacity started to negatively impact levels of passenger traffic and associated revenues at the Airport in 2008. While the number of enplaned passengers increased 5.4% in 2007, and 2.8% in 2008, the number of enplaned passengers at the Airport was down 2.0% in 2009. In 2010, enplaned passengers at the Airport through July 2010 have increased 2.6% over the same period in 2009.

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 concerns, the financial health of the airline industry and 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.

United Airlines (United)

United, one of the world's largest airlines, is the principal air carrier operating at the Airport. United Airlines operates a major connecting hub at the Airport under a use and lease agreement with the City that expires in 2025. United, together with its now-discontinued Ted low fare unit and its United express commuter affiliates, accounted for approximately 48.2% of passenger enplanements at the Airport in 2008, and 46.2% in 2009. United also accounted for approximately 57.6% and 54.2% of the airline rentals, fees and charges component of the Airport System's operating revenues, and approximately 28.8% and 28.0% of the Airport System's Gross Revenues, in 2007 and 2008, respectively. Of United's total enplanements in 2008 and 2009, approximately 40.4% and 36.8% were originating passengers and approximately 59.6% and 63.2% were connecting passengers. 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.).

United discontinued Ted in 2008. United has also significantly reduced its consolidated domestic capacity and its workforce during 2008 and 2009 compared to 2007 and such reductions are expected to continue.

For information relating to the use and lease agreements for the Airport between the City and United, see the Official Statement of the City for and on behalf of its Department of Aviation, dated March 2, 2010 provided in connection with the issuance of the Airport Revenue System Revenue Bonds, Series 2010A filed with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and currently available at "http://business.flydenver.com/stats/financials/reports.asp".

On May 3, 2010 United announced a merger with Continental Airlines. The merger must still be approved by each of the airline's labor unions but has received the approval of federal regulators within the U.S. Department of Justice. It is anticipated that the merger will be complete by December 31, 2010. Upon completion, the merger between the two airlines would result in the world's largest airline by total passenger traffic.

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 $270,025,000 Airport System Special Facilities Bonds, Series 2007, issued in

June 2007 by the City, for and on behalf of the Department. The repayment of these bonds is the sole responsibility of United.

Frontier Airlines

Frontier has the second largest market share at the Airport, which serves as Frontier's only hub. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for approximately 25.5% and 23% of passenger enplanements at the Airport in 2008 and 2009, respectively. The Frontier Group also accounted for approximately 15.1% and 14.7% of the airline rentals, fees and charges component of the Airport System's operating revenues, and approximately 7.6% and 7.6% of the Airport System's Gross Revenues in 2007 and 2008, respectively. Of the Frontier Group's total enplanements in 2008 and 2009, approximately 50.5% and 49.5% were originating passengers and approximately 49.5% and 50.5% were connecting passengers.

On April 10, 2008, Frontier filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Prior to bankruptcy Frontier leased 15 gates on Concourse A and used six additional full service jet gates on Concourse A on a preferential basis as well as one common use international gate on Concourse A on a subordinated basis. Pursuant to an amended Use and Lease Agreement, Frontier has agreed to lease 17 gates on Concourse A and has relinquished its preferential rights to other gates. On October 1, 2009 Frontier emerged from bankruptcy, as a subsidiary of Republic Holdings, that also purchased Midwest Airlines in July of 2009. The two carriers will eventually integrate into one carrier, a process which is anticipated to take up to 12-18 months. Republic Holdings announced on April 13, 2010 that it has selected Frontier Airlines name for the consolidated branded airline.

Southwest Airlines

Southwest Airlines ("Southwest") commenced service at the Airport in January 2006, and currently has the third largest market share at the Airport. Southwest accounted for approximately 9.3% of passenger enplanements at the Airport in 2008 and approximately 14.4% of passenger enplanements at the Airport in 2009. Southwest also accounted for approximately 6.9% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2008.

Other Passenger Airline Information

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of the passenger enplanements at the Airport in 2008 or 2009, or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport. For other passenger airline information, see the Official Statement of the City for and on behalf of its Department of Aviation, dated March 2, 2010, provided in connection with the issuance of the Airport Revenue System Revenue Bonds, Series 2010A3 filed with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and currently available at "www.flydenver.com/biz/stats/index.asp".

Airport System Aviation Activity

The table below shows total aircraft operations (landings and take-offs) for the Airport System for the period 2005 through 2009.

TABLE 34

AIRPORT SYSTEM
HISTORICAL AIRCRAFT OPERATIONS
2005-2009

Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total	Percent Change
2005	384,552	172,532	9,780	874	567,558	0.2%
2006	428,794	167,975	11,415	1,333	609,517	7.4
2007	451,228	162,319	5,620	147	619,314	1.6
2008	460,311	160,746	4,610	177	625,844	1.1
2009	456,675	151,659	3,513	130	611,977	(2.2)

(Source: Department of Aviation Audited Financial Report for 2009)

TABLE 35

2009-2012 AIRPORT PLANNED CAPITAL PROGRAM PROJECTS AS OF SEPTEMBER 4, 2009

(Amounts expressed in 000's; totals may not add due to rounding)

	2009	2010	2011	2012	Total
Airfield Improvements	$ 67,309	$ 27,305	$38,809	$23,995	$157,418
Terminal and Concourse Improvements					
Terminal and Concourse Projects	56,657	38,016	12,780	11,460	118,911
Central Plant Projects	5,500	990	--	--	6,490
Baggage System Projects	41,968	12,300	7,500	--	61,768
Train System Projects	26,443	200	--	--	26,643
Roads, Parking and Ground Transportation	20,937	13,167	17,930	9,185	61,219
Communications, Electronics, Security and Fire Protection	39,053	33,234	3,253	2,465	78,004
Environmental, Utilities, Storm Water and Fire Protection	3,356	24,499	160	--	28,015
Support Facilities	18,230	1,030	525	--	19,785
Professional Services, Infrastructure Allowances and Land Development	7,825	10,643	3,889	3,924	26,281
Total Planned Projects	$287,278	$161,383	$84,845	$51,029	$584,534

Source: Department of Aviation management records, as of September 4, 2009.

TABLE 36

AIRPORT SYSTEM
HISTORICAL ENPLANED CARGO OPERATIONS
2004-2008
(in pounds)

Year	Air mail	Freight and express	Total	Percent Change
2005	34,463,315	278,199,783	312,663,098	(2.7)
2006	22,127,087	258,407,346	280,534,433	(10.3)
2007	5,359,863	257,363,998	262,723,861	(6.3)
2008	11,783,176	236,339,165	248,122,341	(5.8)
2009	12,918,962	208,524,571	221,443,533	(10.8)

(Source: Department of Aviation Audited Financial Report for 2009)

Outstanding Bonds and Notes

Senior and Subordinate Bonds have been issued to fund costs of the Airport. As of December 31, 2009, the total aggregate amount of all outstanding Bonds is as follows ($ in thousands):

TABLE 37

AIRPORT SYSTEM – OUTSTANDING BONDS[1]
As of 12/31/09
(Amounts expressed in 1,000's)

Series 1991D Bonds	53,816[2]
Series 1992F-G Bonds	43,900
Series 1995C Bonds	10,625
Series 1997E Bonds	34,462
Series 1998A Bonds	128,695
Series 1998B Bonds	103,395
Series 2000A Bonds	187,870
Series 2001A Bonds	197,298
Series 2001B Bonds	16,675
Series 2001D Bonds	50,305
Series 2002C Bonds	37,000
Series 2002E Bonds	140,440
Series 2003A Bonds	161,965
Series 2003B Bonds	75,460
Series 2005A Bonds	224,510
Series 2006A Bonds	279,585
Series 2006B Bonds	111,170
Series 2007A-C Bonds	247,235
Series 2007D Bonds	147,815
Series 2007D2 Bonds	29,200
Series 2007E	47,400
Series 2007F1-F4 Bonds	207,025
Series 2007G1-G2 Bonds	147,800
Series 2008A1-A4 Bonds	554,280
Series 2008B Bonds	75,700
Series 2008C1-C3 Bonds	292,600
Series 2009A Bonds	170,190
Series 2009B Bonds	65,290
Series 2009C Bonds	104,655
Total Outstanding Bonds	$ 3,946,360

1 Certain economically defeased bonds are legally outstanding but are not reported in this table.

2 This amount does not include $14,800,000 in escrow for the payment of these bonds.

(Source: Department of Aviation Audited Financial Report for 2009)

On October 28, 2009, the Airport issued Airport System Revenue Bonds, Series 2009A and 2009B, in the amounts of $170,190,000 and $65,290,000, respectively. The bond proceeds were used to purchase and retire portions of the Series 2006B, 2007D2 and Subseries 2008A4 Bonds, and to fund new money for capital improvement projects.

On March 2, 2010, the Airport issued Airport System Revenue Bonds, Series 2010A, in the amount of $171,360,000. The proceeds were used to refund subseries 2008A2 Bonds and to purchase portions of subseries 2008A3 and 2008A4 Bonds.

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 November 6, 2009, the Airport issued $104,655,000 of Airport System Revenue Bonds, Series 2009C, for the purpose of refunding all of the Airport System Subordinate Commercial Paper Notes.

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 2009.

On January 8, 2009, the City, on behalf of the Airport, entered into the 2008B Swap Agreement with Loop Financial Products I LLC, and simultaneously terminated the 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100 million notional amount associated with the 2008C1 Bonds outstanding in the amount of $92.6 million.

On January 12, 2010, the Airport terminated the 1999 and 2002 Swap Agreements with RFPC, Ltd. due to the deterioration in credit ratings of AMBAC, credit support provider for the swap. The Airport simultaneously entered into a replacement of the 1999 swap with Loop Financial Products I LLC, with credit support provided by Deutsche Banks. The 2002 swap agreement was not replaced.

Installment Purchase Agreements. The City has entered into certain Master Installment Purchase Agreements in order to provide for the financing of certain portions of the Airport's capital program, including among other things, the acquisition of various runway maintenance vehicles and equipment including snow removal equipment, additional jetways and flight information display systems, ticket counter improvements in the landside terminal and the funding of the portion of the costs of completing, in 2005, modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage "in line" with the existing baggage systems facilities. As of December 31, 2009, the Master Installment Purchase Agreements were outstanding in the total principal amount of $47,790,558.

The obligation of the City under each Master Installment Purchase Agreement to make payments thereunder is a special obligation of the City payable solely from the Capital Fund and such other legally available funds as the City may apply, but none of these Master Installment Purchase Agreements constitutes a pledge of the Capital Fund or any other revenues of the Airport System.

Summary Financial Information

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

TABLE 38

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

	Restated 2005[1]	Restated 2006[1]	2007	2008	2009
Operating revenues	$497,741	$508,307	$530,151	$540,760	$564,490
Operating expenses	239,405	262,514	290,773	373,829	379,517,
Operating income before Depreciation	260,203	245,792	239,378	166,931	184,973
Depreciation and Amortization	276,936	151,506	159,309	168,026	177,583
Operating Income	(20,918)	94,286	80,069	(1,095)	7,390
Non-Operating Revenues (Expense)	(107,265)	(67,772)	(49,127)	(44,987)	(118,770)
Capital Contributions	228,342	29,188	2,426	14,393	38,633
Change In Net Assets	$ 100,159	$ 55,702	$ 33,368	$ (31,689)	$ (72,747)

1 The figures for 2005 and 2006 include several prior period adjustments that are reflected in the 2007 financial statements. The adjustments were made to reflect: (1) an increase of approximately $10.7 million in aviation fuel tax receipts discovered as the result of an audit of State aviation fuel tax receipts; (2) the re-categorization of approximately $14.6 million of capital expenditures to operation and maintenance expenses; and (3) the addition of approximately $196.8 million of assets financed with Special Facilities Bonds, and associated depreciation, to the Airport financial statements.

(Source: Department of Aviation Audited Financial Report for 2009)

TABLE 39

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

	Restated 2005	Restated 2006	2007	2008	2009
Gross Revenues	$571,102	$592,110	$616,106	$635,607	$631,592
Operation & Maintenance Expenses	238,142	256,191	282,746	305,382	309,270
Net Revenues	332,960	335,919	333,360	330,225	322,322
Other Available Funds[1]	55,173	50,791	53,251	53,575	49,288
Total amount available for Debt Service Requirements	$388,133	$386,710	$386,611	$383,800	$371,610
Debt Service Requirement[2,3] Senior and Subordinate Bonds	$241,622	$220,001	$229,923	$240,028	$237,905
Debt Service Coverage Senior and Subordinate Bonds	162%	176%	168%	160%	156%

1 Other Available Funds includes amounts available in the Coverage Account of the Capital Fund to be applied to help fund the rate maintenance covenant of the Ordinance.
2 Excludes debt service on Senior Bonds which are to be paid from certain passenger facility charges.
3 Excludes debt service payable from amounts funded by capitalized interest.

(Source: Department of Aviation Audited Financial Report for 2009)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER (2009 dollars)

$12.72[1]

(Source: Department of Aviation management records)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER FOR UNITED (2009 dollars)

$14.80[1]

(Source: Department of Aviation management records)

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

HISTORICAL PASSENGER FACILITY CHARGE REVENUES
($ in thousands)

Year	Revenues
2005	84,000
2006	93,510
2007	97,191
2008	96,786
2009	96,865

(Source: Department of Aviation Audited Financial Report for 2009)

CONTACTS FOR FURTHER INFORMATION

Compliance Officer for the City and County of Denver, Colorado 2010 Disclosure Statement:

Claude Pumilia
Manager of Finance, *ex officio* Treasurer
201 W. Colfax Avenue
Denver, Colorado 80202
(720) 913-1514 (Phone)
(720) 913-5599 (Fax)
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
Guadalupe Gutierrez
Sr. Financial Management Analyst
201 West Colfax Avenue
Denver, Colorado 80202
(720) 913-9370 (Phone)
(720) 913-9460 (Fax)
www.denvergov.org/Treasury/template22997.asp

Comprehensive Annual Financial Report:
Beth Machann
Controller
201 West Colfax Avenue
Denver, Colorado 80202
(720) 913-5000 (Phone)
(720) 913-5247 (Fax)
http://www.denvergov.org/controller/ComprehensiveAnnualFinancialReportCAFR/tabid/430463/Default.aspx

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 2010 Disclosure Statement must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2009– 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

The nation's economy entered the most severe recession since the Great Depression in December 2007. While gross domestic product (GDP) growth, retail sales, and labor market indicators weakened throughout 2008, most indicators did not decline significantly until a financial crisis developed in fall 2008. By December 2008, U.S. GDP was contracting at a 6.8 percent rate and unemployment rates had already risen to 7.1 percent from 4.8 percent in the prior year.

