CITY AND COUNTY OF DENVER, COLORADO
2009 DISCLOSURE STATEMENT

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

For the year ended December 31, 2008

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

2009 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 17, 2009

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, 2008* is to present information about the City's 2008 financial condition, but it also contains certain post-2008 information as noted. **The *Disclosure Statement for the Year Ended December 31, 2008* 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 several bond transactions in 2008 for the purpose of refunding and restructuring certain Airport obligations in order to reduce its exposure to the volatility in interest rates precipitated in large part by the downgrades in the ratings of bond insurers. In April 2008, $608,840,000 Series 2008A1-A4 bonds were issued for the purpose of current refunding all of the then outstanding Series 2001C3-C4 bonds, Series 2002A1-A3 bonds, Series 2004A-B bonds and Series 2005B1-B2 bonds. In June 2008, the Airport issued $81,800,000 Series 2008B bonds for the purpose of current refunding all of the then outstanding Series 2005C1-C2 bonds. In November 2008, $92,600,000 and $200,000,000 Series 2008C1 and Series 2008C2-C3 bonds were issued for the purpose of current refunding all of the then outstanding Series 2000C and 2000B bonds.

The City also issued $174,135,000 General Obligation Bonds, Series 2008 in February 2008, as the final series of bonds for the Justice System Facilities Project. The voters had approved the issuance of a total of $378,000,000 in general obligation bonds for this project.

Lastly, the City entered into two lease purchase transactions in the last quarter of 2008. In October 2008, $260,000,000 Series 2008A1-A3 certificates of participation were executed and delivered by the related trustee for the purpose of current refunding the City's lease purchase obligations represented by the Series 2003C1-C3 certificates of participation. In November 2008, the City entered into a lease purchase transaction in respect of which $17,735,000 Series 2008B certificates of participation were executed and delivered by the related trustee for the

DENVER
THE MILE HIGH CITY

purpose of designing, constructing and equipping a parking facility at the Denver Botanic Gardens.

For those who seek additional information about the City's 2008 transactions or other financings, the Official Statements can be found in the files of the Municipal Securities Rulemaking Board, or online at www.dacbond.com, or may be obtained by calling the City's Debt Management offices at 720-865-7116.

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, 2008,* or if you have any comments regarding future disclosures.

Sincerely

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

CITY AND COUNTY OF DENVER OFFICIALS
AS OF DECEMBER 31, 2008

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
George B. Beardsley	Member
Susan D. Daggett	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 2.7 million people, representing more than half of the population of the State, currently reside in the Denver metropolitan area, of which approximately 600,000 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.

On November 7, 2006, the electors of the City passed amendments to the City Charter which authorized the creation of a Department of Finance and the appointment of a Manager of Finance to serve as the chief financial officer of the City. Under the amendments and effective January 1, 2008, the Manager of Finance replaced the Manager of Revenue on the Mayor's cabinet and became 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 historically provided by the City Auditor were transferred to 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. Powers to conduct financial and performance audits are carried out by the City Auditor in that office's strengthened audit capacity.

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, 2008, 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, Kelly Brough, the Chief of Staff, Chris Henderson, Chief Operating Officer, and David Roberts, Chief Services Officer, have significant advisory roles in formulating policy.

Since December 31, 2008, the following changes have taken place in the Mayor's cabinet or the staffing described above:

- Chris Henderson left the position of Chief Operating Officer in March. No replacement has been announced.

- Kelly Brough has announced her resignation as Chief of Staff, and will leave the City on September 18. As of September 11, 2009 Roxane White has been announced as the incoming Chief of Staff.

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.

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 City has 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 also required to be included in the budget. Revenues in excess of those projected, or an opening balance larger than projected, are added to the Contingency Reserve.

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

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 requires voter approval prior to the creation by the City of any multiple-fiscal year debt or other financial obligation, subject to certain exceptions including refinancing outstanding bonds at a lower interest rate.

TABOR contains the provision that voters may authorize a public entity to retain excess revenues that would otherwise need to be repaid to the taxpayers. TABOR also limits 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 thereof made in the preceding year, adjusted for inflation and local growth, unless the voters approve a "revenue change." Under TABOR, the creation of bonded debt increases and retiring or refinancing bonded debt lowers, fiscal year spending. If revenues collected by the City in excess of the spending limit are required to be refunded, they must be refunded during the next calendar year. TABOR contains the provision that voters may approve an entity to retain excess revenues.

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.

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 2006, 2007 and 2008, 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, 2008, 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, 2008, 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: 8.965 for 2005; 8.854 mills for 2006; 9.323 mills for 2007; 8.591 mills for 2008, and 6.389 mills for taxes being collected in 2009. These levies take into account the temporary mill levy rate reductions as needed to comply with State Constitutional revenue and spending limitations. See "Constitutional Revenue and Spending Limitations."

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. 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.

The occupational privilege tax (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 Capital Improvement Project Fund (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 2.7% of total General Fund revenues in 2007 and were budgeted to account for approximately 5.0% of total General Fund revenues in 2008 due to this change. For 2008, the property taxes reallocated from the General Fund to the CIP Fund are $21,664,000.

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 2008 Budget (47.6%) was allocated to Public Safety, which is primarily responsible for administering police, fire and sheriff's department services. For the 2009 Budget, Public Safety represents 47.7% of the General Fund.

Management Discussion of 2009 Budget

The 2009 Budget, adopted in November 2008, assumed a slowing growth rate in the economy for the next couple of years. Compared to the 2008 Revised Budget, total General Fund revenues were projected to grow 2.89%, while sales tax revenues, which represent 50% of the total General Fund revenues were estimated to grow 1.9%. Total General Fund expenditures for 2009 were projected to be $914 million, an increase of 5.00%.

Actual 2008 sales and use tax collections were 3.05% greater than 2007. Revised revenue figures for 2009, including an expected 8% decline of 2009 sales and use tax collections, have created an estimated budget gap of approximately $120 million. The City is implementing cost saving and other strategies to reduce its 2009 General Fund expenditures. These strategies include identifying additional operational savings, personnel review sessions prior to filling vacant positions, employee furlough days, concessions from uniformed employees' bargaining agreements, and the partial use of fund balance reserves, consistent with the City's financial policies. In 2009, Denver employees have already taken two furlough days, and two additional furlough days in the fall have been announced. The current plan is designed to minimize layoffs whenever possible and maintain core services.

The 2010 budget has been submitted by the Mayor on September 15, 2009 and is on schedule to be reviewed, revised and adopted by City Council this fall. A copy of the 2010 budget as submitted and any later revisions can be obtained under the Budget and Management Office section at www.denvergov.org.

TABLE 1

GENERAL FUND BUDGET SUMMARY
2007 ACTUAL RESULTS, 2008 REVISED BUDGET AND 2009 BUDGET
Prepared in Budgetary Format
($ in thousands)

	2007 Actual Results	2008 Revised Budget	2009 Budget
REVENUES			
Taxes	$552,416	$582,984	$593,333
Licenses and Permits	22,938	20,047	21,582
Intergovernmental Revenues	29,227	26,973	27,334
Charges for Services	146,684	148,506	158,794
Investment Income	12,533	8,323	7,788
Fines and Forfeitures	37,418	41,497	43,233
Other Revenues	47,422	42,831	44,312
TOTAL FINANCIAL SOURCES	848,638	871,161	896,376
EXPENDITURES			
General Government	193,903	214,667	219,621
Public Safety	400,770	414,702	435,594
Public Works	91,947	82,754	85,080
Health	42,286	43,061	44,906
Parks and Recreation	47,480	49,782	50,713
Cultural Activities	30,129	31,397	32,308
Other Financing and Adjustments	(1,031)	517	2,632
Transfers to other City Funds	33,218	33,677	43,216
TOTAL EXPENDITURES BUDGET	838,703	870,557	914,069
TOTAL/EXPENDITURES/ USE OF RESOURCES			
Excess (Deficit) Financial Resources	9,935	604	(17,693)
Adjustment in Undesignated Reserves	16,025	(583)	--
Unrestricted Fund Balance – January 1	128,814	154,774	154,795
Unrestricted Fund Balance – December 31	$154,774	$154,795	$137,102

(Source: The 2009 Mayor's Budget, dated October, 2008)

TABLE 2

GENERAL FUND BUDGET SUMMARY
2007 ACTUAL RESULTS, 2008 REVISED BUDGET AND 2009 BUDGET
(by percentage)

	2007 Actual Results	2008 Revised Budget	2009 Budget
REVENUES & OTHER FINANCING SOURCES			
Taxes	65.1%	66.9%	66.2%
Licenses and Permits	2.7	2.3	2.4
Intergovernmental Revenues	3.4	3.1	3.0
Charges for Services	17.3	17.0	17.7
Investment and Interest Income	1.5	1.0	0.9
Fines and Forfeitures	4.4	4.8	4.8
Other Revenues	5.6	4.9	4.9
TOTAL REVENUES & OTHER FINANCING SOURCES	100.0%	100.0%	100.0%
EXPENDITURES & OTHER FINANCING USES			
General Government	23.1%	24.7%	24.0%
Public Safety	47.8	47.6	47.7
Public Works	11.0	9.5	9.3
Health	5.0	4.9	4.9
Parks and Recreation	5.7	5.7	5.5
Cultural Activities	3.6	3.6	3.5
Other Financing and Adjustments	(0.1)	0.1	0.3
Transfers to other City Funds	4.0	3.9	4.7
TOTAL EXPENDITURES & OTHER FINANCING USES	100.0%	100.0%	100.0%

(Source: The Mayor's 2009 Budget, dated October 2008)

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,.

2004. A slow and gradual economic recovery was projected with Denver lagging behind the nation because of the downturn in the telecommunications and technology industries. A modest 1.1% sales tax growth was budgeted for 2004, but sales tax actually declined by 1.27%. The City implemented additional cost saving measures including limiting its capital projects to only critical maintenance projects, reducing capital equipment purchases, reducing fleet replacement and refinancing debt where appropriate. Some City employees were required to take two days leave without pay, to contribute 2 percent to pension costs, to pay a larger share of health insurance premiums, and to defer any pay increases until 2005.

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 are projected to be 4.34% higher in 2007 as compared with 2006. The City has also seen higher than average growth in lodging tax, due in large part to construction of several new hotels in the downtown area. Operating expenditures are under budget due to efforts by departments to save money to ease pressures on the 2008 budget.

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.

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 2004 through 2008.

TABLE 3

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

	2004	2005	2006	2007	2008
ASSETS					
Cash and cash equivalents	$ 77,031	$ 80,062	$ 91,178	$ 94,691	$ 94,089
Cash on hand	--	--	2	2	30
Receivables (net of allowances for uncollectibles):					
Taxes	121,778	124,775	128,385	113,616[1]	117,668[1]
Notes	--	--	--	25	25
Accounts	3,633	7,588	11,494	14,292	13,737
Accrued interest	552	1,091	1,537	1,111	781
Due from other funds	14,613	26,049	26,711	289	31,596
Interfund receivable	88	80	97	30,977	215
Prepaid items and other assets	28,500	24,530	1	--	861
Restricted assets:					
Cash and cash equivalents	17,989	19,681	42,608	40,817	21,001
TOTAL ASSETS	$264,184	$283,856	$301,512	$295,820	$280,003
LIABILITIES					
Vouchers payable	$ 10,814	$ 15,548	$ 13,135	$ 13,576	$ 10,672
Accrued liabilities	7,590	7,572	10,177	12,168	19,160
Due to other funds	1,935	3,067	3,413	2,776	3,450
Deferred revenue	77,884	79,099	89,131	71,706	75,252
Advance	--	--	--	3	--
TOTAL LIABILITIES	$ 98,223	$105,286	$115,856	$100,229	$108,554
FUND BALANCE					
Reserved for emergency use	$ 17,989	$ 19,681	$ 19,663	$ 20,101	--[2]
Reserved for encumbrances	12,349	13,727	14,635	--	--
Reserved for prepaid items and other assets	28,500	24,530	22,544	20,716	$ 21,001
Unreserved:					
Designated for net unrealized gains	--	--	--	--	--
Undesignated	107,123	120,632	128,814	154,774	150,448
TOTAL FUND BALANCE	$165,961	$178,570	$185,656	$195,591	$171,449
TOTAL LIABILITIES AND FUND BALANCE	$264,184	$283,856	$301,512	$295,820	$280,003

1 The decrease in tax revenues allocated to the General fund between 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 a reserved fund balance to a TABOR Emergency Reserve Special Revenue Fund.

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2004 -2008)

TABLE 4

CITY AND COUNTY OF DENVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2004-2008
($ in thousands)

	2004	2005	2006	2007	2008
REVENUES					
Taxes:					
Property	$ 71,600	$ 74,131	$ 75,158	$ 79,232	$ 62,703[1]
Sales and Use	361,988	389,731	397,163	418,177	430,928
Other	71,235	76,473	51,760	73,531	80,284
Licenses and Permits	23,439	26,046	26,123	28,094	27,763
Intergovernmental Revenues	29,212	28,794	31,527	32,861	32,107
Charges for Services	103,878	95,108	120,694	107,519	137,160
Investment Income	3,994	6,360	11,571	18,717	11,692
Fines and Forfeitures	31,159	30,510	34,246	34,253	38,416
Other Revenues	12,444	6,919	7,863	11,165	8,663
TOTAL REVENUES	$708,949	$734,072	$756,105	$803,549	$829,716
EXPENDITURES					
Current:					
General Government	$161,183	$163,547	$165,154	$156,040	$175,817
Public Safety	338,000	361,645	374,829	400,469	423,136
Public Works	67,212	68,407	73,463	84,310	81,710
Health	40,145	40,702	41,745	41,783	42,438
Parks and Recreation	40,932	42,501	45,210	47,003	49,516
Culture and Entertainment	28,815	29,342	29,780	31,386	32,531
Community Development	--	--	--	17,499	17,209
Principal retirement	--	--	--	571	378
Interest	--	--	--	2,737	4,047
Capital Outlay	1,705	749	--	--	--
TOTAL EXPENDITURES	$677,992	$706,893	$730,181	$781,798	$826,782
Excess of Revenues Over Expenditures	$ 30,957	$ 27,179	$ 25,924	$ 21,751	$ 2,934
OTHER FINANCING SOURCES (USES)					
Insurance Recoveries		134	99	1	74
Proceeds from Sale Capital Assets	--	--	7	13	--
Proceeds from Financing Transactions	$ 1,705	749	--	--	9,710
Operating Transfers In	18,175	18,034	24,725	32,333	30,731
Operating Transfers Out	(38,183)	(33,487)	(43,668)	(44,163)	(67,591)
TOTAL OTHER FINANCING SOURCES (USES)	$(18,303)	$(14,570	$(18,838)	$(11,816)	$(27,076)
Net Change in Fund Balances	12,654	12,609	7,086	9,935	(24,142)
Fund Balance – January 1	153,307	165,961	178,570	185,656	195,591
FUND BALANCE – December 31	$165,961	$178,570	$185,656	$195,591	$171,449

1 The decrease in tax revenues allocated to the General fund between 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”

(Source: City and County of Denver’s Comprehensive Annual Financial Reports, 2004 - 2008)

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 revenue from this increase is only available for such purpose, and cannot be used for General Fund Revenue. Collection started January 1, 2007. The City imposes specific tax rates for the following goods or services:

GENERAL FUND SALES AND USE TAX RATES
EFFECTIVE FOR 2008

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 2008 reflects the City's total tax rate of goods and services as set forth; however, portions of the prepared food and drink tax, automobile rental tax and lodgers' taxes are reflected in the General Fund's Sales and Use Tax category while the remainder is pledged 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
1998 – 2008
($ in thousands)

Year	Revenues	Percent Change
1999	$347,811	6.90%
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

[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 1999 through 2008.

TABLE 6

STATE PROPERTY APPRAISAL SYSTEM

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

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 2008. 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 February 28 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, or to fund a City program for the developmentally disabled. 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 2008, this capital maintenance levy generated approximately $26 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	2004	2005	2006	2007	2008
City and County of Denver:					
General Fund	8.965	8.854	9.323	8.591	6.389
Bond Principal Fund	6.260	6.248	6.933	4.750	4.470
Bond Interest Fund	2.200	2.185	1.500	3.683	3.110
Human Services	3.886	3.838	3.992	3.630	3.698
Developmentally Disabled	1.000	1.000	1.012	1.013	1.011
Fire Pension	1.440	1.422	1.480	1.345	1.371
Police Pension	1.720	1.698	1.767	1.607	1.636
Capital Maintenance	--	--	--	2.500[2]	2.500
Capital Improvement	--	--	--	--	2.350
School District No.1	38.327	40.360	40.333	39.210	39.657
Urban Drainage and Flood Control District	0.604	0.597	0.608	0.568	0.591
TOTAL MILL LEVY:	64.402	66.202	66.948	66.897	66.783

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.

(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

	2004	2005	2006	2007	2008
ACTUAL AND ASSESSED VALUATION:			($ in millions)		
Statutory Actual Valuation (est.)[1]	$ 62,867	$ 65,842	$66,999	$ 74,348	$ 78,564
Assessed Valuation:					
Real Property – Land	$ 2,060	$ 2,342	$ 2,348	$ 3,145	$ 3,042
Real Property – Improvement	5,002	5,112	5,221	5,952	6,191
Personal Property	728	729	715	780	792
Public Utilities	743	760	751	784	838
Total Assessed Valuations[2]	$ 8,533	$ 8,943	$ 9,035	$ 10,660	$ 10,863
Total Assessed Valuation Percentage Change[3]	1.2%	4.8%	1.0%	17.9%	1.9%
LEVIES AND COLLECTIONS:[4]			($ in thousands)		
Taxes Levied:	$ 183,007	$ 189,029	$ 194,857	$ 242,269[5]	$ 239,658
Total Collections	$ 179,968	$ 185,398	$ 192,164	$ 238,425	N/A
Percent of Original Levy Total Collections to Date:	98.97%	98.82%	99.31%	99.10%	N/A

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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 $677,117,213 for 2008.

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 2007 are collected in 2008.

5 Represents the General Purpose Mill Levy that includes about $24,360,000 and $25,529,000, respectively, for capital improvements in 2007 and 2008.

(Sources: Department of Finance)

Assessed Valuation of Major Taxpayers

Table 9 lists the ten major property taxpayers based on assessed valuations for the 2008 assessment year.

TABLE 9

CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2008
(FOR COLLECTION 2009)
($ in thousands)

Name	Business	Assessed Valuation	Percentage of City's Total Assessed Valuation[1]
Qwest Inc.	Utility	$ 198,396	1.83%
Xcel Energy Corp.	Utility	164,862	1.52
United Airlines, Inc.	Airlines	125,728	1.16
Callahan Capital Partners	Real Estate	96,813	0.89
Frontier Airlines	Airlines	78,783	0.73
Columbia-HealthOne LLC	Medical	74,173	0.68
Temple Hoyne Buell Foundation	Shopping Center	73,060	0.67
Republic Plaza Properties	Real Estate	71,261	0.66
Maguire Properties-Denver Center LLC	Real Estate	63,074	0.58
Skywest Airlines	Airlines	56,395	0.52
	TOTALS	$1,002,545	9.23%

1 Based on a December 31, 2008, certified assessed valuation of $10,863,244,130.

(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, 2008, the City had outstanding general obligation bonds in the aggregate principal amount of $551,679,000, which does not include accrued interest of $2,535,810 on compound interest bonds. In addition there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of $42,725,000.

At the municipal election held on May 3, 2005, City voters authorized the issuance of $378,000,000 in General Obligation Bonds for the purpose of acquiring and constructing new justice system facilities. The facilities are expected to include a new pre-arraignment detention facility, a courtroom building, a parking structure and a partial remodeling of the current jail facilities. In February 2008, the City issued General Obligation Bonds in the remaining authorized amount for this project in the amount of $174,135,000.

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. The City anticipates that the Better Denver Bonds will be issued over a period of five to seven years. As of December 31, 2008, no General Obligation Bonds for this authorization had been issued. 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 General Obligation Bonds of which $78,000,000 was applied to the authorized Better Denver Bonds projects.

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, 2008.

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN

TOTAL ESTIMATED ACTUAL VALUATION	$ 78,563,808,200
Maximum general obligation debt, limited to 3% of total valuation	$ 2,356,914,246
Less: Outstanding bonds chargeable to limit	551,679,000
LEGAL DEBT MARGIN – December 31, 2008	$ 1,805,235,246

General Obligation Bonded Debt

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2008.

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 Various Purpose Bonds, Series 2000[2]	29,000	16,050
General Obligation Denver Art Museum Bonds, Series 2002	52,500	35,410
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	35,000	19,965
General Obligation Medical Facilities Bonds, Series 2003B	148,000	105,925
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	77,000	66,700
General Obligation Justice System Facilities Bonds, Series 2006	125,000	125,000
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007[3]	8,861	8,861
General Obligation Justice System Facilities Bonds, Series 2008	174,135	170,635
Subtotal	652,630	551,679
General Obligation Water Bonds[4]	161,730	42,725
TOTAL:	$814,360	$594,404

1 Amount excludes $1,804,959 of compound interest on the Series 1999A bonds.
2 The 2000 Bonds were refunded in 2009 with General Obligation Refunding Bonds, Series 2009B, in the aggregate principal amount of $14,415,000.
3 Amount excludes $730,852 of compound interest on the Series 2007 bonds.
4 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, 2008 (excluding bonds issued by the Denver Water Board).

Year Ending December 31	Debt Service ($ in thousands)
2009	$ 69,891
2010	53,925
2011	55,720
2012	55,992
2013	53,012
2014 through 2025, totaling	502,386
TOTAL:	$ 790,927

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, 2008.

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

Total Direct General Obligation Bonded Debt	$ 594,404
Less General Obligation Water Bonds	42,725
Net Direct General Obligation Bonded Debt	$ 551,679
Overlapping Debt[1]	625,042
Net Direct and Overlapping General Obligation Bonded Debt	$ 1,176,721
Actual Valuation	$78,563,808
Assessed Valuation[2]	$ 10,863,244

	DEBT RATIOS		
	Actual Valuation	**Assessed Valuation**	**Per Capita[3]**
Total Direct G.O. Bonded Debt	0.76%	5.47%	$ 980
Net Direct G.O. Bonded Debt	0.70	5.08	909
Net Direct and Overlapping G.O. Bonded Debt	1.50	10.83	1,940

1 The overlapping general obligation debt set forth is the outstanding debt of School District No. 1 as of December 31, 2008 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 $677,117,213.