Because a collapse in over-heated housing markets was a primary cause of the recession, consumers and business related to the household sector suffered some of the deepest and most immediate impacts. World markets are highly interconnected and housing markets had overheated in many nations, so economic malaise spread quickly. In response, governments rushed to implement broad fiscal and monetary stimulus measures. As 2009 began, U.S. government leaders had implemented a wide array of economic stimulus programs designed to stabilize the financial system and revive the economy through investments in infrastructure, foreclosure prevention and housing reform, and social programs.

The end of the recession has not been officially declared, but most economists peg the end as being sometime during the third quarter of 2009. U.S. GDP expanded by 1.6 percent in the third quarter followed by a stronger 5.0 percent increase in the fourth quarter. Because much of the economy's early recovery appears to be leaning on economic stimulus programs, many policymakers are expecting a slow rebound. The challenge for the U.S. economy is to time the withdrawal of the various stimulus programs in a manner which avoids further shocks to the system while still encouraging growth in the private sector.

While growth slowed in Colorado coincidentally with the nation, the state did not start posting over-the-year employment losses until November 2008, six months later than the nation. However, job losses quickened in Colorado and the state lost 4.5 percent of its employment base in 2009, slightly more severe than the national employment decline of 4.3 percent. Moving forward, high personal income, strong population growth, a diverse economy, and a milder-than-average housing downturn in Colorado serves as the foundation for recovery.

Like the Colorado economy, the Denver metropolitan area entered the recession later than other parts of the country. Once the recession took hold, job losses quickly matched the national pace, with employment declining by 4.4 percent in 2009. Widespread employment losses led to the steepest declines in consumer spending ever experienced in the region as well as continued increases in foreclosure activity. Still, several industries bucked the trend and added workers in 2009, including renewable energy, bioscience, health care, and educational services. While economic challenges remain, the Denver metropolitan area was one of the first regions of the country to enjoy a stabilizing residential market by the end of 2009 with rising home prices and increased sales activity.

POPULATION

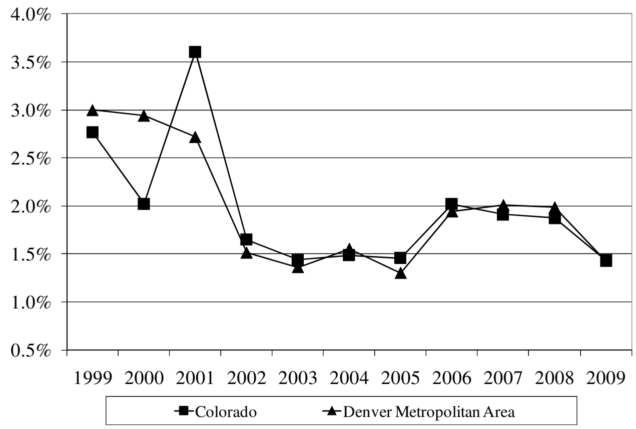
Colorado

Colorado is home to approximately 5,083,200 residents as of July 2009. As the 22nd most populous state in the nation, Colorado added nearly 71,900 residents between 2008 and 2009. The state's population increase of 1.4 percent was one-half percentage point above the nationwide population growth rate (+0.9 percent) over this same period of time. According to the U.S. Census Bureau, Colorado was the fourth fastest-growing state in 2009.

Population growth depends on two components – natural increase and net migration. The first component – natural increase – is the difference between the number of births and the number of deaths and typically follows a stable trend. The natural increase of Colorado's population averaged roughly 39,800 residents per year between 1999 and

2009, accounting for 46 percent of the state's total population growth over the ten-year period.

POPULATION GROWTH RATES



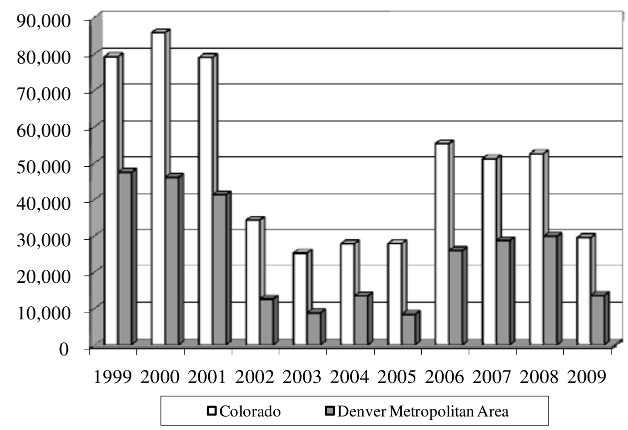
Source: Colorado Division of Local Government, State Demography Office.

The second component of population change is net migration and is the number of people moving into the state minus the number leaving. This component tends to be more volatile and reflects structural factors including job growth and quality of life. Colorado net migration averaged 46,900 residents from 1999 to 2009 and accounted for 54 percent of the state's ten-year population change.

Economic factors such as employment growth, housing prices, and cost of living are some of the factors that influence migration patterns. As noted previously, net migration is strongly correlated with job growth and tends to fluctuate with the ebb and flow of business cycles. For example, net migration contributed 70 percent of Colorado's annual population gain during the rapid economic expansion of the late 1990s.

Through the state's 2002-2003 recession, net migration represented 41 percent of total population growth as economic pressures and limited job growth restricted mobility. When statewide job growth accelerated in 2006 and 2007, net migration accounted for about 58 percent of the total population gain. The most recent net migration patterns mirrored the patterns experienced during the 2002-2003 recession, with net migration again representing about 41 percent of the total population gain.

NET MIGRATION



Source: Colorado Division of Local Government, State Demography Office.

While net migration tends to fluctuate with the business cycle, the geographic patterns of population migration are more consistent. Former Californians tend to account for the largest share of new Colorado residents (14.3 percent in 2008), followed by new residents from Texas and Arizona (10.4 percent and 5.8 percent, respectively).

Denver Metropolitan Area

About half of Colorado's new residents settle in the Denver metropolitan area. The Denver metropolitan area net migration averaged 22,900 from 1999 to 2009 and accounted for 48 percent of the region's total population increase over the ten-year period. As previously mentioned, net migration is closely linked with job growth. As a result, recent net migration figures in the Denver metropolitan area have declined from those in the late 1990s.

Annual natural increase in the Denver metropolitan area averaged 25,100 from 1999 to 2009. Viewed another way, natural increase accounted for 52 percent of the region's total population increase over the ten-year period. Combining natural increase and net migration, the Denver metropolitan area grew an average of 1.9 percent per year between 1999 and 2009. That rate combines a faster annual average growth rate (2.0 percent) from 1999 to 2004 and a slower annual average growth rate (1.7 percent) through the 2004 to 2009 period.

The Denver metropolitan area's population reached an estimated 2,828,600 people in 2009, rising 1.4 percent from the prior year. The Denver metropolitan area's population is slightly younger than the rest of the state, with about 14 percent of residents age 60 and older compared with nearly 15 percent in Colorado in 2009. The largest age group in the Denver metropolitan area in 2009 was the 30-44 year-old group, with over 620,200 residents. In addition, the region's population is slightly younger than the national average. According to the U.S. Census Bureau, the median age in the Denver metropolitan area is 35.8 compared with the national median of 36.8.

COUNTY POPULATION
(in thousands)

Area	1999	2004	2009	Avg. Annual % Change 1999-04	Avg. Annual % Change 2004-09
Adams	355,308	390,587	439,836	1.9%	2.4%
Arapahoe	481,306	527,427	570,235	1.8%	1.6%
Boulder	283,924	287,311	301,804	0.2%	1.0%
Broomfield	N/A	46,664	57,411	N/A	4.2%
Denver	545,517	574,327	622,105	1.0%	1.6%
Douglas	162,323	237,317	289,444	7.9%	4.1%
Jefferson	520,810	532,071	547,728	0.4%	0.6%
Denver Metropolitan Area	**2,349,188**	**2,595,704**	**2,828,564**	**2.0%**	**1.7%**
Colorado	**4,215,984**	**4,663,404**	**5,083,249**	**2.0%**	**1.7%**

Note: The City and County of Broomfield was established in 2001.
Source: Colorado Division of Local Government, State Demography Office.

Within the Denver metropolitan area, Broomfield, Douglas, and Adams counties reported the strongest population growth rates between 2004 and 2009. For the first time, Broomfield County was the fastest-growing county in the Denver metropolitan area, surpassing Douglas County. According to the U.S. Census Bureau, Douglas County was the fastest-growing county in the nation during the 1990s, posting double-digit population growth rates for the 1990 through 2001 time period. While the county's population is still growing, the rate has slowed as the county matures. Between 2000 and 2009, both Douglas and Broomfield Counties were positioned in the top 100 U.S. counties with 10,000 or more residents in 2009 (10th and 46th, respectively).

City and County of Denver

The City and County of Denver's total 2009 population reached 622,100 in 2009, a 1.7 percent increase from 2008. Population growth in the City and County of Denver has historically been slower than the surrounding suburban areas, growing at an average annual rate of 1.3 percent compared with 1.9 percent across the entire region between 1999 and 2009.

Even though the same gap in urban and suburban growth rates exists today, the City and County of Denver's population has increased at a faster pace in recent years. Between 2006 and 2008, population growth in the City and County of Denver ranged from two percent to 2.5 percent. During this same period of time, an average of 7,270 net new residents migrated into the City and County of Denver as employment growth, attractive recreational amenities, and revitalization of many downtown neighborhoods resulted in faster-than-average migration trends.

EMPLOYMENT

The U.S. Department of Labor prepares two monthly reports on employment. The first is a survey of households known as the Current Population Survey (CPS) that is used to estimate employment characteristics by place of residence. This "household survey" is the source of estimates for labor force, employment (including self-employment), and unemployment by county. This data is discussed in the Labor Force & Unemployment section of this report.

The second report is a survey of businesses and government agencies known as the Current Employment Statistics (CES) data series. This "establishment survey" provides detailed employment, hours, and earnings data of workers by industry. Although the survey does not count the self-employed, the survey data are still some of the most closely watched and widely used economic indicators.

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 11 industry "supersectors" which can be further divided into 20 broad industry groups.

Colorado

According to the CES data, Colorado nonfarm employment growth averaged 3.7 percent per year between 1989 and 1999. Annual employment growth during this ten-year period peaked at 5.1 percent in 1994, driven by employment increases in the telecommunications and information technology industries. During the state's 2002-2003 recession, employment reached its lowest levels since the 1940s, declining 1.9 percent in 2002 and 1.4 percent in 2003. With a high concentration of high-tech jobs, Colorado's economy was hit particularly hard and lost over 74,000 jobs during 2002 and 2003.

As economic conditions improved, Colorado added 53,100 jobs between 2005 and 2006, a 2.4 percent gain in employment during this period. By 2006, Colorado had recovered the majority of jobs lost during the 2002-2003 recession and the state's job growth rates were some of the fastest reported nationwide. Colorado's job growth remained comparatively strong in 2007 and the state managed a 0.8 percent job gain between 2007 and 2008.

Beginning in December 2007, one of the largest downturns in decades gripped the nation. Termed the "Great Recession," the downturn impacted nearly every industry across the state, representing the sharpest employment declines since the Great Depression. By 2009, Colorado's job loss had exceeded the national rate, declining 4.5 percent compared with 4.3 percent, respectively. Throughout the Great Recession, Colorado lost over 106,000 jobs, with losses concentrated in the construction, manufacturing, and professional and business services sectors. Throughout the ten-year period from 1999 to 2009, employment growth averaged a mere 0.5 percent per year.

Denver Metropolitan Area

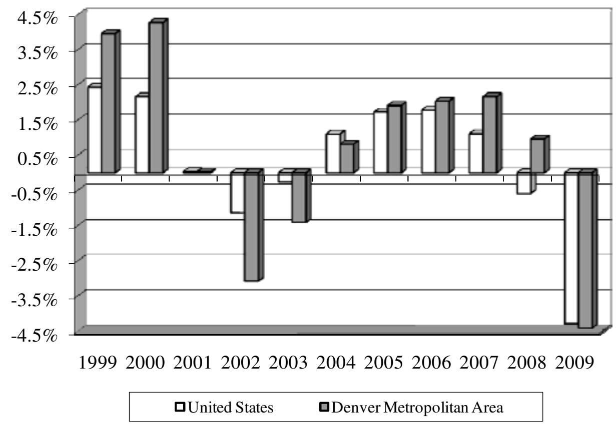
CES data are also compiled for a number of the Metropolitan Statistical Areas (MSAs) defined by the U.S. Office of Management and Budget. The Denver-Aurora-Broomfield MSA consists of ten counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties. The following data are for the Denver-Aurora-Broomfield MSA and Boulder MSA (Boulder County) combined, or an 11-county area that best represents the seven-county Denver metropolitan area discussed througout this report.

The 11-county Denver metropolitan area has a nonfarm employment base of nearly 1.4 million workers. The area's total nonfarm wage and salary employment growth averaged 3.5 percent between 1989 and 1999, peaking at 4.4 percent in 1997. Similar to Colorado's experience, the nationwide recession in 2001 drove sharp employment declines in the area's information industry.

The Denver metropolitan area suffered significant job losses in 2002 and 2003. The tech-led recession resulted in more severe employment declines for the Denver metropolitan area than the state, declining 3.1 percent in 2002 and falling an additional 1.4 percent in 2003. Following the statewide trend, job growth accelerated from 0.8 percent in 2004 to 1.9 percent in 2005 and job trends resumed a steady pace in 2006 and 2007. The significant job losses experienced by the Denver metropolitan area during the region's 2002-2003 recession resulted in the area lagging behind statewide growth trends until 2008. In 2008, the Denver metropolitan area job growth rate of one percent outpaced the statewide growth rate of 0.8 percent.

Similar to Colorado's economy, the Denver metropolitan area continued to add jobs until the most recent recession struck. Financial market failures and a weakened housing market led to one of the largest downturns in decades. Since the Great Recession impacted most industries and geographies across the state, the Denver metropolitan area followed statewide employment trends – declining 4.4 percent in 2009. Due to the severity of the 2009 employment decline, employment growth averaged just 0.3 percent per year from 1999 to 2009.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT GROWTH RATES

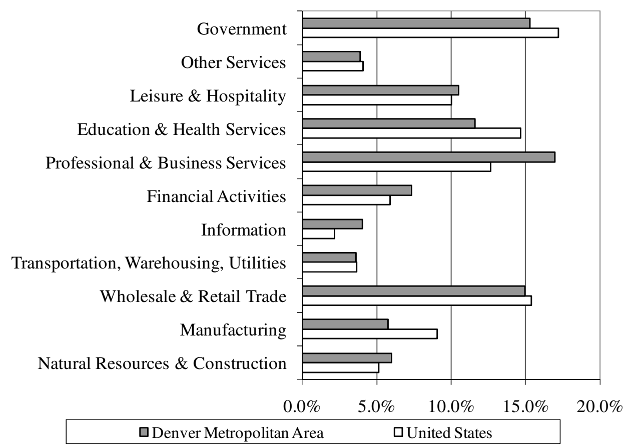


Sources: U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment.