3 Based upon the 2008 population estimate of 606,649.

(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 Occupational Privilege Tax ("Head Tax"). There are no City Charter limitations stipulating maximum revenue bond debt.

Colorado Convention Center Excise Tax Revenues. The total City Lodger's Tax, imposed in 2008 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 1999A, 2001A, 2001B and 2005A Bonds (as hereafter described), and 1.75% is pledged only to the payment of the 2001A, 2001B and 2005A Bonds. Of the Lodgers Tax, 2.75% is allocated to the privately operated Denver Metro Convention and Visitors Bureau and not pledged for bond debt service. The Food and Beverage tax is 4.0%. Of that amount, 0.50% is pledged to be used for the payment of the 1999A, 2001A, 2001B and 2005A 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 1999A, 2001A, 2001B and 2005A Bonds, and 1.75% is pledged only to the payment of the 2001A, 2001B and 2005A Bonds. In May and June 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 and 2005A Excise Tax Revenue Bonds.

TABLE 11

COLORADO CONVENTION CENTER RELATED
DEBT SERVICE COVERAGE ON EXCISE TAX BONDS
PAYABLE FROM PLEDGED REVENUES
1999-2008
($ 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]
1999	$9,172	$6,980	$6,558	--	$715	$23,425	$8,247	2.84%
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

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, 2001B and 2005A 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 1999A.

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 1998 through 2008:

TABLE 12

TOTAL SEAT TAX COLLECTIONS AND PAYMENTS IN LIEU OF SEAT TAXES FOR 1999 THROUGH 2008

Bond Year	Seat Tax Collections	Payments in Lieu of Seat Taxes	Total
1998	$13,096,707	--	$13,096,707
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

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 is 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 2008:

TABLE 13

TOTAL HEAD TAX COLLECTIONS FOR EACH BOND YEAR ENDING 1999 THROUGH 2008

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

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 2008:

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	16.4

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 2004 through 2008:

TABLE 15

Historical Coverage

	2004	2005	2006	2007	2008
Operating Revenues	$7,332,202	$7,661,000	$8,053,000	$8,157,324	$8,399,251
Non-Operating Revenues	57,000	89,000	60,000	143,000	(72,520)
Series 2005 Rate Maintenance Account	-	-	240,403	240,403	240,403
Golf Enterprise Fund Gross Revenue	7,389,202	7,750,000	8,353,403	8,540,727	8,567,134
Operation and Maintenance Expenses[1]	6,398,000	7,130,000	7,425,000	5,567,734	7,285,941
Pledged Revenue	991,202	620,000	928,403	2,972,993	1,281,193
Series 2005 Maximum Annual Debt Service	686,865	686,865	686,865	686,865	686,865
Coverage	1.44	0.90	1.35	4.33	1.87

1 Excludes depreciation.

The following table sets forth comparative, unaudited operating results of the Enterprise for Fiscal Years 2004 through 2008.

TABLE 16*

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

	2004	2005	2006	2007	2008
Operating Revenues					
Golf Charges	$7,332,202	$7,661,000	$8,055,000	$8,141,979	$8,395,666
Other	-	-	(2,000)	15,345	3,584
Total Operating Revenues	**7,332,202**	**7,661,000**	**8,053,000**	**8,157,324**	**8,399,251**
Operating Expenses					
Personnel Services	3,839,000	4,074,000	4,079,000	4,291,415	4,563,226
Contractual Services	305,000	391,000	660,000	528,139	256,903
Supplies and Materials	748,000	968,000	810,000	722,975	1,067,259
Depreciation Expense	768,000	657,000	649,000	658,000	667,771
Other Operating Expenses	1,506,000	1,697,000	1,876,000	25,205	1,398,554
Total Operating Expenses	**7,166,000**	**7,787,000**	**8,074,000**	**6,225,734**	**7,953,713**
Operating Income (Loss)	166,202	(126,000)	(21,000)	1,931,590	445,538
Non-Operating Revenue (Expenses)					
Investment and Interest Income	57,000	89,000	319,000	455,000	225,803
Interest Expenses	-	-	(259,000)	(312,000)	(298,322)
Income(Loss) Before Transfer Out	**223,202**	**(37,000)**	**39,000**	**2,074,590**	**373,018**
Net Assets – January 1	10,207,000	10,430,202	10,393,202	10,432,202	12,506,792
Net Assets – December 31	$10,430,202	$10,393,202	$10,432,202	$12,506,792	$12,879,810

(Source: City and County of Denver's Comprehensive Annual Financial Reports, 2004-2008)

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. A multi-year drought in 2003 led to decreased attendance and increased costs, which led to an increase in fees approved by the City Council to cover possible losses effective January of 2006. Table 18 reflects the latest increase in green fees effective as of March 1, 2008.

TABLE 17

Total Rounds Played

	2004	2005	2006	2007	2008
City Park	52,288	54,298	55,280	55,874	54,312
Evergreen	26,687	26,689	22,843	24,677	24,319
Harvard Gulch	31,004	31,379	30,471	33,025	33,504
Kennedy	107,785	110,111	100,814	97,688	103,156
Overland	50,698	52,637	51,903	51,350	53,751
Wellshire	58,317	59,929	57,442	54,906	54,390
Willis Case	51,934	53,648	48,809	52,063	47,953
Total	**378,713**	**388,691**	**367,562**	**369,583**	**371,385**

TABLE 18

Schedule of Green Fees Effective as of March 1, 2008 – Denver Golf Courses

Category of Play	City Park	Evergreen	Harvard Gulch[1]	Kennedy	Overland	Wellshire	Willis Case
18-Hole Resident – Weekday	$23.00	$22.00	N/A	$23.00	$23.00	$23.00	$23.00
18-Hole Resident – Weekend	31.00	30.00	N/A	31.00	31.00	31.00	31.00
18-Hole Non-Resident-Weekday	23.00	22.00	N/A	23.00	23.00	23.00	23.00
18-Hole-Non-Resident-Weekend	31.00	30.00	N/A	31.00	31.00	31.00	31.00
18-Hole Resident Senior	15.00	18.00	N/A	18.00	18.00	18.00	18.00
18-Hole Resident Junior	13.00	13.00	N/A	13.00	13.00	13.00	13.00
Nine-Hole Resident-Weekday	14.00	14.00	$7.00	14.00	14.00	14.00	14.00
Nine-Hole Resident Weekend	16.00	16.00	7.00	16.00	16.00	16.00	16.00
Nine-Hole Non-Resident Weekday	14.00	14.00	7.00	14.00	14.00	14.00	14.00
Nine-Hole Non-Resident Weekend	16.00	16.00	7.00	16.00	16.00	16.00	16.00
Nine-Hole Resident Senior	9.00	9.00	6.00	9.00	9.00	9.00	9.00
Nine-Hole Resident Junior	8.00	6.00	6.00	8.00	8.00	8.00	8.00
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, 2008, the School District had $625,041,601 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, 2008, the aggregate principal amount of such certificates outstanding was $778,737,160. 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 $25,994,957 for 2008. The Sewage District had outstanding $69,266,213 aggregate principal amount of bonds as of December 31, 2008.

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, 2008, $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, 2008, the Transportation District had $1,257,750,000 in aggregate principal amount of outstanding obligations. Of this principal amount, $948,275,000 was bonded debt backed by the Transportation District's sales tax and $309,475,000 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 grand monies. As of December 31, 2008, the Transportation District had amortized all but $46 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 The outstanding principal amount on these obligations as of December 31, 2008 was $98,246,052.

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	2008 Assessed Valuation Attributable to Denver	% of Total Denver Assessed Value	2007 Bond Mill Levy
Bowles Metro[2]	$ 26,444,760	0.243%	21.878
Central Platte Valley Metro	87,510,160	0.806	40.000
Denver Gateway Center Metro	3,550,290	0.033	26.992
Denver Inter. Bus. Center Metro	19,079,230	0.176	23.320
Ebert Metro	66,057,080	0.608	52.700
Fairlake Metro	25,400,850	0.234	26.000
GVR Metro	84,966,140	0.782	15.950
Gateway Regional Metro	42,965,420	0.396	15.000
Gateway Village GID	22,677,490	0.209	22.000
Goldsmith Metro[2]	277,702,420	2.556	9.000
Greenwood Metro[2]	812,790	0.007	9.000
Madre Metro No. 2	3,655,360	0.034	40.000
Mile High Business Ctr. Metro.	13,344,340	0.123	30.000
North Washington Fire[2]	5,348,960	0.049	1.244
Sand Creek Metro[2]	35,021,460	0.322	21.000
SBC Metro	48,948,200	0.451	28.600
Section 14 Metro[2]	13,912,140	0.128	19.997
South Denver Metro	46,892,250	0.432	7.000
Southeast Public Impr. Metro[2]	251,527,400	2.315	0.300
Westerly Creek Metro	252,973,310	2.329	53.387
Special District Total Assessed Value	$1,328,790,050	12.232%	
Denver Total Assessed Value[3]	$10,863,244,130		

1 As of November 30, 2008.
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.

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, 2008	$4,000,000[1]
December 1, 2008	4,000,000[1]
June 1, 2009	4,250,000[1]
December 1, 2009	4,250,000
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, 2007 and 2008:

	2007	2008
Retirees and beneficiaries currently receiving benefits	6,590	6,869
Deferred Retirement Option Plan (DROP) participants	24	0
Terminated employees entitled to benefits but not yet receiving such benefits	3,303	3,338
Current employees:		
Vested	6,525	6,227
Non-vested	2,778	3,097
TOTAL	19,220	19,531

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 between 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. As of December 31, 2008, the total net plan assets were $1,524,407,352. Per DERP's independently audited 2008 Comprehensive Financial Annual Report, as of January 1, 2009, the most recent valuation, 97% 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, 2008, the under funded amount of the retirement plan for health insurance was estimated below 25% 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 $27,894,000 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. In 2008, the City contributed $30,135,265 and the State of Colorado contributed $30,998,724 to the fund. The State of Colorado contributed $30,996,023 in 2007. In 2009, the State did not budget a contribution to the fund. According to the January 1, 2008, actuarial valuation, it was projected that the Old Hire Fire plan would be fully funded by January 1, 2009; however, as of January 1, 2009, the value of the combined Old Hire Plans had dropped by 29.5%.

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

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, 2008 are summarized in Table 21.

TABLE 21

SCHEDULE OF LEASE PURCHASE TRANSACTIONS AND RELEASE DATES

Series	Outstanding Principal Amount (As of 12/31/08)	Leased Property	Release Dates
1995A	$ 355,000	City Office Building for Information Services and other City departments	January 1, 2014
2001A	10,560,000	2000 W. 3rd Avenue – Wastewater Building	December 1, 2017
2001B	19,115,000	5440 Roslyn – Fleet Maintenance Facility, Fire Stations #1, #10 & #15, and 2 Fire Trucks	December 1, 2016
2001C	12,265,000	Blair-Caldwell Research Library	December 1, 2021
2002A-B	13,975,000	Denver Cultural Center Parking Garage	December 1, 2021
2003A	3,660,000	Cherry Creek North Parking Garage	December 1,2017
2003B	48,930,000	Buell Theatre, Jail Dorm Bldg	December 1, 2023
2005A	44,540,000	Human Services Campus	May 1, 2020
2008A1-A3	260,000,000	Wellington E. Webb Office Building	December 1, 2031
2008B	17,735,000	Denver Botanic Gardens Parking Facility	May 1, 2020
TOTAL:	$431,135,000		

DENVER WATER BOARD

The following section has been taken from the 2008 CAFR of the Denver Water Board and has not been independently verified. 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 2008

Denver Water's water supplies were plentiful throughout 2008 – irrigation season averaged 94% at the end of 2008, 5% higher than historical 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 four principal strategies in 2008:

- 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.

- 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.

- Developing new supplies – Previous planning projections indicate that without further action, Denver Water will experience a water supply shortage of 34,000 acre-feet by 2030. To address this challenge, the Board has recommended expanding the storage capacity of its Moffat Collection System to yield an additional 18,000 acre-feet of supply. The remaining shortfall will be overcome through conservation measures aimed at permanently reducing demand by 16,000 acre-feet.

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 acreage served by Denver Water as of December 31, 2008 was as set forth below.

SERVICE AREA

	Undeveloped Acres	Developed Acres	Total Acres
Outside City			
Total Service	3,742.64	22,400.89	26,143.53
Read & Bill	4,271.53	27,723.44	31,994.97
Master Meter	14,782.13	43,236.36	58,018.49
Inside City	22,289.65	76,673.55	98,963.20
Total	45,085.95	170,034.24	215,120.19

The number of customer accounts served by Denver Water and its master meter customers as of December 31, 2008 was as follows:

NUMBER OF CUSTOMER ACCOUNTS – ACTIVE TAPS*

	Number of Accounts
City	159,674
Treated Water Contract Area:	
Master Meter	77,049
Total Service	36,230
Read & Bill	36,420
Total Customer Accounts	309,373

**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 5.89% of treated water sales revenue received in fiscal year 2008.

TABLE 22

**TOTAL TREATED WATER CONSUMPTION
FOR THE PERIOD 1999 - 2008**

	Millions of Gallons				
Year	**Annual**	**Daily Average**	**Daily Maximum**	**Estimate of Population Served July 1**[1]	**Average Daily Gallons Per Capita**
1999	75,232.01	206.12	475.66	1,012,000	204
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

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, due to the availability of new census data.

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 23, 2008, the Water Board issued $1,800,000 Clean Renewable Energy Tax Credit Bonds. The Bonds were issued in accordance with the Second Supplement to the Master Bond Resolution dated June 11, 2008 for the extension, betterment, other improvement, and equipment of the Water Works System.

The following table shows outstanding General Obligation and Water Revenue Bonds as of December 31, 2008.

TABLE 23

BOARD OF WATER COMMISSIONERS
GENERAL OBLIGATION AND WATER REVENUE BONDS
Outstanding at December 31, 2008
($ 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	4.00-4.70%	11,215	(4,620)	6,595
Series 2001B	4.00-5.00%	75,170	(64,830)	10,340
Series 2002	3.00-4.50%	11,610	(3,595)	8,015
Total General Obligation Bonds		$ 125,225	$ (63,680)	$ 42,725
Water Revenue Bonds				
Series 2003A	2.50–5.00%	$ 50,000	$ (500)	$ 49,500
Series 2003B	3.75-5.00%	77,155	(15,940)	61,215
Series 2004	4.125-5.50%	43,655	(5,500)	38,155
Series 2005	3.25-5.25%	30,000	(3,060)	26,940
Series 2007A	3.00-5.00%	100,000	-	100,000
Series 2008A	0.75%	1,800	(120)	1,680
Total Water Revenue Bonds		$ 302,610	$ (25,120)	$ 277,490

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, 2008, the aggregate principal components of the lease payments remaining under the MLPA were $33,805,000, 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 $34,500,000 through 2020. The present value of the minimum lease payments as of December 31, 2008, net of interest, was $22,309,000. 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 $576.1 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 $131.1 million have been collected since inception.

TABLE 24

SYSTEM DEVELOPMENT CHARGES
AND PARTICIPATION RECEIPTS 1973-2008
(Cash Basis - Net of Refunds)

	System Development Charges[1]	Participation Receipts
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	$576,079,316	$131,133,313

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

SYSTEM DEVELOPMENT CHARGES
(As of December 31, 2008)
$/TAP

	Treated Water	
	Inside Denver	**Outside**
Sing1e Family Residential Taps[1]		
Base charge per residence	$ 2,125	$ 2,975
Charge per square foot gross lot size	$ 0.46	$ 0.65
Multi-family Residential Taps[2]		
Base charge for duplex or first two household units (served through a single tap)	$ 7,875	$ 11,010
Charge for each additional household unit above two units (served through a single tap)	$ 1,750	$ 2,460

	Treated Water Service		Recycled Water Service	
All Other Taps[3]				
Size of Connection:	Denver	Outside City	Inside	Outside
¾”	$ 5,830	$ 8,162	$ 3,790	$ 5,300
1”	17,490	24,486	11,370	15,900
1½”	34,980	48,972	30,320	42,400
2”	52,470	73,458	49,270	68,900
3”	128,260	179,565	83,380	116,600
4”	227,370	318,320	125,070	174,900
6”	390,610	546,857	257,720	360,400
8”	524,700	734,584	333,520	466,400
10”	664,620	930,474	428,270	598,900
12”	810,370	1,134,525	610,190	853,300
Acre Foot Conversion ($/AF)				
Inside the Combined Area	$ 12,675	$ 17,744	$ 8,250	$ 11,525
Outside the Combined Area		$ 17,744		$ 11,525

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	7.0
January 1, 2008	5.0

1 Percentage change for residential service

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2004 - 2008 AND 2009 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2009	2009	2008		2007		2006		2005		2004	
	Revised Budget[1]	Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$ 198,311	$ 198,311	$ 226,160	$ 226,160	$ 149,198	$ 149,198	$ 159,276	$ 159,276	$ 154,996	$ 155,626	$ 163,405	$ 163,405
RECEIPTS FROM:												
Sale of water	212,028	212,028	207,219	204,232	189,814	194,225	164,333	195,054	169,492	157,902	157,450	130,838
Drought Surcharge	-	-	-	-	-	-	-	-	(2,657)	68	-	12,425
Nonoperating, interest & other	20,576	20,576	17,865	25,284	17,165	24,074	14,976	25,254	15,202	12,391	18,879	19,048
System development charges	8,000	17,016	22,981	19,138	27,843	26,214	25,654	22,389	22,586	26,280	22,034	24,917
Tap Surcharge	-	-	-	-	-	-	-	-	-	-	-	1,195
Developer participation (new facilities)	11,605	11,605	1,986	2,444	5,014	3,302	4,978	2,735	2,593	1,850	2,036	2,241
Reimbursements & grants	-	-	1,731	2,753	2,658	13	2,705	1,586	450	762	494	3,646
	252,209	261,225	251,782	253,851	242,494	247,828	212,646	247,018	207,666	199,253	200,893	194,310
Sale of bonds	44,075	44,075	-	1,800	50,000	99,158	40,000	-	25,000	30,500	9,000	14,300
Total receipts	296,284	305,300	251,782	255,651	292,494	346,986	252,646	247,018	232,666	229,753	209,893	208,610
LESS EXPENDITURES FOR:												
Operations, maintenance & refunds	152,021	154,704	139,655	139,813	124,803	118,760	116,770	114,980	107,294	111,379	103,583	106,354
Debt service	51,933	51,933	49,495	49,604	54,392	53,909	47,398	46,264	44,428	44,732	37,878	38,445
	203,954	206,637	189,150	189,417	179,195	172,669	164,168	161,244	151,722	156,111	141,461	144,799
Capital improvements (new facilities)	43,235	32,945	44,932	41,813	61,012	58,793	50,400	59,246	43,325	30,848	47,079	38,478
System replacements	31,148	32,662	26,025	24,291	22,318	16,463	21,289	17,431	21,074	19,055	15,552	14,210
Equipment	20,954	21,588	16,687	16,693	15,732	7,749	13,853	7,083	12,878	8,334	13,556	7,744
	95,337	87,195	87,644	82,797	99,062	83,005	85,542	83,760	77,277	58,237	76,187	60,432
Indirects to capital	11,512	11,512	14,637	11,286	12,007	14,350	11,990	12,092	11,381	11,755	9,948	11,158
Total expenditures	310,803	305,344	291,431	283,500	290,264	270,024	261,700	257,096	240,380	226,103	227,596	216,389
ENDING CASH & INVESTMENTS	$ 183,792	$ 198,267	$ 186,511	$ 198,311	$ 151,428	$ 226,160	$ 150,222	$ 149,198	$ 147,282	$ 159,276	$ 145,702	$ 155,626

GENERAL EXPLANATION OF VARIANCES:

[1]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, 2008

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, 2008, the outstanding principal amount of these bonds is $24,250,000.

Wastewater Financial Information

Customer Information. Denver's Wastewater Management Division estimates that Wastewater serves approximately 150,600 sanitary sewer customers. Of this amount, approximately 139,700 (92.8%) are residential customers; approximately 10,900 (7.2%) 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 2004 and 2008 relating to the Sewage District's total annual charges to Wastewater.

TABLE 26

HISTORICAL METRO WASTEWATER RECLAMATION DISTRICT ANNUAL CHARGES

	2004	**2005**	**2006**	**2007**	**2008**
Total Enterprise Operating Expense	$66,725,848	$60,032,660	$66,818,454	$76,199,464	$75,146,179
Metro Annual Charge[1]	$24,818,365	$23,920,863	$25,227,259	$28,777,458	$25,994,957
Metro Annual Charge as a Percentage of Total Operating Expense	37.19%	39.85%	37.75%	37.77%	34.59%
Year-to-Year Metro Annual Charge Increase (Decrease)	0.75%	(3.62)%	5.46%	14.07%	(9.67)%
5-Year Cumulative Metro Annual Charge	12.43%	9.29%	11.87%	14.29%	5.53%

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, 2007 and 2008)

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**
1999	143,372	141,488
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	164,978	153,720

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, 2008:

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 2007 revised and the 2008 budgets of the Wastewater Management Division Enterprise Fund.