The Denver metropolitan area's job base of nearly 1.4 million workers includes large concentrations of workers in professional and business services (16.9 percent), government (15.3 percent), and wholesale and retail trade (15 percent). Employment among these three major industry supersectors comprises over 47 percent of the jobs in the Denver metropolitan area. The largest of the three industries – professional and business services – includes temporary employment services, facilities services, and a wide variety of technical firms specializing in accounting, engineering, and other professionals. Many of these workers are employed as consultants or contractors, and as a result, the sector's employment tends to reflect business activity across the entire industry base.

The Denver metropolitan area is divided into 11 industry supersectors, or groups of related industries as defined by the North American Industry Classification System (NAICS) codes. Nine of the Denver metropolitan area's 11 supersectors reported job losses between 2008 and 2009. The largest percentage declines occurred in natural resources and construction, manufacturing, and professional and business services, largely because of the nationwide turmoil in the real estate market. Additionally, the already-declining manufacturing sector experienced faster declines in the durable goods sector – comprised of cars, electronics, and other long-lasting items – compared with the nondurable sector as consumer purchases weakened during the recession. Combined, these three supersectors lost roughly 40,900 jobs over the year.

2009 EMPLOYMENT BY INDUSTRY



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

Among the remaining supersectors, transportation, warehousing, and utilities declined 6.2 percent over-the-year, with job losses near or above five percent in wholesale and retail trade, financial activities, and information. From 2008 to 2009, the only two sectors that added jobs included education and health services (+4,300) and government (+3,100).

City and County of Denver

The City and County of Denver is the employment center for the Denver metropolitan area and accounts for about 32 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 and information technology companies, financial and legal firms, and a variety of other businesses. Denver is the state's largest county by total employment with 423,300 workers. Denver's employment declined 5.8 percent from 2008 to 2009.

The largest employment supersectors in Denver include professional and business services (18.4 percent), government (16.2 percent), education and health services (12.1 percent), and wholesale and retail trade (12.1 percent). From 2008 to 2009, ten of Denver's 11 supersectors reported job losses. Similar to the region, the largest percentage declines occurred in natural resources and construction (-16.1 percent), manufacturing (-12.1 percent), and professional and business services (-8.5 percent). The only supersector to add employment over this period of time was education and health services, rising 2.4 percent from 2008 to 2009.

LABOR FORCE & UNEMPLOYMENT

The U.S. unemployment rate rose to its highest level in 2009 since the early 1980s. The U.S. jobless rate rose to 9.3 percent in 2009, nearing the percent peak rate of 9.7 percent reached in 1982 and surpassing 2001 peak recession levels. Prior to entering the most recent recession, unemployment rates fell below five percent in 2006 and 2007, averaging 4.6 percent during this two-year period and rose to 5.8 percent 2008.

Colorado

Colorado's unemployment rate also peaked in 2009, reaching its highest level since the early 1980s. The state's unemployment rate fell below the U.S. average from 2006 through 2008 as job growth in the professional and business services and the education and health services sectors offset slower job gains in other industry supersectors. Colorado remained stronger than many other markets throughout the most recent recession, averaging 7.7 percent unemployment for all of 2009. Colorado's 2009 unemployment rate was almost three percentage points higher than the 4.9 percent rate in 2008 but was more than one and a half percentage points below the 2009 nationwide average.

Denver Metropolitan Area

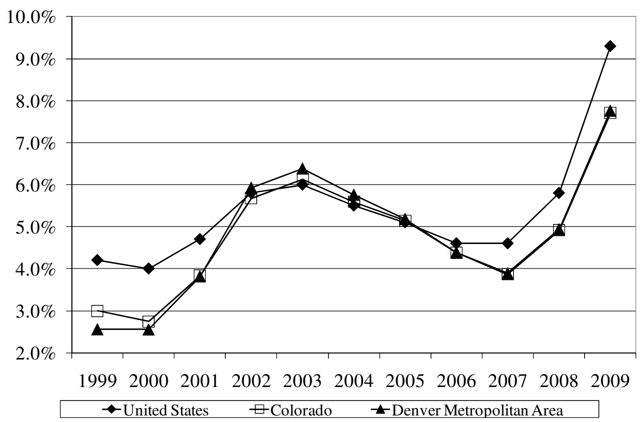
Unemployment trends in the Denver metropolitan area have closely resembled trends statewide. Between 2002 and 2005, the region's unemployment rate was somewhat higher compared with statewide and nationwide averages. The rate than matched the state level from 2006 through 2008. The Denver metropolitan area's recent high unemployment rate of 7.8 in 2009 exceeded Colorado's rate but was one and a half percentage points below the national average even as the most recent recession weakened labor markets and forced many industries to trim their current workforce.

Colorado's workforce is one of the most highly educated across the nation. This advantage is important to maintaining Colorado's economic base, while attracting and retaining the workforce needed by businesses during challenging economic times. According to the U.S. Census Bureau's 2008 American Community Survey, Colorado has the second-highest percentage of college graduates in the nation behind Massachusetts. Educational attainment has risen in the Denver metropolitan area, where 89 percent of the total adult population graduated high school in 2008, compared with 88.8 percent in 2007. Likewise, the total adult population that have a bachelor's degree or higher has grown to 39.5 percent in 2008, compared with 38.4 percent in 2007.

City and County of Denver

The City and County of Denver is an urban center, so its unemployment rate tends to be above that of the greater Denver metropolitan area. By 2007, the area's unemployment rate had fallen to its pre-recession level before surging to a 20-year high in 2009, fueled by weakening labor market trends. Denver's unemployment rate increased to 8.6 percent in 2009, or a rate nearly one percentage point above the Denver metropolitan area and statewide rates.

UNEMPLOYMENT RATES



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

MAJOR EMPLOYERS

Small business plays a vital role to Colorado's economic well-being. According to the U.S. Small Business Administration, 97.8 percent of the state's employer firms in 2006 were classified as small businesses, or businesses having fewer than 500 employees. Self-employment continues to rise in Colorado, as the number of firms classified as non-employers – typically unincorporated businesses with no paid employees – increased over five percent to 426,000 in 2007.

While self-employment and small business make significant contributions in the Denver metropolitan area economy, large firms have a considerable presence. Over 120 firms with 1,000 or more employees were operating in Colorado in 2007 according to the latest *County Business Patterns* by the U.S. Census Bureau. The majority of these large businesses were located in the Denver metropolitan area.

Eight companies headquartered in Colorado were included on the 2010 *Fortune 500* list. The companies are Qwest Communications (188th), DISH Network (200th), Liberty Global (210th), Liberty Media (227th), Newmont Mining (295th), Ball (307th), CH2M Hill (381st), and Western Union (413th). It should be noted that current plans for the announced merger between Qwest Communications and CenturyLink indicate that the combined company's headquarters will be in Monroe, Louisiana, the current home of CenturyLink, when the merger closes in the first half of 2011. The employment impacts in the Denver metropolitan area as a result of this merger are currently unknown.

LARGEST PRIVATE EMPLOYERS

Company	Products/Services	Employees
1. King Soopers Inc.	Grocery	11,320
2. Wal-Mart	General Merchandise	10,770
3. Safeway Inc.	Grocery	9,760
4. HealthONE Corporation	Healthcare	9,340
5. Qwest Communications	Telecommunications	7,700
6. Lockheed Martin Corporation	Aerospace & Defense Related Systems	7,700
7. Exempla Healthcare	Healthcare	7,530
8. Centura Health	Healthcare	6,010
9. Kaiser Permanente	Healthcare	5,550
10. Target Corporation	General Merchandise	5,200
11. DISH Network	Satellite TV & Equipment	4,850
12. United Airlines	Airline	4,500
13. Wells Fargo Bank	Financial Services	4,400
14. University of Denver	University	4,210
15. The Children's Hospital	Healthcare	4,100
16. Frontier Airlines	Airline	4,100
16. IBM Corporation	Computer Systems & Services	4,100
18. University of Colorado Hospital	Healthcare, Research	4,080
19. Oracle	Software & Network Computer Systems	3,800
20. United Parcel Service	Parcel Delivery	3,620

Source: Development Research Partners, April 2010.

Five other Colorado businesses were recognized on *Forbes'* October 2009 list of the 200 best small public companies. Dynamic Materials ranked 56th, followed by Air Methods (61st), Berry Petroleum (74th), Royal Gold (83rd), and Rocky Mountain Chocolate Factory (126th). To qualify for the list, companies must have 12-month sales between $5 million and $750 million and a stock price of at least $5 per share. Overall rankings were based on companies' return on equity plus several measures of profit and sales growth in the past 12 months and over the past five years.

Royal Gold was also named in the 2009 edition of the *Fortune Small Business "*FSB 100.*"* The list identifies the nation's 100 fastest-growing small businesses. Two other Colorado companies – Mesa Laboratories and Ramtron International Corporation – were also recognized. Fourteen more Colorado companies made the 2009 *Inc*. list of the 500 fastest-growing private companies nationwide and an additional 133 companies made the 2009 *Inc.* list of the 5,000 fastest-growing private companies. The companies included on the list represent a cross-section of industries, from clean energy to financial services, construction, and logistics.

Private sector businesses account for a 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 14,100 federal government employees, 22,900 state government employees, and 31,700 employees in local government entities including the City and County of Denver (13,000 employees) and Denver Public Schools (12,600 employees).

INTERNATIONAL TRADE

Denver International Airport links the Denver metropolitan area to businesses nationwide and around the world. The airport offers nonstop service to more than 160 destinations including 18 international locations in Europe, Canada, Mexico, and Central America. The airport currently ranks as the fifth-busiest airport in North America and the 10th busiest worldwide based on total passenger counts. The airport is also home to about 16 commercial carriers, the largest of which are United Airlines, Frontier Airlines, and Southwest Airlines.

The Denver metropolitan area is 346 miles west of the geographic center of the nation, serving as a natural hub for cargo operations. Additionally, the Denver metropolitan area's location on the 105th meridian – the exact midpoint between Tokyo and Frankfurt – means that local companies can contact businesses in both countries in the same business day. About 25 cargo airlines and major and national carriers provide cargo services at Denver International Airport, which offers close proximity to I-70, one of the country's primary east/west commerce routes. The airport handled approximately 678 tons of cargo per day in 2009.

The Denver metropolitan area is located midway between Canada and Mexico, which are partners under the North American Free Trade Agreement (NAFTA). Colorado's exports to Canada and Mexico – the state's leading trade partners – accounted for 39 percent of Colorado's total exports in 2009. By comparison, exports to the two countries accounted for a smaller 32 percent of all U.S. shipments in the same year. While Canada and Mexico are key trading partners for Colorado, several other countries including China, Japan, Germany, Malaysia, and the Netherlands receive considerable shares of the state's exports. Combined, these five countries accounted for 22 percent of Colorado's total exports in 2009.

Following the 2001 recession, a weaker dollar helped stimulate Colorado's exports. Between 2002 and 2003, the value of Colorado's exports increased 10.2 percent. After increasing 17.4 percent in 2006, the value of Colorado's exports began to decline as global uncertainty increased and the next recession fast approached. By 2009, worldwide recession and financial crises had curtailed export growth. The value of Colorado's exports declined 25.1 percent between 2008 and 2009, primarily driven by the sharp decline in the state's largest export, computers and electronics. Like the nation, Colorado has also experienced a shrinking manufacturing base and slower economic growth has contributed to faster-than-average declines in the state's export portfolio.

Key components of Colorado's export portfolio include computers, electronics, and semiconductors, all goods that are increasingly more likely to be manufactured overseas. The following five industries account for nearly 70 percent of Colorado's total exports:

- Computers and electronic products (27 percent of total export value; down 41 percent between 2008 and 2009).
- Chemicals (13 percent of total export value; down 0.6 percent in 2009)
- Processed foods (13 percent of total export value; down 23 percent in 2009).
- Machinery (10 percent of total export value; down 23 percent in 2009).
- Transportation equipment (6 percent of total export value; down 4 percent in 2009).

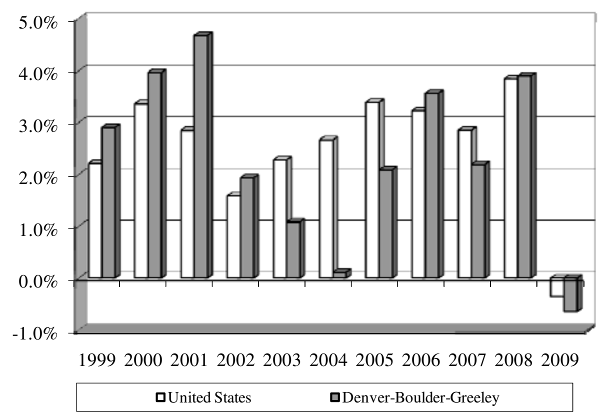
It is important to note that the composition of Colorado's export portfolio has shifted over time. The largest component of the state's export portfolio – computers and electronic products – has declined an average of 9.6 percent each year from 2000 to 2009 as a share of total Colorado exports. Exports such as fossil fuels and other mined materials have steadily increased as a share of the state's total exports since 2000; however, the increase in these sectors has not been enough to offset the value lost in the computers and electronic products sector.

INFLATION

From 1992 to 2002, inflation in the Denver metropolitan area – as measured by the Denver-Boulder-Greeley Consumer Price Index (CPI) – outpaced inflation at the national level. Inflation in the Denver metropolitan area peaked at 4.7 percent in 2001, driven by stronger than average job and wage growth. Since 2003, the inflation rate in the Denver metropolitan area has been generally lower than or similar to the national level. In 2008, inflation in the Denver metropolitan area reached its highest peak since 2001, rising to 3.9 percent compared with the U.S. average of 3.8 percent. This spike was largely due to a significant increase in energy prices in 2009.