TABLE 29

WASTEWATER ENTERPRISE BUDGETS

	2007 Adjusted Budget	2008 Adjusted Budget	2009 Budget
Operating Revenue			
Charges for Services	$73,935,600	$77,346,000	$78,150,000
Total Operating Revenue	73,935,600	77,346,000	78,150,000
Operating Expenses			
Personnel Services	20,263,825	19,716,000	23,089,000
Contractual Services	17,996,644	15,945,000	17,835,000
Supplies and Materials	1,076,542	1,842,000	2,724,000
Payments To Metro Wastewater and Other Districts	29,780,000	25,995,000	31,115,000
Total Operating Expenses	69,117,011	63,498,000	74,313,000
Operating Income (loss)	4,818,589	13,848,000	3,837,000
Other Income (Expense)			
Earnings on investments	730,000	1,535,000	1,185,000
Debt interest payments	(1,325,000)	(1,250,103)	(1,206,000)
Bond principal payment	(1,135,000)	(1,180,000)	(1,235,000)
Purchase of capital equipment	(1,210,289)	(1,349,000)	(1,470,000)
Total Other Expense	(2,940,289)	(2,244,103)	(2,726,200)
Modified Net Income	$ 1,878,300	$11,603,897	$ 1,110,800

(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 2004 through 2008 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.

- Wastewater Management's net assets of $496.1 million at December 31, 2008 increased over 2007 by $11.1 million or 2.3%

- Wastewater Management experienced operating income of $1.4 million for the year ended December 31, 2008, an increase of $1.9 million or 421.7% over 2007 operating income.
- Wastewater Management purchased approximately 42 acres of real property located at 1271 West Bayaud Avenue, which is just south of the Wastewater Management Division Building, for $12.7 million in 2007. Wastewater Management also purchased 12 acres of real property located at 38th and Holly for approximately $2.0 million on August 18, 2008.

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

	2004	2005	2006	2007	2008
OPERATING REVENUES					
Sanitary Sewer Charges	$47,216	$47,014	$47,896	$47,804	$46,936
Storm Drainage Fees	19,876	23,206	25,855	27,946	29,654
TOTAL OPERATING REVENUES	67,092	70,220	73,751	75,751	76,590
OPERATING EXPENSES					
Personnel services	17,404	16,711	18,997	18,924	20,454
Contractual services	14,297	7,373	9,645	15,251	14,400
Materials and supplies	1,084	1,206	2,232	1,919	1,579
Utilities	234	327	93	131	114
Depreciation and amortization	8,889	10,495	10,655	11,197	12,603
Payments to Metro Wastewater Reclamation District	24,818	23,921	25,227	28,777	25,995
TOTAL OPERATING EXPENSES	66,726	60,033	66,819	76,199	75,146
Operating income (loss)	366	10,187	6,932	(448)	1,444
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,040	3,337	5,292	4,240	1,961
Interest Expense	(2,027)	(252)	5	5	5
Gain (loss) on disposition of assets	24	376	69	33	5
TOTAL NONOPERATING REVENUES (EXPENSES)	37	3,462	5,366	4,278	1,971
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	403	13,649	12,298	3,830	3,416
Capital Contributions	13,509	10,727	37,773	9,906	7,690
Transfers Out	(340)	0	(8)	(11)	(15)
CHANGES IN NET ASSETS	13,572	24,376	50,063	13,725	11,091
NET ASSETS, JANUARY 1	378,733	392,305	416,681	466,745	480,470
NET ASSETS, DECEMBER 31	$ 392,305	$ 416,681	$ 466,745	$ 480,470	$ 491,560

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2004 – 2008)

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
2003	$ 11,925,114	$ 2,484,444	4.80
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

(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 2009-2014:

PROPOSED CAPITAL EXPENDITURES

FOR 2009 THROUGH 2014
($ in thousands)[1]

Project Description	2009	2010	2011	2012	2013	2014
Storm Drainage						
Annual Programs[1]	$ 3,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Identified Projects	20,908	19,705	24,950	20,400	17,850	27,375
Subtotal	23,908	21,705	26,950	22,400	19,850	29,375
Sanitary Sewerage	10,250	10,250	10,250	10,250	10,250	18,800
Total	$34,158	$31,955	$37,200	$32,650	$30,100	$48,175

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 100 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 2008, the Airport had approximately 25.7 million enplaned passengers, the highest number in the history of the Airport and Stapleton. Approximately 55.9% originated their travel at the Airport and 44.1% were passengers making connecting flights at the Airport. Currently, 26 passenger airlines provide scheduled passenger service at the Airport, including the seven largest U.S. passenger 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 2008 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 2006, the Airport experienced an increase of 9.0% representing approximately 23.7 million enplaned passengers and in 2007 the increase was 5.4% representing approximately 24.9 million enplaned passengers. 2008 continued this trend of growth in enplaned passengers with an increase of 2.8%, totaling 25.7 million enplaned passengers. 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
2004-2008[1]

Year	Major/ National Airlines[2]	Percent Change	Regional/ Commuter Airlines	Percent Change	Charter/ Misc. Airlines	Percent Change	Totals	Percent Change
2004	18,296,498	6.4%	2,623,675	88.0%	223,908	29.7%	21,144,081	12.7%
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%

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 2007 and 2008, and comparative market share information based on enplaned passengers for such periods.

TABLE 32

AIRPORT SYSTEM
PERCENTAGE OF ENPLANED PASSENGERS BY AIRLINE

Airline	2007 Percent of Total	2008 Percent of Total
United	33.4%	32.6%
Ted[1]	7.8	4.3
United Express[2]	12.1	11.3
	53.3%	48.2%
Frontier Airlines[3]	20.5%	22.7%
Lynx	--	2.0
Frontier JetExpress	2.1	0.8
	22.7%	25.5%
American Airlines[4]	3.5%	3.3%
Continental[4]	2.2	2.0
Delta Airlines[4]	2.3	2.3
Northwest	2.1	1.8
Southwest[5]	5.3	9.3
US Airways	2.2	1.8
Other	6.4	5.7
	24.0%	26.3%
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, as of December 31, 2008, was continuing operations Lynx, a Frontier subsidiary, commenced services at the Airport in December 2007.

4 Does not include commuter affiliates

5 Southwest commenced service at the Airport on January 3, 2006.

(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 2004 through 2008.

Table 33

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

	2004	2005	2006	2007	2008
Enplaned Passengers:					
United	8,802	7,775	8,365	8,324	8,361
Ted[1]	1,340	1,690	2,001	1,995	1,104
United Express	2,337	2,776	2,971	3,018	2,906
Total United Group	12,479	12,241	13,347	13,297	12,372
Frontier	3,130	3,749	4,427	5,118	5,812
Lynx Aviation	- -	- -	- -	- -	504
Frontier Jet Express	391	468	478	533	216
Total Frontier Group	3,521	4,217	4,904	5,651	6,532
Other	5,144	5,244	5,414	5,993	4,369
Total	21,144	21,702	23,665	24,941	25,650
Percent Change	12.7%	2.6%	9.0%	5.4%	2.8%
Total Originating Passengers	11,395	11,984	13,249	14,243	14,335
Percent Originating	53.9%	55.2%	56.0%	57.1%	555.9%
Total Connecting Passengers	9,749	9,718	10,416	10,698	10,975
Percent Connecting	46.1%	44.8%	44.0%	42.9%	42.8%
United Group Passengers[1]					
Percent Originating	36.0%	39.5%	40.9%	42.0%	40.4%
Percent Connecting	64.0%	60.5%	59.1%	58.0%	59.6%
Frontier Group Passengers					
Percent Originating	59.4%	54.0%	56.8%	57.2%	50.5%
Percent Connecting	40.6%	46.0%	43.2%	42.8%	49.5%
Average Daily Departures:					
Passenger Airlines:					
United and Ted	238	213	230	229	207
United Express	156	182	191	194	192
Frontier	94	107	125	137	167
Frontier JetExpress	21	25	24	27	10
Southwest	- -	- -	24	39	78
Other	208	194	179	179	160
Total Passenger Airlines	719	722	772	806	814
All Cargo Airlines	31	30	28	27	26
Total	750	752	801	833	840
Percent Change	12.8%	0.4%	6.4%	4.1%	0.8%
Landed weight (billion pounds):					
Passenger Airlines:					
United and Ted	13.418	12.254	13.364	12.808	11.790
United Express	2.731	3.282	3.512	3.636	3.616
Frontier	4.434	5.222	6.087	6.695	7.342
Frontier JetExpress	526	616	617	0.699	0.263
Southwest	- -	- -	1.058	1.781	3.508
Other	7.025	6.734	5.776	5.851	5.406
Total Passenger Airlines	28.134	28.108	30.418	31.471	31.925
All Cargo Airlines	1.516	1.541	1.430	1.363	1.325
Total	29.651	29.649	31.848	32.834	33.250
Enplaned Cargo (million pounds)[2]	321.204	312.663	280.534	262.724	248,122
Percent Change	(1.7%)	(2.7%)	(10.3%)	(6.3%)	(5.6%)
Total Aircraft Operations (Landings and Take-Offs):					
Air Carriers	330,674	384,552	428,794	451,228	460,311
Air Taxi, Commuter, Military and General Aviation	235,847	183,006	180,723	168,086	165,533
Total	566,521	567,558	609,517	619,314	625,844
Percent Change	11.0%	0.2%	7.4%	1.6%	1.1%

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. The number of enplaned passengers at the Airport has continued to increase by 12.7% in 2004, 2.6% in 2005, 9.0% in 2006, 5.4% in 2007, and 2.8% in 2008 compared with previous years.

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 53.3% of passenger enplanements at the Airport in 2007, and 48.2% in 2008. 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 2007 and 2008, approximately 42.0% and 40.4% were originating passengers and approximately 58.0% and 59.6% 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 June 25, 2008 provided in connection with the issuance of the Airport Revenue System Revenue Bonds, Series 2008B filed with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and currently available at "www.flydenver.com/biz/stats/index.asp".

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 22.7% and 25.5% of passenger enplanements at the Airport in 2007 and 2008, 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 2007 and 2008, approximately 57.2% and 50.5% were originating passengers and approximately 42.8% and 49.5% were connecting passenger.

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. Frontier announced a 17% system-wide reduction in its flight operations beginning in September of 2008 and a "proportional" reduction in workforce. On August 13,2009, Republic Holdings purchased Frontier Holdings under procedures established in the Chapter 11 bankruptcy proceedings.

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 5.3% of passenger enplanements at the Airport in 2007 and approximately 9.3% of passengers enplanements at the Airport in 2008. 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 2007 or 2008, 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 November 3, 2008, provided in connection with the issuance of the Airport Revenue System Revenue Bonds, Series 2008C2-C3 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 2004 through 2008.

TABLE 34

AIRPORT SYSTEM
HISTORICAL AIRCRAFT OPERATIONS
2004-2008

Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total	Percent Change
2004	330,674	224,960	9,936	951	566,521	11.0%
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

(Source: Department of Aviation Audited Financial Report for 2008)

TABLE 35

2009-2012 AIRPORT PLANNED CAPITAL PROGRAM PROJECTS

(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
2004	40,032,635	281,171,813	321,204,448	(1.7)
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)

(Source: Department of Aviation Audited Financial Report for 2008)

Outstanding Bonds and Notes

Senior and Subordinate Bonds have been issued to fund costs of the Airport. As of December 31, 2008, the total aggregate amount of all outstanding Bonds is as follows ($ in thousands):

TABLE 37

AIRPORT SYSTEM – OUTSTANDING BONDS[1]
As of 12/31/08
(Amounts expressed in 1,000's)

Series 1991D Bonds	69,210[2]
Series 1992F-G Bonds	45,400
Series 1995C Bonds	10,625
Series 1997E Bonds	34,462
Series 1998A Bonds	175,990
Series 1998B Bonds	103,395
Series 2000A Bonds	201,775
Series 2001A Bonds	206,912
Series 2001B Bonds	16,675
Series 2001D Bonds	53,510
Series 2002C Bonds	38,400
Series 2002E Bonds	152,440
Series 2003A Bonds	161,965
Series 2003B Bonds	75,460
Series 2005A Bonds	224,510
Series 2006A Bonds	279,585
Series 2006B Bonds	133,555
Series 2007A-C Bonds	247,235
Series 2007D Bonds	147,815
Series 2007D2 Bonds	31,950
Series 2007E	47,400
Series 2007F1-F4 Bonds	208,025
Series 2007G1-G2 Bonds	148,500
Series 2008A1-A4 Bonds	589,455
Series 2008B Bonds	78,800
Series 2008C1-C3 Bonds	292,600
Total Outstanding Bonds	$ 3,775,649

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 2008)

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. As of December 31, 2008, the Airport System Subordinate Commercial Paper Notes were outstanding in the aggregate principal amount of $100,000,000.

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 2008.

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, 2008, the Master Installment Purchase Agreements were outstanding in the total principal amount of $63,648,047.

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)

	2004	Restated 2005[1]	Restated 2006[1]	2007	2008
Operating revenues	$477,665	$497,741	$508,307	$530,151	$540,760
Operating expenses	221,214	239,405	262,514	290,773	373,829
Operating income before Depreciation	256,451	260,203	245,792	239,378	166,931
Depreciation and Amortization	148,386	276,936	151,506	159,309	168,026
Operating Income	108,065	(20,918)	94,286	80,069	(1,095)
Non-Operating Revenues (Expense)	(138,580)	(107,265)	(67,772)	(49,127)	(44,987)
Capital Contributions	62,205	228,342	29,188	2,426	14,393
Change In Net Assets	$ 31,690	$ 100,159	$ 55,702	$ 33,368	$ (31,689)

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 2008)

TABLE 39

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

	2004	Restated 2005	Restated 2006	2007	2008
Gross Revenues	$543,044	$571,102	$592,110	$616,106	$635,607
Operation & Maintenance Expenses	220,254	238,142	256,191	282,746	305,382
Net Revenues	322,790	332,960	335,919	333,360	330,225
Other Available Funds[1]	54,849	55,173	50,791	53,251	53,575
Total amount available for Debt Service Requirements	$377,639	$388,133	$386,710	$386,611	$383,800
Debt Service Requirement[2,3]					
Senior and Subordinate Bonds	$243,495	$241,622	$220,001	$229,923	$240,028
Debt Service Coverage					
Senior and Subordinate Bonds	155%	162%	176%	168%	160%

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 2008)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER (2008 dollars)

$10.94[1]

(Source: Department of Aviation management records)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER FOR UNITED (2008 dollars)

$12.56[1]

(Source: Department of Aviation management records)

[1] As of September 22, 2009. Year-end amounts may vary however no material change is anticipated.

HISTORICAL PASSENGER FACILITY CHARGE REVENUES
($ in thousands)

Year	Revenues
2004	82,161
2005	84,000
2006	93,510
2007	97,191
2008	96,786

(Source: Department of Aviation Audited Financial Report for 2008)

CONTACTS FOR FURTHER INFORMATION

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Manager of Finance, *ex officio* Treasurer
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(720) 865-7276 (Fax)
debtmanagement@ci.denver.co.us

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
Margaret Danuser
Debt Administrator
144 West Colfax Avenue, Room 209
Denver, Colorado 80202
(720) 865-7116 (Phone)
(720) 865-7176 (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
Stan Koniz
Deputy Manager of Aviation/Finance and Administration
Administration Division
8500 Pena Boulevard
Denver, Colorado 80249-6340
(303) 342-2401 (Phone)
(303) 342-2460 (Fax)
www.flydenver.com/biz/stats/index.asp

Financial Statements - Board of Water Commissioners:
Denver Water Board
Usha Sharma
Manager of Treasury Operations
1600 West 12th Avenue
Denver, Colorado 80254
(303) 628-6410 (Phone)
(303) 628-6479 (Fax)
http://www.denverwater.org/AboutUs/FinancialInformation/

The 2009 Disclosure Statement must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2008 – 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

In December 2007, the nation's economy entered what now appears to be one of the most severe recessions in the postwar period. 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 the fall. By December 2008, U.S. GDP was contracting at a 6.1 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 – banks, brokers, retail stores, and others – suffered some of the deepest and most immediate impacts. In the fourth quarter of 2008, for example, household spending was contracting at the fastest rate since the early 1980s while foreclosures were rising rapidly. 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 were working to stabilize the financial system and revive economies through investments in infrastructure and social programs.

While Colorado is not immune to weakness in the national and international economies, the state's economy tends to outperform national trends. Between 2006 and 2007, Colorado nonfarm job growth ranked ninth fastest in the nation. Even as the nation's economy entered recession, Colorado job growth remained comparatively strong. The state's employment growth between 2007 and 2008 reached 0.8 percent and ranked 10th fastest nationwide. High personal income, strong population growth, a diverse economy, and a milder-than-average housing downturn have stabilized Colorado's economy and established a foundation for strong recovery.

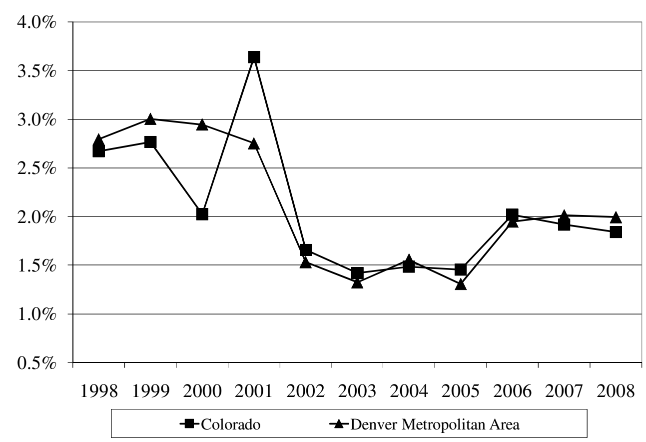
Like the Colorado economy, the economy in the Denver metropolitan area tends to outperform broader trends. The region is on the cutting edge of new developments in aerospace, renewable energy, and other rapidly-growing industries, and the region's highly-educated workforce and good quality of life attract relocating businesses and venture capital investment. While the Denver metropolitan area economy has been weakened by foreclosures, slumping retail sales, and layoffs, the region's diversity and pre-recession strength should support a strong recovery.

POPULATION

Colorado

Colorado is the 22nd most populous state in the nation with 5,010,400 residents as of July 2008. The state's 2008 population increase of 90,500 residents represented a 1.8 percent growth rate, or twice the rate of nationwide population growth. According to the U.S. Census Bureau, Colorado was the fifth fastest-growing state in 2008.

POPULATION GROWTH RATES

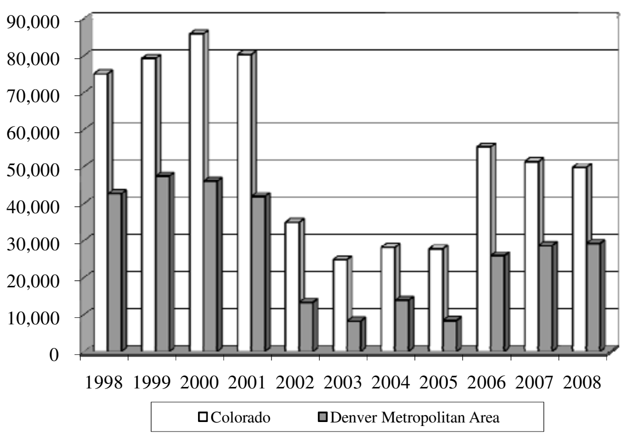


Source: Colorado Division of Local Government, State Demography Office.

Two factors drive population growth – natural increase and net migration. Natural increase, or births less deaths, typically follows a stable trend. Net migration, or the number of people moving into the state minus the number leaving, tends to be more volatile and reflects structural factors including job growth and quality of life.

The natural increase of Colorado's population averaged roughly 39,000 residents per year between 1998 and 2008. Viewed another way, natural increase accounted for 43 percent of the state's total population gain over the ten-year period. Colorado net migration averaged 51,800 residents over the same period and accounted for 57 percent of the state's ten-year population change.

NET MIGRATION



Source: Colorado Division of Local Government.

Because net migration is strongly correlated with job growth, migration patterns tend to fluctuate with the business cycle. For example, net migration accounted for as much as 70 percent of Colorado's annual population gain during the rapid economic expansion of the late 1990s. Through the 2001 recession, net migration represented as little as 41 percent of total population growth as poor labor market conditions restricted mobility. More recently, Colorado's better-than-average economic performance has kept net migration at a relatively stable 55 percent of total population change. While this represents a slight weakening of migration activity from prior years, demographers do not expect population migration to decline as much in the current downturn as it did during the 2001 recession.

While the volume of 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 (16.7 percent in 2007), and individuals from Texas and Arizona also account for large numbers of new residents (9.5 percent and 5.7 percent, respectively).

Denver Metropolitan Area

Roughly half of Colorado's new residents settle in the Denver metropolitan area. With an average of 26,300 net new residents per year between 1998 and 2008, the region accounted for 51 percent of Colorado's total net migration over the ten-year period. Again, net migration is highly correlated with job growth, so recent counts of net migration in the Denver metropolitan area have declined from those of the late 1990s.

Annual natural increase in the Denver metropolitan area averaged 24,500 between 1998 and 2008. Combining natural increase and net migration, the Denver metropolitan area population grew an average of two percent per year over the ten-year period. That rate combines a faster annual average growth rate (2.3 percent) through 2003 and a slower annual growth rate (1.8 percent) through the five years following the region's 2002-2003 recession.

In 2008, population in the Denver metropolitan area reached an estimated 2,788,900 people, representing a two percent increase from the prior year. The area's population is fairly well-distributed across age groups but is still slightly younger than the national average. According to the U.S. Census Bureau, the median age in the Denver metropolitan area is 35.6 compared to the national median of 36.7.

COUNTY POPULATION
(in thousands)

Area	1998	2003	2008	Avg. Annual % Change 1998-03	Avg. Annual % Change 2003-08
Adams	344,024	380,985	435,122	2.1%	2.7%
Arapahoe	472,399	519,007	563,726	1.9%	1.7%
Boulder	274,115	285,355	297,356	0.8%	0.8%
Broomfield	N/A	45,181	55,380	N/A	4.2%
Denver	533,406	570,954	606,649	1.4%	1.2%
Douglas	144,354	223,645	287,354	9.2%	5.1%
Jefferson	512,483	530,884	543,278	0.7%	0.5%
Denver Metropolitan Area	**2,280,781**	**2,556,011**	**2,788,865**	**2.3%**	**1.8%**
Colorado	**3,968,967**	**4,595,814**	**5,010,395**	**3.0%**	**1.7%**

Note: The City and County of Broomfield was not established until 2001.
Source: Colorado Division of Local Government, U.S. Census Bureau.