A deep recession and the collapse of prices for oil, food, and other commodities heavily influenced the inflation rate in 2009. In 2009, the Denver-Boulder-Greeley CPI showed a historic downtrend, declining 0.6 percent between 2008 and 2009 in the first decline reported since data collection for this region began in 1965. At the national level, prices declined an average of 0.4 percent in 2009.

INFLATION RATES



Source: U.S. Department of Labor, Bureau of Labor Statistics.

The CPI is designed to track the prices paid by the typical consumer for a representative basket of goods and services. The U.S. Bureau of Labor Statistics classifies the CPI basket of goods and services into eight major categories consisting of food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services. Prices for medical care, recreation, and transportation increased at a faster pace in the Denver metropolitan area than the national average in 2009, while prices for apparel, education and communication, food and beverages, housing, and other goods and services grew at a slower pace compared with the U.S. average.

INCOME

Colorado

Growth in Colorado personal income averaged 4.3 percent per year between 2004 and 2009, about one-half percentage point higher than the national average over this same period of time. Colorado income growth exceeded the national average between 2005 and 2008, reaching a peak growth rate of 8.2 percent in 2006. The personal income growth rate in Colorado had slowed to 3.3 percent in 2008 as a result of diminished wage growth in a number of nonfarm industries such as manufacturing and construction and rising commodity costs that had eroded farm-related income. In 2009, an increasingly unstable national economy and distinct economic challenges posed by the most recent recession led to a 2.2 percent decline in personal income, a decline greater than the nation's 1.7 percent drop. This was the first full-year decline in personal income experienced in Colorado since 1938 and the first full-year decline in national personal income since 1949.

Over the past several years, Colorado's strong population growth has influenced the state's total personal income and per capita personal income trends. Driven by weaker economic conditions, per capita personal income growth slowed to 1.3 percent in 2008, falling below the national rate of 2.0 percent. While almost all states experienced a decline in per capita personal income growth in 2009, Colorado ranked 15th highest in the nation with a per capita personal income of $41,344. Additionally, Colorado's per capita personal income represented 106 percent of the U.S. average in 2009.

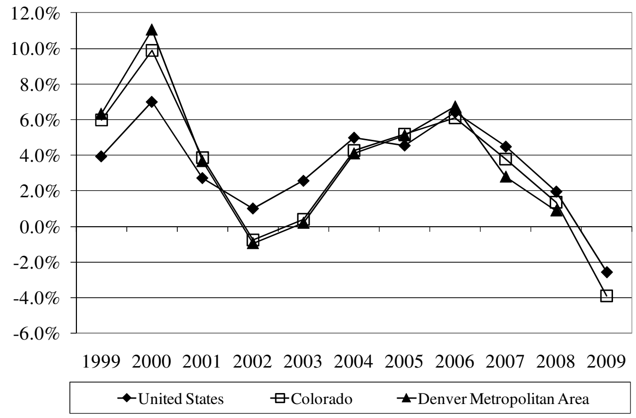
Denver Metropolitan Area

Data on the Denver metropolitan area's personal income and per capita personal income are only available through 2008. Beginning in 2007, income data began to show the early signs of slowing wage growth and weak real estate markets. In 2008, annual growth in the Denver metropolitan area's per capita personal income ($48,357) reached 0.9 percent, down nearly two percentage points from the 2007 annual growth rate. That year's growth rate fell below the national and statewide income growth rates of two percent and 1.3 percent, respectively. Additionally, per capita personal income in the Denver metropolitan area was 120 percent of the national average.

City and County of Denver

Per capita personal income in the City and County of Denver ranked second highest in the Denver metropolitan area in 2008. At $52,788, per capita personal income in the City and County of Denver increased at the region's third-highest rate of 0.8 percent between 2007 and 2008. Despite slower per capita personal income growth in 2008 compared with prior years, the area's per capita personal income was still 131 percent of the national average.

PER CAPITA PERSONAL INCOME GROWTH RATES



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The Denver metropolitan area average annual salary was $51,995 in 2009, a 0.6 percent increase over 2008. The average annual salary in the City and County of Denver was $56,471, representing a 0.4 percent increase over 2008.

RETAIL TRADE

Personal consumption expenditures account for about 70 percent of the total value of all goods and services produced in the U.S. Commonly referred to as consumer spending, these expenditures are a key component of retail activity. Nearly every past recession has been accompanied by a decline in consumer spending. In contrast, consumer spending helped cushion the economic conditions during the 2001 recession, bolstered by spending in non-automotive housing durables and strong investment in the housing sector.

Data from the U.S. Census Bureau suggest that nationwide spending began to soften as early as 2006, as rising fuel and grocery costs contributed to a slowdown in retail sales. U.S. retail sales increased 2.1 percent in 2006 and slowed to 0.4 percent in 2007 after adjustment for inflation. Retail sales fell to their lowest levels in decades by the end of 2008 due to declining consumer purchases, particularly for durable goods such as automobiles, electronics, home furnishings, and furniture. In 2008, inflation-adjusted U.S. consumer spending fell 4.7 percent.

In 2009, difficult retail conditions persisted and remained sluggish throughout the year. The weakness in consumer demand for clothing, automobiles, and appliances in 2009 resulted in a 5.6 percent decline in retail sales after adjustment for inflation, down nearly one percentage point from the prior year.

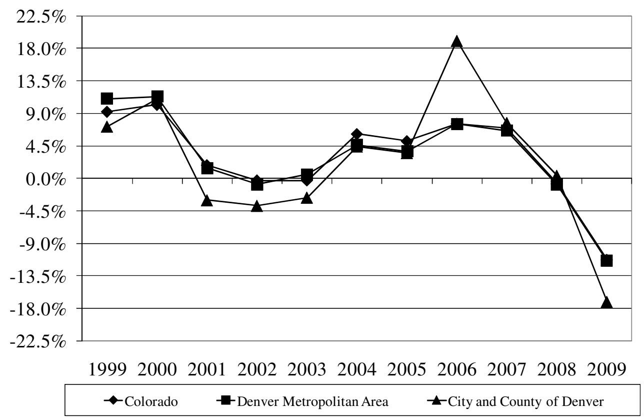
Colorado

Similar to the nation, Colorado consumers face the same pressures on household finances such as limited access to consumer credit, rising debt levels, declining home equity, and sluggish wage growth. Colorado's retail trade sales began to slow in 2007 and turned negative in 2008, posting a 0.8 percent nominal (not inflation-adjusted) decline in sales. The pullback in consumer spending continued in 2009 with sharper declines in retail trade sales activity. In 2009, declining consumer purchases produced an 11.3 percent decline in Colorado retail trade sales.

Denver Metropolitan Area

Retail trade sales in the Denver metropolitan area have closely resembled statewide trends over the last few years. A consumer-driven recession has had significant impacts on the Denver metropolitan area as well. Mirroring statewide trends, Denver metropolitan area retail trade sales fell 11.3 percent in 2009.

RETAIL TRADE SALES GROWTH



Note: 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.

Source: Colorado Department of Revenue.

Retail trade sales include business and consumer purchases from retailers and from food and drink establishments. The largest category of retail trade sales in the Denver metropolitan area is food and beverage stores. Sellers of motor vehicle and auto parts, general merchandisers/warehouse, and restaurants and drinking establishments were the next largest contributors to the region's total retail trade sales.

Retail trade sales declined 11.3 percent in 2009, reflecting sluggish consumer activity and a deteriorating job market. Sales in each of the categories across the region fell in 2009 with declines ranging from -2.2 percent in general merchandisers/warehouse and food and drinking establishments to -32 percent for service stations. Consistent with national trends, the region's declining gasoline prices led to the 32 percent decline in gas station sales in 2009. In addition, a slower housing market led to sales declines for retailers of building materials and nursery supplies (18.2 percent) and furniture and furnishings retailers (19.3 percent).

DENVER METROPOLITAN AREA RETAIL TRADE SALES BY CATEGORY (in $millions)

Industry	2008	2009	Change**
Retail Trade:			
Motor Vehicle and Auto Parts	$7,250	$6,203	-14.4%
Furniture and Furnishings	$1,516	$1,224	-19.3%
Electronics and Appliances	$1,295	$1,166	-9.9%
Building Materials / Nurseries	$2,931	$2,397	-18.2%
Food/Beverage Stores	$7,482	$7,274	-2.8%
Health and Personal Care	$1,320	$1,261*	-------
Service Stations	$2,844	$1,934	-32.0%
Clothing and Accessories	$2,089	$1,949	-6.7%
Sporting/Hobby/Books/ Music	$1,457	$1,329	-8.8%
General Merchandise/ Warehouse	$5,991	$5,860	-2.2%
Misc. Store Retailers	$1,453	$1,369	-5.8%
Non-Store Retailers	$3,348	$1,079*	-------
Total Retail Trade	$38,976	$34,135	-12.4%
Food / Drinking Services	$4,853	$4,745	-2.2%
TOTAL	$43,829	$38,880	-11.3%

**Retail trade sales by industry do not add to total retail trade sales due to data suppression.*
***Data not inflation-adjusted.*

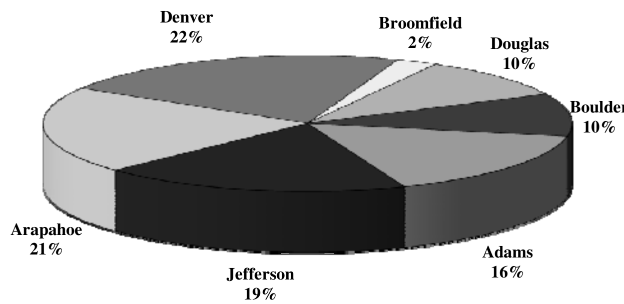
Source: Colorado Department of Revenue.

City and County of Denver

Retail trade sales in the City and County of Denver comprised the largest share (22 percent) of total Denver metropolitan area sales in 2009. Between 2008 and 2009, all counties across the Denver metropolitan area experienced significant slowdowns in retail trade sales, with the largest declines occurring in the City and County of Denver, (-17 percent) followed by Adams County (-13 percent), and Jefferson County (-10 percent).

Monthly data suggest that increased optimism among consumers have led to stronger sales for the City and County of Denver in early 2010. Additionally, sales activities for all other neighboring counties in the beginning of 2010 have shown signs of improvement.

DISTRIBUTION OF 2009 RETAIL TRADE SALES BY COUNTY



Source: Colorado Department of Revenue.

RESIDENTIAL REAL ESTATE

The housing market was a key driver of the U.S. economy in recent years. U.S. homeownership rates reached a peak of almost 70 percent in 2004 and 2005. In 2006, the U.S. homeownership rate began a decline that has largely stabilized at 67.4 percent in 2009. Since the most recent recession was primarily led by the collapse of the residential housing markets, homeownership rates across the nation have declined over the past five years. Like the nation, Colorado's homeownership rate followed a similar trend – peaking in 2003 at 71.3 percent and falling to 68.4 percent in 2009 as tightening credit from the subprime crisis and resulting foreclosure fallout discouraged consumers. Despite the fallout in the housing market, Colorado's homeownership rates have remained above the national average rate since 1999.

Residential Home Prices

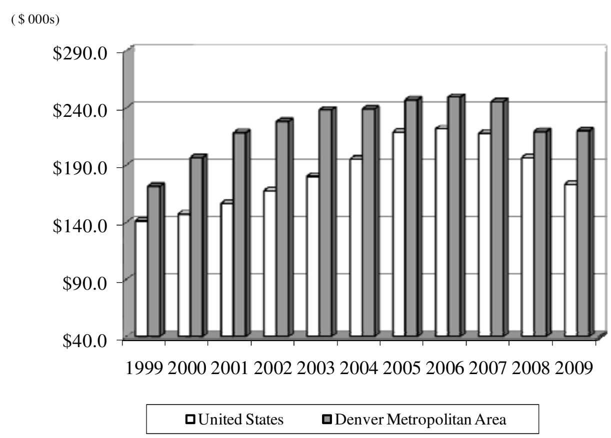
Even though Colorado's housing market suffered a significant downturn, the state fared better than other markets across the nation and avoided the rampant price fluctuations recently experienced in other areas. Housing markets such as Phoenix, Las Vegas, and Miami experienced speculative buying during the 2004 and 2005 period which resulted in rapid annual price increases of 30 to 50 percent. This was followed by steep declines of similar amounts in 2008 and 2009 as the housing correction intensified. In contrast, the Denver metropolitan area experienced much less volatility in home prices, with annual shifts ranging from +3.3 percent in 2005 to -10.6 percent in 2008.

Median home prices reflect the point where half of the existing homes sold for more and half sold for less. Data released by the National Association of Realtors reports that the Denver metropolitan area's median home prices followed the nation, declining in 2007 and 2008. In 2009, Denver's median home price was $219,900, up 0.3 percent from the 2008 median. During 2009, the U.S. median home price was $172,100, declining 12.5 percent. According to a recent study by *Business First Buffalo,* the Denver metropolitan area ranked 31st out of the 52 major markets across the U.S. in housing affordability. The study compared each area's median household income to its median home price as reported in the Census Bureau's 2006-2008 American Community Survey.

The depreciation in home prices during the recession has created a buyers' market. Thus, the combination of low interest rates and large inventories has led to increased affordability of housing in the Denver metropolitan area. Furthermore, the first-time homebuyers tax credit continued through April 30, 2010. The credit was also expanded to current homeowners who have occupied their residence for five of the past eight years. The combination of these factors is yielding more stable housing activity during the first few months of 2010.

A number of other indices show similar trends in Denver metropolitan area's housing market. Data from Metrolist show the Denver metropolitan area's average sales price for existing single-family homes rose over-the-year in each of the last four months of 2009. The S&P/Case-Shiller Home Price Index – another indicator of home prices – suggested Denver was one of the metropolitan areas closest to a positive annual return as 2009 ended. Data from the Federal Housing Finance Agency's Home Price Index suggests that fourth quarter 2009 home prices in the Denver metropolitan area had increased 5.5 percent over-the-year. Additionally, a separate National Association of Realtors data set shows the Denver-Aurora-Broomfield MSA was one of 30 metropolitan areas to report an increase in median home price between the third quarters of 2008 and 2009. The increase was the first reported for the Denver metropolitan area in two years, and strengthened to an 11.2 percent over-the-year increase in the fourth quarter.

MEDIAN HOME PRICES



Source: National Association of REALTORS.