Within the Denver metropolitan area, Douglas, Broomfield, and Adams counties reported the strongest population growth rates between 2003 and 2008. According to the U.S. Census Bureau, Douglas County was the fastest-growing county in the nation during the 1990s. While the county's population is still growing quite rapidly, the growth rate has slowed as the county matures. A recent Census Bureau analysis shows, for example, that Douglas County population growth between 2000 and 2008 ranked 10th fastest among growth rates for 100 U.S. counties with 10,000 or more residents.

City and County of Denver

Total 2008 population in the City and County of Denver reached 606,600, a 1.7 percent increase from 2007. As is the case for many urban centers, population growth rates for the City and County of Denver have historically been slower than those of the surrounding suburban areas. During the past ten years, for example, the county's average annual growth rate was 1.3 percent compared to a 2.0 percent average for the entire Denver metropolitan area. The same gap in urban and suburban growth rates exists today, although population growth in the City and County of Denver has accelerated over the past few years. Demographic analysts say the faster rates reflect the county's strengthening labor market and the ongoing revitalization of many downtown neighborhoods.

EMPLOYMENT

The U.S. Department of Labor prepares two monthly reports on employment. The first is a survey of households used to estimate employment by place of residence. This "household survey" is the source of estimates for labor force, employment (including self-employment), and unemployment by county.

The second report is a survey of businesses known as the Current Employment Statistics (CES) data series. This "establishment survey" does not count the self-employed, but 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 1988 and 1998. In some years over that decade, annual employment growth approached and even exceeded five percent. By contrast, the state's 1.9 percent rate of job loss in 2002 – the peak year for job losses related to the 2001 recession – represented the sharpest drop in employment since the 1940s.

While Colorado job growth rates following the 2001 recession did not return to the highs of the 1990s, the state's job growth rates were still some of the fastest reported nationwide. Between 2006 and 2007, Colorado nonfarm job growth ranked ninth fastest in the nation. Even as the nation's economy entered recession in late 2007, Colorado job growth remained comparatively strong. The state's employment growth between 2007 and 2008 reached 0.8 percent and ranked 10th fastest nationwide.

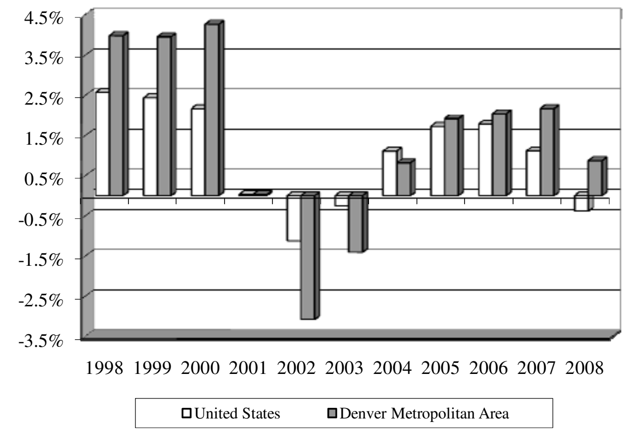
Denver Metropolitan Area

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

The 11-county Denver metropolitan area has a nonfarm employment base of more than 1.4 million workers. The area's total nonfarm wage and salary employment growth reached near and above four percent in the decade before the 2001 recession, and the technology boom drove even faster double-digit growth rates in the region's information sector.

Because the ensuing 2001 recession was particularly hard on high-tech employers, Denver metropolitan area employment contracted at some of the fastest rates ever reported. Specifically, the region's annual job decline measured 3.1 percent when losses peaked in 2002. Partly because of these heavy losses, the region's employment growth lagged the statewide growth rate until 2008. That year, annual job growth in the Denver metropolitan area (0.9 percent) was slightly faster than the 0.8 percent rate reported statewide.

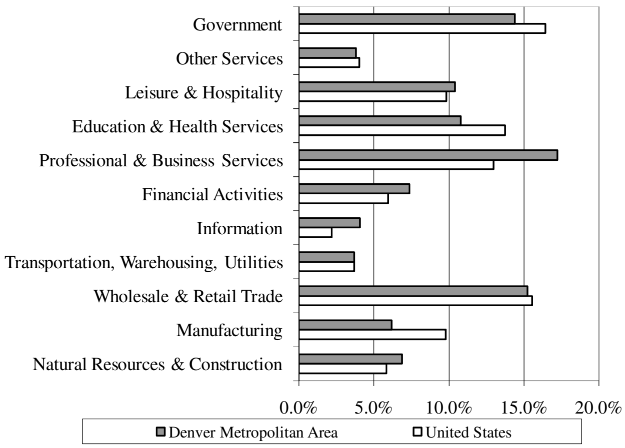
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT GROWTH RATES



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

Three major industry sectors – professional and business services, wholesale and retail trade, and government – represent about 47 percent of the jobs in the Denver metropolitan area. The professional and business services sector is the largest of the three industries and includes temporary employment services, facilities services, and a wide variety of technical firms specializing in accounting, engineering, and other professions. Because many of the workers in the sector are employed as consultants or contractors, the sector's employment trends tend to reflect business activity across the entire industry base.

2008 EMPLOYMENT BY INDUSTRY



Sources: U.S. Department of Labor, Bureau of Labor Statistics; CO Department of Labor & Employment.

Eight of the Denver metropolitan area's 11 supersectors reported employment growth between 2007 and 2008. Employment declined in financial activities, manufacturing, and natural resources and construction, largely because of the ongoing corrections in credit and real estate markets. The broader international impacts of the U.S. recession also kept downward pressure on exports, so the already-declining manufacturing sector suffered a further blow in 2008. Combined, the three sectors lost roughly 6,300 jobs over the year.

Among the remaining supersectors, over-the-year employment growth ranged from 0.2 percent in wholesale and retail trade to 4.2 percent in education and health services. In absolute terms, education and health services ranked first for jobs added with an increase of 6,200 positions over-the-year, followed by government (+4,900 jobs) and professional and business services (+2,900 jobs).

City and County of Denver

The City and County of Denver is the employment center for the Denver metropolitan area and accounts for approximately 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. The most recent local data show Denver had the state's largest job base in the third quarter of 2008, and employment that quarter was up 1.3 percent on an over-the-year basis.

LABOR FORCE & UNEMPLOYMENT

Following the 2001 recession, the U.S. unemployment rate peaked at six percent in 2003. The rate declined each year through 2006 but began rising in 2007 as the nation's economy again entered recession. The U.S. unemployment rate averaged 5.8 percent in 2008 and rose considerably higher in the first quarter of 2009.

Colorado

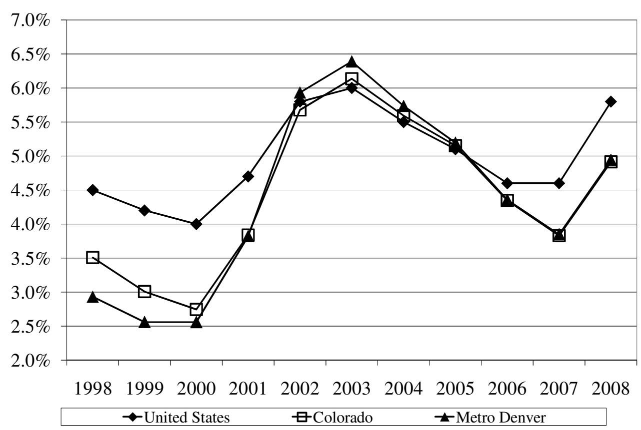
Colorado's unemployment rate also peaked in 2003 and tracked the U.S. rate downward over the next two years. The state's unemployment rate fell below the U.S. average in 2006 and 2007, partly because of strong job growth in natural resources and professional and business services. These factors and a milder-than-average housing correction helped Colorado's labor market remain stronger than many other markets through the early months of the current nationwide recession, but the state's unemployment rate rose through late 2008. The Colorado unemployment rate averaged 4.9 percent for all twelve months of that year, about one percentage point above the 2007 rate and one percentage point below the 2008 nationwide average.

Denver Metropolitan Area

The Denver metropolitan area has a similar unemployment rate history, although the region's rate was considerably lower than the state and national averages prior to the 2001 recession and remained somewhat higher afterward. The Denver metropolitan area unemployment rate fell below the national average in 2006 and tightened further in 2007 before the recession weakened labor markets. Like the statewide unemployment rate, the Denver metropolitan area 2008 unemployment rate rose one percentage point from 2007 to 4.9 percent, but the rate remained roughly one percentage point below the national average.

A highly-educated workforce is one factor behind this advantage, because capable workers attract businesses even in challenging economic times. According to the U.S. Census Bureau's 2007 American Community Survey, Colorado has the third-highest percentage of college graduates among the 50 states. Educational attainment is also high in the Denver metropolitan area, where 88.8 percent of the total adult population has graduated high school and 38.4 percent has a bachelor's or more advanced degree.

UNEMPLOYMENT RATES



Sources: U.S. Department of Labor, Bureau of Labor Statistics; CO Department of Labor & Employment.

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 broader Denver metropolitan area. Even so, Denver's labor market tightened as the area recovered from the 2001 recession, and the area's unemployment rate had returned to its pre-recession level by 2007. In 2008, weaker labor market trends drove the Denver unemployment rate to 5.5 percent, or a rate roughly one-half percentage point above the Denver metropolitan area and statewide rates.

MAJOR EMPLOYERS

Colorado's labor market is dominated by small business. According to the U.S. Small Business Administration, 97.8 percent of the Colorado employer firms counted in 2006 were classified as small businesses. Self employment is also on the rise in Colorado, as the number of firms classified as non-employers – typically unincorporated businesses with no paid employees – increased one percent to roughly 405,200 in 2006.

While self-employment and small business are also key players in the Denver metropolitan area economy, large firms have a significant presence. Approximately 110 firms with 1,000 or more employees were operating in Colorado in 2006, and a majority were located in the Denver metropolitan area. The following list ranks the region's 20 largest private employers.

LARGEST PRIVATE EMPLOYERS

Company	Products/Services	Employees
1. Wal-Mart	General Merchandise	11,050
2. King Soopers Inc.	Grocery	10,850
3. HealthONE Corporation	Healthcare	9,180
4. Lockheed Martin Corporation	Aerospace & Defense-Related Systems	8,200
5. Qwest Communications	Telecommunications	7,500
6. Safeway Inc.	Grocery	6,500
7. Exempla Healthcare	Healthcare	6,230
8. Centura Health	Healthcare	5,830
9. Kaiser Permanente	Healthcare	5,570
10. Target Corporation	General Merchandise	5,200
11. Denver Health	Healthcare	5,100
12. United Airlines	Airline	5,000
13. IBM Corporation	Computer Systems & Services	4,300
14. Frontier Airlines	Airline	4,220
15. DISH Network	Satellite TV & Equipment	4,150
16. United Parcel Service	Parcel Delivery	4,000
17. University of Denver	University	4,000
18. Children's Hospital	Healthcare	3,850
19. University of Colorado Hospital	Healthcare, Research	3,800
20. Wells Fargo Bank	Financial Services	3,800

Source: Development Research Partners, April 2009.