Foreclosures

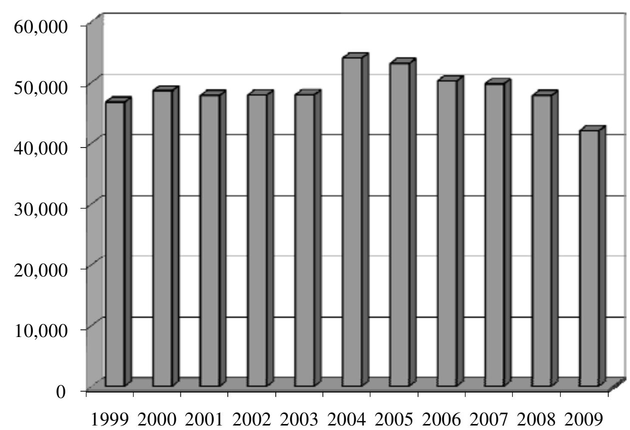
While median home price data suggest that the Denver metropolitan area's housing market may have stabilized, foreclosures were still elevated in 2009. The region's public trustees reported a total of 26,510 filings for the year, or a 6.9 percent increase from 2008 filings. Across the region, the City and County of Denver was the only county to experience a slight decline in 2009 filings. Boulder County had the highest increase in foreclosures with the number of filings up 38.4 percent over the year. Additionally, filings in Broomfield County rose 24.9 percent, followed by a 22.9 percent increase in Douglas County filings.

Even as foreclosure mitigation efforts became more successful, limited credit availability and a weak labor market kept pressure on homeowners through 2009. In February 2009, the Obama Administration introduced a comprehensive Financial Stability Plan to address the weak housing sector. A critical component of that plan is the Making Home Affordable program to help stabilize the housing market and provide relief to homeowners and avoid foreclosures. As part of this package, programs such as the Home Affordable Modification Program (HAMP), the Second Lien Modification Program (2 MP), and the Home Affordable Refinance Program offer homeowners opportunities to modify their mortgages and make them more affordable. The Home Affordable Foreclosure Alternatives Program allows homeowners who can no longer afford to stay in their home and want to avoid foreclosure to complete a short sale or deed-in-lieu of foreclosure. While many of these foreclosure programs should have better outcomes as they mature in the next year, mechanisms are in place to prevent the surge of foreclosures that have occurred in the last few years.

Residential Home Sales

While there are some signs that home sales are increasing both nationally and in the Denver metropolitan area, it remains unclear as to how much of the progress is a result of federal government efforts to address the weak housing sector. Still, as the economy continues to improve, low interest rates and pent up housing demand will eventually have impacts on the market. The Denver metropolitan area's existing home sales peaked in 2004 at 54,012. The following years were plagued by a combination of increased foreclosures resulting from the prevalence of subprime and adjustable-rate mortgages, declining home values, and rising inventories. As the housing market weakened further with the onset of the recession, existing home sales dropped. In 2009, total existing home sales in the Denver metropolitan area numbered 42,070, a 12.1 percent decline from 2008 and a 22.1 percent decline from the 2004 peak. Similarly, total sales volume peaked in 2005, reaching nearly $15 billion. In the years that followed, lower-priced homes and a softening housing market contributed to declining sales volume. In 2009, total sales volume was roughly $10 billion, falling 14.7 percent from more than $11 billion in 2008.

**DENVER METROPOLITAN AREA
HOME SALES**



Source: Metrolist Inc.

Residential Building Permits

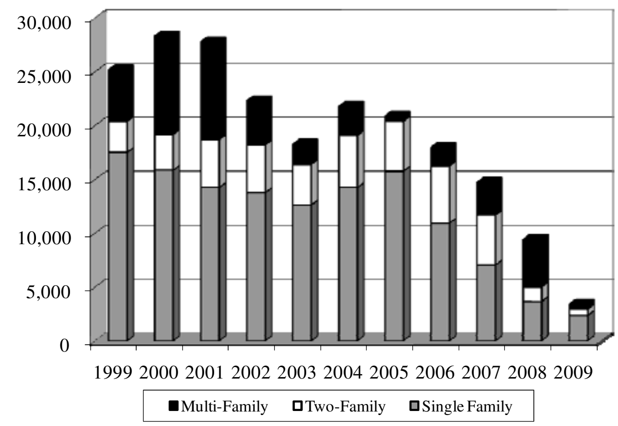
Following the trend in declining home sales, residential construction in the Denver metropolitan area also started to decline in 2005. In 2009, the region's counties and municipalities issued just over 3,400 residential building permits, a 63.9 percent decline from 2008, and an 84.4 percent decline in residential permits issued from the 2004 peak. In 2009, all communities in the Denver metropolitan area suffered reduced construction activity, with the largest declines in Broomfield County (-80.5 percent), the City and County of Denver (-80.1 percent), and Boulder County (-65.3 percent).

The total number of residential building permits includes permits for single-family detached homes, single-family attached homes – or condominiums, townhomes, and duplexes – and multi-family. There were 2,378 single-family detached permits issued in 2009, representing the largest component (70 percent) of residential building permits. Between 2005 and 2007, the region-wide decline in permits for single-family detached homes far exceeded the decline in permits for attached homes. The opposite was true in 2008 and 2009 as the construction downturn contributed to faster-than-average declines in single-family attached homes. In 2009, just over 590 single-family attached home permits were issued, putting that year's construction activity nearly 80 percent below the ten-year average. In 2009, permits for single-family attached homes fell 55.5 percent, while permits for detached homes declined 35.5 percent. All Denver metropolitan area counties saw a decline in both single-family attached and single-family detached building permits in 2009.

The multi-family (apartment) market contributed to the large decline in residential permit activity, plummeting 90.1 percent in 2009. In 2009, all Denver metropolitan area counties saw reduced multi-family construction activity. From 2006 to 2008, the multi-family market was outperforming other property types, with permit activity increasing an average of 60 percent per year. During this time, strong prospects in the Denver metropolitan area and a stable local apartment market contributed to rising multi-family building permits, more than tripling in 2006 and rising another 75 percent in 2007. In 2008, multi-family permits rose 46.4 percent, totaling over 4,410 permits in the region. That year, the largest increase in multi-family permits originated from the City and County of Denver, Broomfield County, and Douglas County. Multi-family permits plunged to just 438 in all seven counties in 2009.

Historically, apartment demand is closely tied to job growth and labor market trends. According to the *Denver Metro Apartment Vacancy and Rent Survey*, the region's vacancy rate averaged 8.1 percent in 2009. The apartment vacancy rate peaked at nine percent during the second quarter but declined to 7.7 percent by the end of the year. At this same time, the unemployment rate for the Denver metropolitan area followed the same trend, rising to 8.2 percent during second quarter 2009 and declining to 7.1 percent by fourth quarter 2009.

NEW HOME CONSTRUCTION



Source: Home Builders Association of Metro Denver.

The combination of the weak labor market and renters' desire to cut costs contributed to a declining average apartment rental rate in 2009. The Denver metropolitan area average apartment rental rate ended 2009 at $875 per month, a 1.5 percent decline from the prior year. Across the region, average monthly rents ranged from $809 in Adams County to $1,027 in Douglas County.

COMMERCIAL REAL ESTATE

The Denver metropolitan area's reputation for relatively inexpensive commercial real estate attracted large numbers of investors and developers following the 2001 recession. Declining vacancy and rapidly rising lease rates were the hallmarks of 2006, when investors spent a record $5 billion on the region's commercial real estate.

Development, sales, and leasing activity moderated in 2007, but the region's commercial markets did not show sustained signs of weakness until 2008. By 2009, weakness was substantially more evident in rising vacancy and falling lease rates. In addition, job losses across most sectors led to a lower demand for space forcing commercial development in the Denver metropolitan area to nearly halt. The combination of restricted lending and financial market uncertainty has led to significant downturns in the commercial real estate market.

The Denver metropolitan area is poised to make a strong revival when credit conditions and business demand improve. The region's relatively healthy balance of market supply and demand is set to propel the market ahead of other markets nationwide. In addition, the region ranks favorably because of its well-educated workforce, high quality of life, comparatively low costs of doing business, and attractive venture capital investment. Furthermore, the faltering market has allowed for lower rental rates that will help enable new businesses to set-up operations, while retaining existing businesses in commercial space.

Office Activity

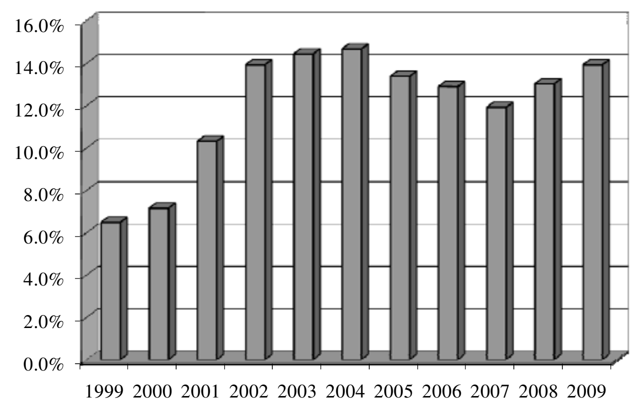
The widespread economic contraction and troubled housing sector weakened the Denver metropolitan area's office fundamentals in 2009. Office market demand is strongly linked to employment capacity. As a result, as a number of sectors trimmed payrolls in 2009, this led to rising vacancy and falling lease rates.

Data from CoStar Realty Information, Inc. shows the Denver metropolitan area's office market struggled in 2009. Thanks to weak demand for space and limited commercial credit, the region's direct vacancy rate ended the year at 13.9 percent, or nearly one percentage point higher than the 13 percent rate from the prior year. Direct office market lease rates fell from $21.24 per square foot in first quarter 2009 to $20.08 per square foot in fourth quarter 2009, which was the lowest lease rate reported since first quarter 2007.

In addition, the total square footage of office property newly constructed in the Denver metropolitan area in 2009 fell nearly 30 percent from the total finished in 2008. More than 1.5 million square feet of space in 22 buildings was completed throughout the year, with major projects including 1800 Larimer and the new FBI headquarters in Stapleton. Representing the largest office transaction to close in the Denver metropolitan area in the fourth quarter of 2009, online investment company Scottrade will expand its operations with a new facility in Westminster. In addition, the new building will act as a secondary business operations center.

The pipeline for office market development has largely emptied. As of the end of 2009, there was 1.2 million square feet of office space under construction compared to two million square feet under construction at the end of 2008 and 3.4 million square feet under construction at the end of 2007.

OFFICE DIRECT VACANCY RATE



Source: CoStar Realty Information, Inc.

Industrial and Flex Activity

The Denver metropolitan area's industrial market followed similar trends to the office market. The industrial market began to soften at the end of 2008 and was relatively subdued in 2009. The Denver metropolitan area's industrial market has had a relatively healthy balance of supply and demand and fewer foreclosures than other commercial markets. According to CoStar Realty Information, Inc., the direct vacancy rate in the fourth quarter of 2009 was

6.8 percent, a decrease from the 7.0 percent rate in the third quarter of 2009 and relatively unchanged from the year-ago rate. However, slower leasing activity has impacted average lease rates in the Denver metropolitan area. The industrial market's direct average lease rate has declined 7.7 percent since the second quarter of 2008, falling from $5.20 per square foot to $4.83 per square foot in fourth quarter 2009.

There was limited industrial development activity in 2009, with only about 230,000 square feet completed in six buildings, down from the 2.5 million square feet completed in 41 buildings at the end of 2008. The largest projects completed in 2009 were located in the City and County of Denver and included a 100,000-square-foot industrial building in the Denver Business Center and over 56,000 square feet of industrial space at the Stapleton Business Center. The remaining projects were dispersed throughout Adams and Arapahoe Counties.

The Denver metropolitan area's flex market continued to weaken in 2009. Within the flex market, the economic environment has forced tenant consolidations leading to an overall lack of tenant demand. This lack of demand has placed upward pressure on vacancy rates in the region. According to CoStar Realty Information, Inc., the Denver metropolitan area's direct flex market vacancy rate rose to 14.7 percent in the fourth quarter of 2009, an increase of over one percentage point from the fourth quarter of 2008. Surprisingly, direct lease rates have remained relatively stable, ending 2009 at $9.54 per square feet, up from $9.43 per square feet in third quarter 2009. In addition, flex market construction completed in 2009 totaled just 300,000 square feet in nine buildings and no flex space was under construction at year-end 2009.

While Denver metropolitan area industrial and flex construction remains stagnant, a few projects have proceeded as planned. Denmark-based Vestas Wind Systems A/S will construct three new manufacturing facilities in Brighton and Pueblo. Two plants in Brighton will assemble blades and nacelles, while the Pueblo facility will manufacture wind turbine towers. ConocoPhillips is also moving ahead with plans to redevelop the former 432-acre StorageTek campus in Louisville into a renewable energy center. The company plans to develop the energy research campus in three phases. The first phase will include a research center, a corporate learning center, office space, retail facilities, and a hotel for campus guests. As construction begins, more projects may develop around the campus.

Hospital and medical construction – classified as neither office nor industrial – has seen slightly weaker development activity in 2009. Despite difficult financing conditions for commercial real estate, a number of projects at the former Fitzsimons Army Medical Center are underway. The U.S. Department of Veterans Affairs Hospital recently broke ground at Fitzsimons in Aurora. The $1.1 billion stand-alone facility will be part of the Colorado Science + Technology Park in the Fitzsimons Life Science District and is scheduled to open in 2013. Similarly, builders recently began work on a new facility for University Physicians Inc. at the Colorado Science + Technology Park at Fitzsimons in Aurora. The $35 million, six-story building will include a parking structure and is located near a future light rail stop.

Work continues at the Parker Adventist Hospital which includes a $76 million two-phase expansion and renovation. The project also includes a four-story, 80,000-square-foot medical office building on the hospital grounds with completion slated for 2011. Medical facility projects are also underway in Jefferson County, where the new $498 million St. Anthony Medical Campus includes the OrthoColorado Hospital (opened June 2010) and the relocated St. Anthony Central Hospital (opening in 2011). In nearby Wheat Ridge, the Exempla Lutheran Medical Center opened the first phase of a $225 million expansion in June 2010 and the remainder of the five-story North Pavilion will open in stages over the next year. Further south, plans continue to evolve for new Centura Health facilities in Castle Rock with the first phase of the $120 million medical development to include a medical office building and an emergency care facility.

Redevelopment Activity

The former Fitzsimons Army Medical Center is the site of some of the most concentrated redevelopment activity in the Denver metropolitan area. The 578-acre site in Aurora is the home of the Anschutz Medical Campus and the Fitzsimons Life Science District. Included at the site is the 184-acre Colorado Science + Technology Park at Fitzsimons, which houses a business incubator with 14 pre-built labs, 21 executive office suites, and many shared services and amenities. In addition, the $1.5 billion Anschutz Medical Campus includes the University of Colorado Hospital and facilities for University Physicians, Inc. The campus is also home to the future Denver Veterans Affairs Medical Center and is adjacent to The Children's Hospital. Upon completion, the entire district and medical campus will account for approximately 18 million square feet of development. Now that the former University of Colorado Denver campus at Colorado Boulevard and East Ninth Avenue is essentially vacant, plans are underway for a mixed-use redevelopment including a hotel, retail and grocery store space, and residential space.

As part of Denver International Airport's planned expansion over the next five to 15 years, the airport is moving forward with plans to build the 500-room off-concourse Westin hotel. Slated for completion in late 2013, the hotel will be located at the south end of the airport's terminal and will offer a significant amount of meeting space.

Several other redevelopment projects across the Denver metropolitan area are following a mixed-use model. A 35-year-old hotel at East Hampden Avenue and I-25 will be converted to a mixed-use development for seniors. The redevelopment work for the Four Points by Sheraton Denver Southeast Hotel began when a lease for the property ended in 2009. The new property – to be named Highpointe at Hampden – will offer a variety of residential units, restaurants, and retail space. Further east, the Gardens on Havana – the $110 million mixed-use redevelopment of Aurora's Buckingham Square Mall – is one of few retail projects currently under construction. Several smaller stores opened in 2009 and also include larger stores such as Kohl's and Dick's Sporting Goods. The completed center will offer close to one million square feet of retail space. Further north, building has begun on the 780-acre mixed-use Adams Crossing development in Brighton. The development will house Adams County government operations in two buildings and will also include retail space, single-family homes, a hotel, and open space. Developers are also working to convert the former Southglenn Mall in Centennial to a mixed-use town center with apartments and retail space. Many retailers have already opened at the new Streets at SouthGlenn development and more grand openings are scheduled.

Other mixed-use projects in the Denver metropolitan area are considered transit-oriented developments. The bulk of these projects are centered on FasTracks, the $6.5 billion transit expansion project approved by voters in 2004. According to the Denver Regional Council of Governments, 67 projects located within one-half mile of a transit station are in planning phases or are already under construction. The largest of those projects are related to the Fitzsimons Life Science District and Union Station redevelopment. In total, projects to be completed over the next five years will add about 780 acres of transit-oriented development throughout the Denver metropolitan area.

Retail Activity

The Denver metropolitan area's retail market accounted for the majority of commercial construction that occurred in 2009, however the retail market's overall construction volume was down from previous years. Throughout the year, low consumer confidence contributed to tepid consumer spending and consumer frugality. Sharp declines in consumer foot traffic and spending forced a number of retailers to close, and those that survived the recession have likely delayed plans for near-term expansions. Despite the retail market slowdown, the

Denver metropolitan area's retail market remains competitive. The Denver metropolitan area retail market ranked 12th among 43 U.S. markets in Marcus and Millichap's 2009 National Retail Index. The index is based on criteria including job growth, vacancy rates, rent growth, retail sales, and other factors. The region's retail market moved up five places from a 17th-place ranking in 2008.

The region showed signs of possible stabilization by the fourth quarter of 2009. According to CoStar Realty Information, the Denver metropolitan area's direct retail market vacancy rate fell from nine percent in the third quarter of 2009 to 8.7 percent in the fourth quarter, ending the year nearly one-half of a percentage point higher than the year-ago level. The Denver metropolitan area's higher vacancy has placed pressure on the region's lease rates, which declined in 2009. The region's direct average lease rate for the retail market declined 6.2 percent over-the-year to $16.30 per square foot in the fourth quarter of 2009.

Despite rising vacancy rates and softening lease rates throughout 2009, moderate construction activity occurred in the Denver metropolitan area. About 2.1 million square feet of retail space in 80 buildings was completed by the end of 2009 including major projects such as the Streets at SouthGlenn, River Point at Sheridan, and the Shops at Quail Creek. Specifically, the Streets at SouthGlenn development accounted for 27 percent of all Denver metropolitan area retail property completed in 2009, and the largest single project was a 171,800-square-foot Super Target in Douglas County.

These facilities contribute to a larger community of retail establishments across the Denver metropolitan area. The region offers 21 retail and lifestyle centers of 500,000 square feet or more and numerous smaller shopping districts. These retail centers are geographically dispersed throughout the region, ranging from the Park Meadows Retail Resort in Douglas County and FlatIron Crossing in Broomfield to the Colorado Mills "shoppertainment" regional mall in Lakewood and Twenty Ninth Street in Boulder. These suburban malls complement the 1.1 million-square-foot Cherry Creek Shopping Center located within the City and County of Denver. Several of the region's retail centers – including Park Meadows and the Denver Pavilions shopping center in downtown Denver – have undergone or will soon begin expansions and renovations.

The Denver metropolitan area retail market continues to remain stronger than other retail markets across the nation, despite relatively flat consumer spending, depressed consumer confidence, and challenging financial markets that will keep pressure on retail market fundamentals. The combination of the region's milder housing crisis, stable population growth, and lower-than average unemployment rate have been instrumental in attracting and retaining retail developments in 2009.

TRANSPORTATION

The Denver metropolitan area's geographic position and diverse economy have combined to make it one of the nation's important transportation hubs. Offering access to transportation and distribution routes by road, air, and rail, the region competes favorably in the global marketplace.

Highways

Colorado's integrated transportation system consists of about 9,130 miles of highway and 3,400 bridges, handling approximately 48 billion vehicle travel miles each year. The Interstate highway system in Colorado covers 913 miles, about 10 percent of total mileage across the state. In addition, 40 percent of all travel takes place on Colorado's Interstate highways.

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.

The Denver metropolitan area's transportation network is continually growing and changing to accommodate passenger and freight traffic. In 2009, Colorado legislators approved a broad-based transportation improvement package called FASTER. The $250 million program will accelerate funding for repairs and maintenance on Colorado roads and bridges. The program also encourages state, local, and private collaboration for financing strategies, partnerships, concession agreements, and contracting for road projects.

The Denver metropolitan area's planning and development process for major highway projects is instrumental in providing a fully-integrated, transportation system for the region. The Transportation Expansion Project, or T-REX, was Colorado's largest public works project since the construction of Denver International Airport. The $1.7 billion venture included the widening of Interstates 25 and 225, the construction of a 19-mile light rail line in the southeast metro area, 13 new light rail stations, and reconstruction of bridges and outdated interchanges along the corridor. The project ended in 2006 – 22 months ahead of schedule and about three percent under budget – and has received the National Achievement Award from the National Partnership for Highway Quality as well as high ratings from commuters.

Roadways and pedestrian facilities throughout the Denver metropolitan area have improved with funding thus far from the American Recovery and Reinvestment Act (ARRA). Numerous resurfacing projects, bridge rehabilitation, and safety improvements have occurred and are in the planning stages with more than $100 million in ARRA funds to be distributed by the Colorado Department of Transportation. As of year-end 2009, 65 Colorado Department of Transportation projects were under construction and 17 projects had been completed with ARRA funds. The Denver Regional Council of Governments (DRCOG) received roughly $56 million of the Colorado Department of Transportation's ARRA funds. The DRCOG allocation resurfaced, replaced, and upgraded streets, highways, and pedestrian facilities throughout the Denver metropolitan area.

Mass Transit

The Regional Transportation District (RTD) serves the mass transit needs of the Denver metropolitan area. RTD operates 1,050 buses on 150 fixed routes and 125 light rail vehicles on 35 miles of track. The District operates 74 free parking lots (Park-N-Rides) for commuters using any of its 37 light rail stations and 10,199 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 2009 exceeded 98 million boardings.

As it continues to provide mass transit services throughout the Denver metropolitan area, the RTD network is also in transition. In November 2004, Colorado voters approved FasTracks, a $6.5 billion plan for the design and construction of the Denver metropolitan area's multi-modal transit network. Prior to FasTracks, light rail in the Denver metropolitan area consisted of the Central, Central Platte Valley, and Southwest Corridors. Parts of the new Southeast Corridor were added under T-REX in 2006, and light rail service now extends 19 miles south from downtown Denver along I-25 to Lincoln Avenue in Douglas County.

At completion, FasTracks will add transit connectivity in 10 corridors throughout the region. The project will add 122 miles of new light rail and commuter rail, 18 miles of bus rapid transit service, more than 21,000 parking spaces at transit facilities, and additional suburban bus service. In addition to the 37 transit stations that are currently operational or under construction, FasTracks will also add 57 new stations throughout the Denver metropolitan area.

Despite the weak economic conditions in 2009, FasTracks moved ahead with planned construction on a number of corridor and redevelopment projects. The West Corridor – a 12.1-mile line between Denver's Union Station and the Jefferson County Government Center in Golden – is the first FasTracks corridor to begin construction with completion slated in 2013. The project is also moving forward with two commuter rail lines – the East Corridor and the Gold Line – that will connect Denver's Union Station with Denver International Airport and cities northwest of downtown. The construction work on the East Corridor broke ground in August 2010. In addition, the Denver Union Station redevelopment project is underway that will transform the historic site into a 19.5-acre multi-modal transportation hub joining light rail lines with bus rapid transit, commuter rail, and office, retail, and residential space.

Air

Located approximately 24 miles northeast of downtown Denver, Denver International Airport is a 53-square-mile facility with six runways, three concourses, and 95 gates plus 62 regional aircraft positions. Denver International Airport is the only major U.S. airport built within the last 25 years and was the nation's first airport to receive ISO 14001 certification for its environmental management system. The airport's environmental management program includes protocol for storm and wastewater management, environmental planning, and compliance. In addition, Denver International Airport sustainability also includes two solar panel arrays, one of which completely powers the airport's fuel storage and distribution facility. Plans are also underway for Green Park DIA, a 4,200-space parking facility that will rely on wind and solar power.

Denver International Airport averaged nearly 1,700 flight operations and approximately 137,450 passengers every 24 hours in 2009, making it the fifth-busiest airport in the nation and 10th busiest in the world. Total passenger traffic at Denver International Airport was 50.2 million in 2009, down 2.1 percent below traffic from 2008. The decline, however, was significantly smaller than the drop in passenger traffic reported nationwide.

In 2009, Denver International Airport exceeded its planned capacity for its current facility. As a result, the airport is preparing for expansion over the next five to 15 years that will likely include new gates on existing concourses, upgrades to the baggage system, expanded security and parking areas, and a FasTracks commuter rail station. In addition, builders are expected to break ground in 2011 on a 500-room off-concourse hotel that will be located near a FasTracks commuter rail platform slated for completion in 2013. Denver International Airport is planning a series of information technology systems improvements, environmental and energy management studies, and upgrades to light and equipment storage facilities. Specifically, the Federal Aviation Administration began a Denver International Airport airfield study – a key consideration for locating a seventh runway – and airport officials are currently considering several alternatives for concourse expansion.

Denver International Airport is home to about 16 commercial carriers, the largest of which are United Airlines, Frontier Airlines, and Southwest Airlines. These commercial carriers offer more than 160 nonstop flights from the airport to domestic destinations and 18 international locations in Europe, Central America, Mexico, and Canada. Denver International Airport's sixth runway – the longest commercial runway in the nation – gives fully-loaded jumbo jets additional length to take off. The runway also provides unrestricted access and growth potential for international flights.

Eight cargo airlines and more than 15 major and national airlines also provide an extensive freight network between Denver and other cities. The cargo and freight industry continues to suffer from increased competition with other forms of transportation and in recent years, ocean shipment has become a more attractive option for many distributors. In addition, the economic downturn has contributed to high inventory levels and weak final demand resulting in a slowdown in worldwide trade. Denver International Airport handled 495 million pounds of cargo in 2009, which represents a 10.6 percent decline from cargo loads in 2008. Of the 2009 shipments, about 95 percent were freight and express while five percent were classified as mail.

Three reliever airports also serve business, recreational, and municipal users throughout the Denver metropolitan area. Centennial Airport serves the southeast metro area; Front Range Airport is located six miles southeast of Denver International Airport 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 transportation plays a major role in the movement of freight and passengers across the nation. The ability to transport large quantities of goods over long distances serves nearly every wholesale, industrial, retail, and resource-based sector of the economy and is vital to the Denver metropolitan area's economic health and global competitiveness. Across the state, 14 freight railroads cover 2,663 miles primarily moving coal, agricultural products, and consumer goods. Two Class I railroads – Burlington Northern Santa Fe and Union Pacific – provide freight service to the Denver metropolitan area.

Passenger service from Denver is available on Amtrak's California Zephyr route, which follows a scenic route through the Rocky Mountains west of Denver and connects Chicago to San Francisco. In 2009, rail passenger traffic reflected the declining confidence in the economy of business and leisure travelers alike. Total rail passenger traffic was about 120,240 riders through Denver in 2009, a decline of 7.3 percent from 129,770 riders a year earlier.

TOURISM

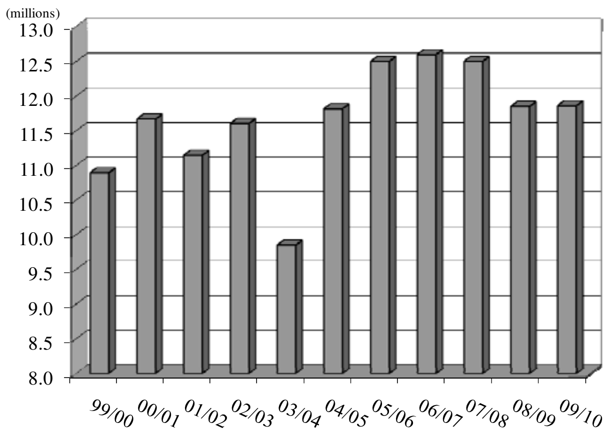
According to a recent study by Longwoods International, Denver tourism activity remained relatively stable in 2009 as travel trends weakened nationwide. Visitor spending in the Denver metropolitan area was unchanged from 2008 at $3.1 billion, while the total number of overnight visitors to Denver decreased slightly to 12.1 million. Top attractions for visitors in 2009 included the 16th Street Mall and the Cherry Creek Shopping District as well as the LoDo historic district, the Colorado Mills Mall, Denver Zoo, and numerous other cultural facilities.

The region also hosts a variety of professional sports teams and venues. Denver is one of only five U.S. cities with 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.

These sports teams have a significant economic impact on the Denver metropolitan area and all play in sports venues constructed within the last 15 years. Coors Field – a 76-acre, $215 million ballpark – hosted two sold-out games of the 2007 World Series. Nearby, the $364 million, 76,125-seat INVESCO Field at Mile High football stadium hosts Denver Broncos football and Denver Outlaws games as well as large public events. Dick's Sporting Goods Park opened in spring 2007 and hosts the Colorado Rapids soccer team. This 18,000-seat stadium and surrounding fully-lit, 24-field complex is considered the largest and most state-of-the-art professional stadium and field complex in the world. Finally, the $180 million Pepsi Center hosts three professional sports teams and numerous sporting and special events throughout the year.

Professional athletics in the Denver metropolitan area are well complemented by abundant opportunities for year-round outdoor recreation. The Denver metropolitan area is located on the doorstep to the Rocky Mountains and offers hiking, biking, and climbing during warmer months, and the nation's most popular destinations for ski trips during the winter months. Amid the economic downturn, Colorado skier visits managed to increase slightly in the 2009/2010 season as spring storms improved snow conditions and attracted in-state visitors to Front Range resorts. Also, a number of Front Range resorts extended their ski seasons and others reopened for several weekends after officially closing. The total number of Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – increased 0.8 percent from the 2008/2009 season to approximately 11.9 million in the 2009/2010 season.

COLORADO SKIER VISITS



Source: Colorado Ski Country USA.

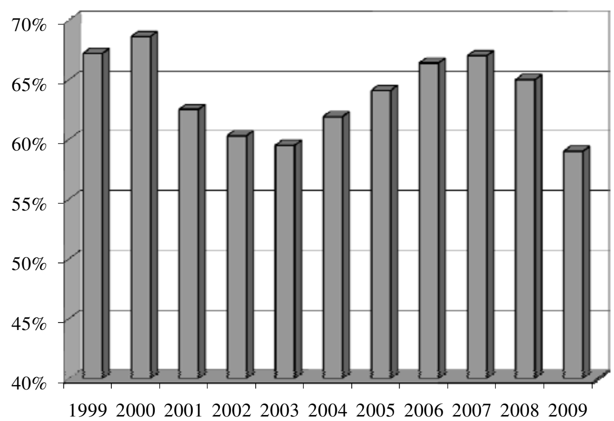
Convention activity in the Denver metropolitan area proved to be challenging as global financial uncertainty and a weak economy impacted business and leisure travel in 2009. Despite the difficult economic conditions, the Colorado Convention Center's events schedule remains full. According to data from the Denver Metro Convention and Visitors Bureau, the 2009 convention season brought 66 out-of-town meetings and events to the Colorado Convention Center that attracted 209,548 visitors and generated $417.4 million in local spending. The Colorado Convention Center is the eighth largest public meeting facility west of the Mississippi with 584,000 square feet of exhibit space and 100,000 square feet of meeting space. In 2009, the Colorado Convention Center partnered with Greenprint Denver, MMA Renewable Ventures, Oak Leaf Energy Partners, SunPower Corp., Xcel Energy, and Namaste Solar to unveil the region's newest 300-kilowatt solar power system. The 30,000-square-foot solar power system makes the Colorado Convention Center an ideal location for "green" meetings.

In addition to immediate economic impacts, the 2008 Democratic National Convention gave the Denver metropolitan area international exposure that will support convention activity for years to come. In 2010, high-profile convention events planned in Denver include the National Association for Rural Mental Health Annual Conference, the American Public Health Association Annual Meeting, the National Association of Hispanic Journalists Conference, and the International Society for Technology in Education Conference.

Even with weaker-than-average conditions in the hospitality sector, convention and visitor activity continues to drive development in the Denver metropolitan area. The $350 million, 45-story Four Seasons Hotel and Private Residences at 14th and Arapahoe in downtown Denver will offer 230 hotel rooms and more than 100 condominiums. The building should be completed in fall 2010. Along the 14th Street corridor, WPM Construction is building a 17-story, 120-room Embassy Suites that will join a series of hotels positioned to attract visitors to the Colorado Convention Center. Starwood Hotels and Resorts Worldwide, Inc. recently opened Colorado's first Element Hotel, a so-called "eco-chic" destination that offers high-efficiency appliances and fixtures, healthy dining options, and a saline-treated pool. The hotel opened near Park Meadows Mall in late 2009. Plans are also moving forward to build a hotel and cultural center for the Museum of Contemporary Art at 15th and Delgany Streets across from the museum. Ground-breaking is scheduled for late 2010.

Hotel occupancy rates in 2009 followed typical seasonal trends - rising to 72 percent in July 2009 and declining to 41.9 percent in December 2009. According to the *Rocky Mountain Lodging Report,* the average annual Denver metropolitan area hotel occupancy rate declined to 59 percent in 2009, a six-percentage point decline from the 65 percent annual average in 2008. Across the region, 2009 occupancy rates ranged from 43.1 percent in the North Denver market to 64 percent in the Northeast Denver market, or the region that includes the Stapleton area and Denver International Airport.

HOTEL OCCUPANCY RATES



Source: Rocky Mountain Lodging Report.

In conjunction with declining hotel occupancy rates in the Denver metropolitan area, the average hotel room rate declined to $106.85 in 2009 from $118.27 in 2008. This decrease reflected significant challenges posed by the economic recession in the lodging industry as businesses and consumers trimmed travel expenditures throughout the year.

SUMMARY

While the Denver metropolitan area was not immune to the Great Recession, the region's economic fundamentals are fostering recovery. The region's housing market experienced a milder contraction compared with markets across the nation with home prices heading upwards by the end of 2009. While increased sales activity and rising home prices have contributed to a relatively stable residential market, foreclosures will continue to be a challenge for homeowners in the region.

The recession impacted most industries and areas across the state, with employment declining 4.4 percent in 2009 in the Denver metropolitan area. The Denver metropolitan area's average annual unemployment rate of 7.8 in 2009 exceeded Colorado's 7.7 percent rate but was one and one-half percentage points below the national average. Nine of the 11 industry "supersectors" in the Denver metropolitan area shed jobs in 2009. Only the education and health services and government sectors posted gains during the year.

Employment losses were accompanied by the steepest declines in consumer spending the region has ever experienced, challenging sales-tax dependent governmental budgets. Job losses also impacted the commercial real estate markets, leading to rising vacancies and declining lease rates. Thanks to limited new construction, vacancies rate increases were more moderate in the Denver metropolitan area than other parts of the country.

Throughout the recession, the Denver metropolitan area's highly educated workforce and affordable cost of living continued to attract businesses and headquarters to the region. In particular, renewable energy and other "green industry" sectors, education and health services, and bioscience added jobs in 2009. The combination of self-employment, small business, and large firms form a solid economic base from which to forge economic recovery. In addition, the region's geographic position and diverse economy make it one of the nation's important transportation hubs, allowing it to compete effectively in the global marketplace.

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DATA APPENDIX

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
POPULATION (July 1)											
United States (thousands)	279,040	282,172	285,082	287,804	290,326	293,046	295,753	298,593	301,580	304,375	307,007
Colorado	4,215,984	4,301,261	4,456,408	4,529,927	4,595,132	4,663,404	4,731,275	4,826,843	4,919,187	5,011,390	5,083,249
Denver Metropolitan Area	2,349,188	2,418,304	2,484,048	2,521,644	2,556,011	2,595,704	2,629,526	2,680,647	2,734,483	2,788,765	2,828,564
City and County of Denver	545,517	555,782	566,969	566,161	570,954	574,327	576,928	585,026	596,582	611,509	622,105
POPULATION GROWTH RATE											
United States	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%	0.9%	0.9%
Colorado	2.8%	2.0%	3.6%	1.6%	1.4%	1.5%	1.5%	2.0%	1.9%	1.9%	1.4%
Denver Metropolitan Area	3.0%	2.9%	2.7%	1.5%	1.4%	1.6%	1.3%	1.9%	2.0%	2.0%	1.4%
City and County of Denver	2.3%	1.9%	2.0%	-0.1%	0.8%	0.6%	0.5%	1.4%	2.0%	2.5%	1.7%
NET MIGRATION											
Colorado	79,306	85,912	79,061	34,330	25,281	27,810	27,927	55,338	51,220	52,567	29,531
Denver Metropolitan Area	47,456	46,092	41,287	12,637	8,807	13,481	8,384	25,965	28,699	29,877	13,595
City and County of Denver	7,411	5,111	5,200	(6,642)	(1,377)	(2,578)	(3,557)	2,158	5,606	8,935	4,497
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	129.0	131.8	131.8	130.3	130.0	131.4	133.7	136.1	137.6	136.8	130.9
Colorado (thousands)	2,132.6	2,213.8	2,226.9	2,184.2	2,152.8	2,179.6	2,226.0	2,279.1	2,331.3	2,350.3	2,244.0
Denver Metropolitan Area (thousands)	1,318.6	1,374.9	1,375.2	1,332.8	1,314.0	1,324.7	1,350.1	1,377.5	1,407.4	1,420.9	1,358.2
City and County of Denver	455,642	469,144	461,996	438,891	425,474	423,446	424,641	432,416	442,750	449,257	423,329
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.3%
Colorado	3.6%	3.8%	0.6%	-1.9%	-1.4%	1.2%	2.1%	2.4%	2.3%	0.8%	-4.5%
Denver Metropolitan Area	4.0%	4.3%	0.0%	-3.1%	-1.4%	0.8%	1.9%	2.0%	2.2%	1.0%	-4.4%
City and County of Denver	2.1%	3.0%	-1.5%	-5.0%	-3.1%	-0.5%	0.3%	1.8%	2.4%	1.5%	-5.8%

2009 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	5.1%	6.9%	6.0%	5.3%
Manufacturing	9.1%	5.8%	5.8%	4.6%
Wholesale & Retail Trade	15.4%	14.8%	15.0%	12.1%
Transportation, Warehousing, Utilities	3.7%	3.2%	3.6%	5.7%
Information	2.1%	3.3%	4.1%	3.4%
Financial Activities	5.9%	6.6%	7.4%	8.2%
Professional & Business Services	12.7%	14.7%	16.9%	18.4%
Education & Health	14.7%	11.5%	11.6%	12.1%
Leisure & Hospitality	10.0%	11.7%	10.5%	10.7%
Other Services	4.1%	4.2%	3.9%	3.3%
Government	17.2%	17.4%	15.3%	16.2%

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UNEMPLOYMENT RATE											
United States	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%
Colorado	3.0%	2.7%	3.8%	5.7%	6.1%	5.6%	5.1%	4.4%	3.9%	4.9%	7.7%
Denver Metropolitan Area	2.6%	2.6%	3.8%	5.9%	6.4%	5.8%	5.2%	4.4%	3.9%	4.9%	7.8%
City and County of Denver	3.3%	3.0%	4.4%	6.7%	7.2%	6.6%	5.8%	4.9%	4.3%	5.5%	8.6%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	166.6	172.2	177.1	179.9	184.0	188.9	195.3	201.6	207.3	215.3	214.5
Denver-Boulder-Greeley	166.6	173.2	181.3	184.8	186.8	187.0	190.9	197.7	202.0	209.9	208.5
INFLATION RATE											
United States	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.8%	-0.4%
Denver-Boulder-Greeley	2.9%	4.0%	4.7%	1.9%	1.1%	0.1%	2.1%	3.6%	2.2%	3.9%	-0.6%

DATA APPENDIX

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$7,906	$8,555	$8,879	$9,055	$9,369	$9,929	$10,477	$11,257	$11,880	$12,226	$12,016
Colorado	$130,663	$147,056	$156,469	$157,753	$159,919	$168,588	$179,698	$194,393	$205,548	$212,320	$207,742
Denver Metropolitan Area	$82,421	$93,832	$99,609	$99,904	$100,935	$106,176	$113,048	$123,020	$129,019	$132,823	N/A
City and County of Denver	$19,419	$22,008	$23,469	$23,834	$23,933	$25,031	$26,593	$29,535	$30,311	$31,308	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	5.1%	8.2%	3.8%	2.0%	3.5%	6.0%	5.5%	7.4%	5.5%	2.9%	-1.7%
Colorado	8.8%	12.5%	6.4%	0.8%	1.4%	5.4%	6.6%	8.2%	5.7%	3.3%	-2.2%
Denver Metropolitan Area	9.3%	13.8%	6.2%	0.3%	1.0%	5.2%	6.5%	8.8%	4.9%	2.9%	N/A
City and County of Denver	8.0%	13.3%	6.6%	1.6%	0.4%	4.6%	6.2%	11.1%	2.6%	3.3%	N/A
PER CAPITA PERSONAL INCOME											
United States	$28,333	$30,318	$31,145	$31,462	$32,271	$33,881	$35,424	$37,698	$39,392	$40,166	$39,138
Colorado	$30,919	$33,977	$35,296	$35,023	$35,156	$36,652	$38,555	$40,899	$42,449	$43,021	$41,344
Denver Metropolitan Area	$34,963	$38,827	$40,247	$39,864	$39,940	$41,572	$43,695	$46,636	$47,936	$48,357	N/A
City and County of Denver	$35,381	$39,576	$41,581	$42,480	$42,863	$44,817	$47,376	$51,935	$52,370	$52,788	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	3.9%	7.0%	2.7%	1.0%	2.6%	5.0%	4.6%	6.4%	4.5%	2.0%	-2.6%
Colorado	6.0%	9.9%	3.9%	-0.8%	0.4%	4.3%	5.2%	6.1%	3.8%	1.3%	-3.9%
Denver Metropolitan Area	6.3%	11.0%	3.7%	-1.0%	0.2%	4.1%	5.1%	6.7%	2.8%	0.9%	N/A
City and County of Denver	6.4%	11.9%	5.1%	2.2%	0.9%	4.6%	5.7%	9.6%	0.8%	0.8%	N/A
RETAIL TRADE SALES											
United States (Billions)	$3,092	$3,290	$3,386	$3,467	$3,614	$3,833	$4,078	$4,294	$4,436	$4,400	$4,136
Colorado (millions)	$52,609	$57,955	$59,014	$58,850	$58,689	$62,288	$65,492	$70,437	$75,329	$74,760	$66,345
Denver Metropolitan Area (millions)	$31,590	$35,159	$35,657	$35,355	$35,548	$37,197	$38,589	$41,491	$44,177	$43,829	$38,880
City and County of Denver (millions)	$7,302	$8,105	$7,860	$7,564	$7,364	$7,691	$7,963	$9,480	$10,162	$10,252	$8,518

DATA APPENDIX

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
RETAIL TRADE SALES GROWTH RATE											
United States	8.1%	6.4%	2.9%	2.4%	4.2%	6.1%	6.4%	5.3%	3.3%	-0.8%	-6.0%
Colorado	9.2%	10.2%	1.8%	-0.3%	-0.3%	6.1%	5.1%	7.6%	6.9%	-0.8%	-11.3%
Denver Metropolitan Area	11.0%	11.3%	1.4%	-0.8%	0.5%	4.6%	3.7%	7.5%	6.5%	-0.8%	-11.3%
City and County of Denver*	7.2%	11.0%	-3.0%	-3.8%	-2.6%	4.4%	3.5%	19.1%	7.2%	0.9%	-16.9%
MEDIAN HOME PRICE											
United States (thousands)	$141.2	$147.3	$156.6	$167.6	$180.2	$195.2	$219.0	$221.9	$217.9	$196.6	$172.1
Denver Metropolitan Area (thousands)	$171.3	$196.8	$218.3	$228.1	$238.2	$239.1	$247.1	$249.5	$245.4	$219.3	$219.9
EXISTING HOME SALES											
Denver Metropolitan Area	46,742	48,611	47,832	47,919	47,966	54,012	53,106	50,244	49,789	47,837	42,070
NEW RESIDENTIAL UNITS DENVER METROPOLITAN AREA											
Single Family	17,523	15,873	14,262	13,793	12,656	14,260	15,778	10,952	7,082	3,686	2,378
Two-Family	2,883	3,321	4,442	4,425	3,755	4,843	4,642	5,311	4,632	1,330	592
Multi-Family	4,784	9,116	9,090	4,085	1,858	2,681	459	1,727	3,015	4,413	438
Total Units	25,190	28,310	27,794	22,303	18,269	21,784	20,879	17,990	14,729	9,429	3,408
OFFICE VACANCY RATE											
Denver Metropolitan Area	6.5%	7.2%	10.3%	13.9%	14.4%	14.7%	13.4%	12.9%	11.9%	13.0%	13.9%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	67.2%	68.6%	62.5%	60.3%	59.5%	61.9%	64.1%	66.4%	67.0%	65.0%	59.0%
SKIER VISITS	**99/00**	**00/01**	**01/02**	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**
Colorado (millions)	10.9	11.7	11.1	11.6	9.9	11.8	12.5	12.6	12.5	11.9	11.9

N/A: Not Available

*Note: 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; CB Richard Ellis; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; Colorado Ski Country USA; and Colorado Convention and Visitors Bureau.

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: October 29, 1996

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

I. Purpose

A. In connection with the issuance of certain bonds, notes, certificates of participation and other municipal securities, the City and its Enterprises are 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.

B. Such 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.

C. This Order is issued in order to centralize the information dissemination process, to establish appropriate controls on Disclosure Statements made by the City, 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 intended in any way to limit any person's access to public records or information, nor to infringe upon the normal political process, in particular the right of any elected official of the City to review, discuss, release, comment upon or criticize any information.

II. Definitions

A. Meanings and Construction. As used in this Order, the terms, "annual financial information," "issuer," "municipal securities," "obligated person," and "official statement" shall have the meanings ascribed thereto under Rule 15c2-12, and the following terms shall have the following meanings:

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. "Compliance Officer" means the Manager of the Department of Revenue, ex-officio Treasurer of the City.

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

4. "Rule 15c2-12" means the Rule of that designation 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.

5. "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.

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

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

III. Statement of Policy

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

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 Compliance Officer.

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 the release thereof shall be approved by the Compliance Officer.

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 Compliance Officer.

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 Compliance Officer any such Disclosure Statement, together with such additional information requested by the Compliance Officer, and each such employee, agent and official of the City shall consult with the Compliance Officer concerning such proposed Disclosure Statement.

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 Compliance Officer required by this Order shall be deemed to be a statement or undertaking by or on behalf of the City or such Enterprise.

IV. Rules and Regulations

The Compliance Officer shall promulgate and revise from time to time such rules and regulations as the Compliance Officer 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:

Daniel E. Muse

Daniel Muse
Attorney for the City and County of Denver

Approved:

Wellington E. Webb
Mayor

Bruce Baumgartner
Manager of Public Works

Patricia Gabow, M.D.
Manager of Health and Hospitals

Fidel Montoya
Manager of Safety

Cheryl Cohen
Manager of Revenue

Philip A. Hernandez
Manager of Social Services

Betty Jean Brooks
Manager of Parks and Recreation

Alonzo Matthews
Manager of General Services

James DeLong
Manager of Aviation

APPENDIX C
2009 ABSTRACT OF ASSESSMENT

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2009 Abstract of Assessment

	Total Assessed Value	Total Actual Value
Vacant Land		
Residential	$ 101,033,750	$ 348,392,200
Commercial	79,999,100	275,859,000
Industrial	23,061,950	79,524,000
Agricultural	43,790	151,000
PUD	9,721,530	33,522,500
All Others	17,590,550	60,657,100
Minor Structures	71,580	246,800
Possessory Interest	84,830	292,500
Total	**$ 231,607,080**	**$ 798,645,100**
Residential		
Single Family	$ 3,231,073,990	$ 40,591,381,800
Condominiums	755,279,560	9,488,436,700
Duplexes/Triplexes	89,230,860	1,120,990,700
Multi Unit (4 to 8)	33,960,310	426,637,000
Multi Unit (9 & up)	432,507,710	5,433,514,000
Manufactured Homes	498,590	6,263,700
Partial Exempt	3,120,960	39,208,000
Total	**$ 4,545,671,980**	**$ 57,106,431,900**
Commercial		
Merchandising	$ 728,279,890	$ 2,511,310,000
Lodging	269,077,710	927,854,100
Offices	2,372,916,970	8,182,472,300
Recreation	106,321,020	366,624,200
Commercial Condos	136,452,990	470,527,600
Possessory Interest	38,071,450	131,280,900
Special Purpose	665,670,940	2,295,417,000
Warehouses	968,129,490	3,338,377,600
Multi-Use	142,206,130	490,365,900
Partial Exempt	24,998,030	86,200,100
Total	**$ 5,452,124,620**	**$ 18,800,429,700**
Industrial		
Manufacturing	$ 144,197,790	$ 497,233,800
Industrial Condos	182,700	630,000
Total	**$ 144,380,490**	**$ 497,863,800**
Personal Property		
Residential	$ 8,956,520	$ 30,884,600
Commercial	689,432,960	2,377,355,000
Industrial	114,583,470	395,115,400
Prod. Oil & Gas	63,300	218,300
Total	**$ 813,036,250**	**$ 2,803,573,300**
Natural Resources		
Prod. Oil & Gas	$ 4,020,490	$ 4,594,800
Total	**$ 4,020,490**	**$ 4,594,800**
State Assessed	**$ 821,501,810**	**$ 2,832,764,900**
Grand Total	**$ 12,012,342,720**	**$ 82,844,303,500**

Exempt Properties	**Total Assessed Value**	**Total Actual Value**
Federal Government	$ 132,280,460	$ 456,139,500
State Government	385,714,390	1,332,835,700
County Government	1,752,540,240	6,368,921,500
Political Subdivisions	967,326,270	3,393,699,600
Religious Entity	206,913,930	761,362,900
Private Schools	122,167,430	421,839,300
Charitable Entities	290,823,900	1,280,966,900
All Others	212,703,010	737,531,800
Total	**$ 4,070,469,630**	**$ 14,753,297,200**

Special Taxing Districts

	Assessed Value	Mill Levy	Tax Revenue
Bowles Metropolitan	$ 27,467,330	40.000	1,098,693
Broadway Station Metro No. 3	5,866,250	11.000	64,529
Central Platte Valley Metro	35,005,200	53.000	1,855,276
Central Platte Valley Metro debt	57,219,130	20.000	1,144,383
Cherry Creek North B.I.D.	191,112,700	17.642	3,371,610
Cherry Creek Subarea B.I.D.	16,474,200	1.577	25,980
Clear Creek Valley Water	1,114,030	2.807	3,127
Colfax B.I.D.	50,324,580	7.846	394,847
Colo Int'l Center Metro No 14	4,804,490	60.000	288,269
Denver Gateway Center Metro	4,788,740	32.992	157,990
Denver Gateway Meadows Metr	1,570	30.000	47
Denver High Point @ DIA Metro	628,830	15.000	9,432
Denver Intl. Bus. Center No 1	24,183,210	40.000	967,328
Denver Suburban Water	309,605,020	0.325	100,622
DUS Metro District No 2	433,830	30.000	13,015
Ebert Metropolitan	63,473,390	75.000	4,760,504
Fairlake Metropolitan	19,509,530	37.914	739,684
Fairlake Metropolitan debt	9,309,330	25.000	232,733
First Creek Metropolitan	10,830	10.845	117
Gateway Regional Metropolitan	51,213,560	16.000	819,417
Gateway Regional Metro debt	5,431,290	1.631	8,858
Gateway Village G.I.D.	17,648,340	32.500	573,571
Goldsmith Metropolitan	309,605,020	17.542	5,431,091
Goldsmith Metropolitan debt	28,570,380	8.000	228,563
Greenwood Metropolitan	1,405,310	12.927	18,166
GVR Metropolitan	63,892,350	22.002	1,405,759
Holly Hills Water & Sanitation	18,151,190	2.716	49,299
Madre Metropolitan No 2	4,102,930	50.000	205,147
Mile High Business Ctr Metro	15,012,140	35.000	525,425
N. Washington Fire Protection	6,342,590	13.335	84,578
North Washington Street Water	6,342,590	0.949	6,019
Old South Gaylord B.I.D.	5,375,850	3.573	19,208
Sand Creek Metropolitan	32,951,650	27.000	889,695
Sand Creek Metropolitan debt	9,508,040	21.000	199,669
SBC Metropolitan*	55,795,670	35.000	1,952,848
Section 14 Metropolitan	8,977,630	21.043	188,916
Section 14 Metropolitan debt	6,515,350	16.155	105,255
Sheridan Sanitation Dist No. 2	485,360	0.555	269
South Denver Metropolitan	58,669,570	7.000	410,687
Southeast Public Improvement	309,974,070	2.024	627,388
Town Center Metropolitan	260,790	75.000	19,559
Valley Sanitation	10,074,100	2.493	25,115
Westerly Creek Metro Dist.**	269,771,460	55.168	14,882,752
Total			**$ 43,905,443**

*$1,550,013 of the tax for SBC Metropolitan is distributed directly to Stapleton TIF.

**$10,785,274 of the tax for Westerly Creek is distributed directly to Stapleton TIF.

Tax Increment Finance Districts

District	Assessed Value
Alameda Square	$ 1,300,195
American National	3,894,776
California St. Parking Garage	745,939
Cherokee	$0
City Park South	14,533,574
Downtown Denver	129,103,803
Executive Tower Hotel	10,947,571
Guaranty Bank	1,847,147
Highlands Garden Village	7,877,971
Lowenstein Theater	3,174,630
Lowry	148,783,950
Mercantile Square	1,084,383
Northeast Park Hill	5,476,057
Pepsi Center	34,332,609
Point Urban	1,071,580
South Broadway	18,591,006
St. Luke's #1	11,949,559
St. Luke's #2	10,145,230
Stapleton	317,652,247
Westwood	7,222,882
York Street	5,789,600
Total	**$ 735,524,709**

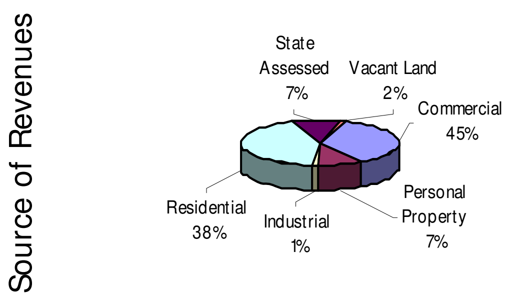
Summary of Levies and Taxes

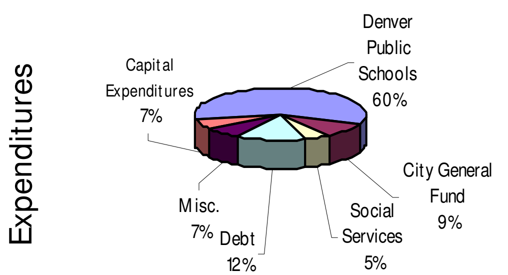
	Mill Levy	Tax Revenue
City & County of Denver		
General Fund	5.867	$ 70,476,415
Bond Principal	4.470	53,695,172
Bond Interest	3.110	37,358,386
Social Services	3.394	40,769,891
Developmentally Disabled	1.013	12,168,503
Fire Pension	1.258	15,111,527
Police Pension	1.502	18,042,539
Capital Improvement	2.170	26,066,784
Capital Maintenance	2.524	30,319,153
Total	**25.308**	**$ 304,008,370**
School District #1		
General Fund	32.912	$ 395,350,224
Bond Redemption	6.350	76,278,376
Total	**39.262**	**$ 471,628,600**
Urban Drainage & Flood Control District	**0.569**	**$ 6,835,023**
Total General Taxes	**65.139**	**$ 782,471,992**
Total Special District Taxes		**43,905,443**
Grand Total of All Taxes		**$ 826,377,435**
Taxes Distributed to DURA Denver Urban Renewal Authority		**$ 60,246,631**
Taxes Distributed to DDA Denver Downtown Development Authority		**388,456**

2010 Assessment Calendar

January 1—All taxable property is listed and valued based on its status as of this date.
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 (if changed since 2009) are mailed to taxpayers.
May 1 to June 1—Assessor hears protests of real property valuations.
By June 15—Taxpayer is notified of business personal property valuations.
June 15 to July 5—Assessor hears protests of business personal property valuations.
By June 30-Notice of Determination from real property protests mailed.
June 30 to July 15-County Board of Equalization appeals accepted.
July 1-County Board of Equalization hearings scheduled concluding on or before August 5.
By August 25—Initial Certifications of Value are sent to each of the taxing entities in the county.
By December 15—Taxing entities certify mill levy to Assessor.
By December 22—Final mill levies are approved for the following year's tax collections.

2009 Property Tax Dollars





General Information

The Division of Assessment 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 responsibility of the owner to ensure that property is correctly listed on the assessment rolls.

Please Note

- The Assessor does **not** set tax rates (mill levies).
- City & County taxes are established each year under Constitution Amendment 1 (TABOR) guidelines and are approved by the Mayor and City Council.
- School taxes are levied by the Denver School District 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 2009, the State set the following assessment rates:
Residential property……………………...7.96%
Production oil & gas…………………….87.50%
All remaining property…………………..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 2010 must be paid by February 28th and the second half must be paid by June 15th. 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

2009

Total Assessed Valuation $12,012,342,720

John W. Hickenlooper
Mayor

Paul H. Jacobs
Assessor