Thirteen companies headquartered in Colorado are part of the 2009 *Fortune 1,000* list. The companies are Qwest Communications (197th), DISH Network (231st), Liberty Global (257th), Liberty Media (265th), First Data (295th), Ball (336th), Newmont Mining (400th), ProLogis (426th), CH2M Hill (436th), Western Union (451st), Molson Coors Brewing (487th), Level 3 Communications (526th), and Cimarex Energy (908th).

Five other Colorado businesses were recognized on *Forbes'* October 2008 list of the 200 best small public companies. Dynamic Materials ranked 14th, followed by Berry Petroleum (17th), Air Methods (84th), Royal Gold (89th), and Rocky Mountain Chocolate Factory (102nd). 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.

Dynamic Materials and Royal Gold were also named in the 2008 edition of the *Fortune Small Business "FSB 100."* The list identifies the nation's 100 fastest-growing small businesses. Four other Colorado companies – Spectranetics, Health Grades, PrimeEnergy, and Mesa Laboratories – were also recognized. With these six companies, Colorado ranked fifth in the nation for its concentration of fast-growing small businesses.

Twelve more Colorado companies made the 2008 *Inc*. list of the 500 fastest-growing private companies nationwide. The companies included on the list represent a cross-section of industries, from clean energy to financial services, construction, and logistics.

These and other 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 includes 14,700 federal government employees, 23,200 state government employees, and 31,800 employees in local government entities including the City and County of Denver (13,100 employees) and Denver Public Schools (11,300 employees).

INTERNATIONAL TRADE

Denver International Airport links the Denver metropolitan area to businesses nationwide and around the world. The airport offers daily, non-stop service to more than 150 domestic and international locations including London, Frankfurt, and several major cities in Canada and Mexico. The airport currently ranks as the fifth-busiest in the U.S. and the 10th busiest worldwide.

While the Denver metropolitan area is easily accessible by air, the region's central location also makes it a strategic site for warehousing and overland shipping. Because the region is located on the 105th meridian – the exact midpoint between Tokyo and Frankfurt – local companies can contact businesses in both countries in the same business day. The Denver metropolitan region is also located midway between Canada and Mexico, which are partners under the North American Free Trade Agreement (NAFTA).

Shipments to Canada and Mexico accounted for 41 percent of Colorado's total exports in 2008. 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, the Netherlands, and Germany also receive considerable shares of the state's exports.

Overall growth in Colorado exports has lagged nationwide growth in exports since 2004. The disparity arises largely because Colorado's export portfolio relies heavily on computers, electronics, and semiconductors, all goods that are increasingly likely to be manufactured overseas. In years prior to the 2001 recession, for example, the computers and electronics manufacturing industry accounted for as much as 60 percent of Colorado's total exports to the world. That share had declined to 35 percent in 2008 but was still considerably larger than the comparable U.S. share of 15 percent.

The following industries account for more than two-thirds of Colorado's total exports:

- Computers and electronic products (35 percent of total export value; down 13 percent between 2007 and 2008).
- Processed foods (13 percent of total export value; up 16 percent in 2008).
- Machinery (10 percent of total export value; up 13 percent in 2008).
- Chemicals (10 percent of total export value; up 13 percent in 2008).

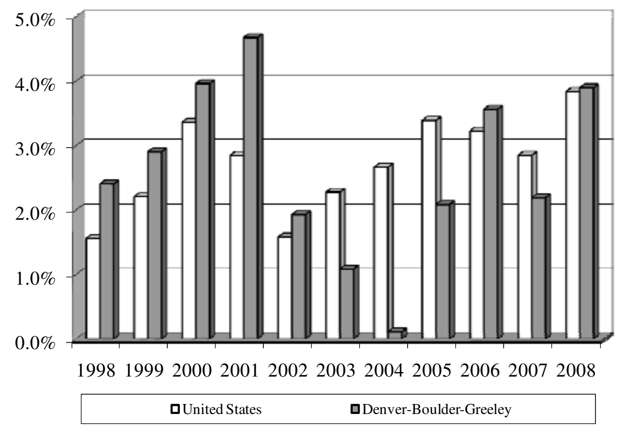
Despite the considerable decline in computers and electronics, the total value of Colorado exports still increased 4.3 percent in 2008. Total U.S. export values increased 11.8 percent as domestic businesses benefitted from what was then a weak dollar and strong global demand.

INFLATION

Inflation in the Denver metropolitan area has often exceeded inflation at the national level, particularly in periods of stronger-than-average local job growth. In the years before the 2001 recession, for example, Denver metropolitan area inflation – as measured by the Denver-Boulder-Greeley Consumer Price Index (CPI) – reached and even exceeded four percent. After the recession, however, local job growth has occurred at a more restrained pace and the local inflation rate has more closely tracked the U.S. average. In 2008, a dramatic spike in oil prices had an equalizing influence on price pressures around the country, and the Denver metropolitan area inflation rate (3.9 percent) was essentially the same as the U.S. average (3.8 percent).

While overall inflation rates in both areas were roughly equal in 2008, price changes for the eight major categories of goods used to construct the CPI were somewhat different. Specifically, Denver metropolitan area prices for apparel, medical care, recreation, and transportation increased at a faster rate than they did nationwide in 2008. Local prices for education and communications, food and beverages, housing, and other goods and services rose at a slower-than-average rate that year.

INFLATION RATES



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

INCOME

Colorado

Colorado total personal income grew at an average annual rate of 6.2 percent between 2003 and 2008. That rate was about one-half percentage point higher than the U.S. average growth rate over the same period and ranked 14th fastest in the nation. Annual personal income growth rates between 2003 and 2008 were fastest in 2005 and 2006, when total Colorado income growth exceeded seven percent per year. An increasingly unstable national economy contributed to slower Colorado income growth in 2007 and 2008, when rates measured six percent and 4.9 percent, respectively.

The state's per capita personal income has followed a similar trend at a lower level, partly because Colorado has reported some of the fastest population growth rates in the nation over the past several years. In 2008, weaker economic conditions meant slower per capita income growth for nearly every state, and Colorado's growth rate declined to 2.9 percent from four percent in 2007. Even after slower growth, Colorado's 2008 per capita personal income of $42,377 still represented 107 percent of the U.S. average and ranked 13th highest in the nation.

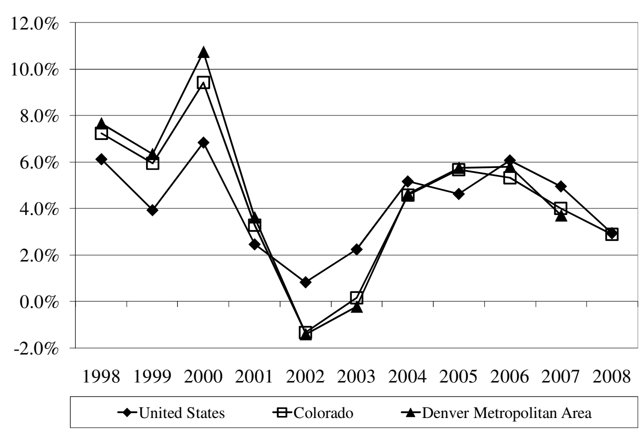
Denver Metropolitan Area

Local-level income data are available through 2007, and they show per capita personal income in the Denver metropolitan area increased 3.7 percent from 2006. That year's growth rate fell below the national and statewide income growth rates of 4.9 percent and four percent, respectively. Despite the slower growth rate, 2007 per capita personal income in the Denver metropolitan area ($47,327) was 123 percent of the national average.

City and County of Denver

At $53,098, 2007 per capita personal income in the City and County of Denver was second highest in the Denver metropolitan region. Denver's 2007 per capita income growth rate of 3.3 percent was considerably slower than the prior year's eight percent growth rate, but the area's per capita personal income was still 138 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 $51,848 for the four quarters ending the third quarter of 2008. That income level represented a four percent increase from the average for the same period in 2007. The average annual salary in the City and County of Denver for the period ending in the third quarter of 2008 was $56,457, which represented a 4.2 percent increase from the same period in 2007.

RETAIL TRADE

During the 2001 recession, the U.S. household sector helped stabilize the economy with strong investment in housing and swift retail sales. By contrast, a steep downturn in housing and dramatic pullback in consumer spending were key triggers of a nationwide recession that began in December 2007.

Data from the U.S. Census Bureau suggest the slowdown in nationwide retail sales began as early as 2006. In 2007, nationwide retail sales increased just 1.4 percent after adjustment for inflation. By the end of 2008, the combination of rapid inflation and declining consumer purchases produced a 4.3 percent real decline in U.S. retail trade sales. Sales declines were particularly extreme for durable goods including automobiles, furniture, and home furnishings.

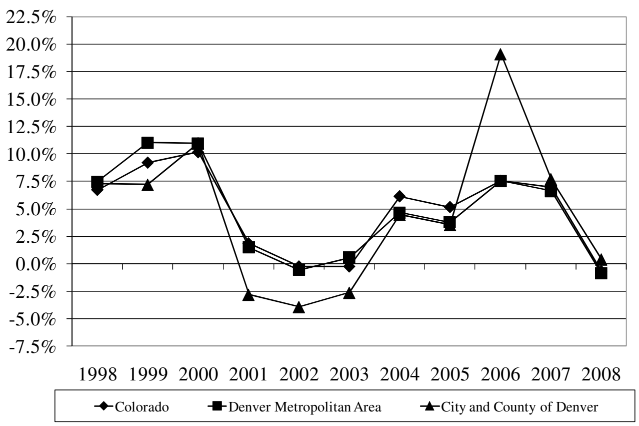
Colorado

Colorado's per capita personal income is consistently above the national average, and statewide job growth also tends to exceed the national average. Both of these factors support stronger-than-average retail sales, although the nationwide recession has noticeably affected recent sales volumes. Growth in Colorado retail trade sales slowed through 2007, but the over-the-year change in sales did not turn negative until the latter months of 2008. That year, Colorado retail sales declined 0.7 percent from 2007, which amounts to a 4.6 percent drop in sales after adjustment for inflation.

Denver Metropolitan Area

Retail trade sales in the Denver metropolitan area have generally followed the statewide trend over the past year, although statewide sales were slightly stronger thanks to rapid economic expansion in northern and western Colorado. Total 2008 retail trade sales for the Denver metropolitan region declined 0.9 percent from 2007, which amounts to a 4.8 percent decline when adjusted for inflation.

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 are a subset of total retail sales that includes consumer purchases from retailers and from food and drink establishments. Partly because of food price inflation and a nationwide downturn in auto sales, food and beverage stores surpassed sellers of automobiles and parts as the largest source of Denver metropolitan area retail sales in 2008. General merchandisers, warehouse clubs, restaurants, and drinking places were the next largest contributors to the region's total retail trade sales.

Sales in the region's non-store retail category – which can include Internet retailers, kiosks, and other formats – rose the most between 2007 and 2008 (+18.4 percent), followed by sales at food and beverage stores (+7.6 percent) and gas stations (+4.2 percent). Consistent with national trends, the region's automobile sales declined considerably (-15.6 percent) over-the-year, and sales of furniture (-8.4 percent) and building materials (-6.7 percent) also declined.

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

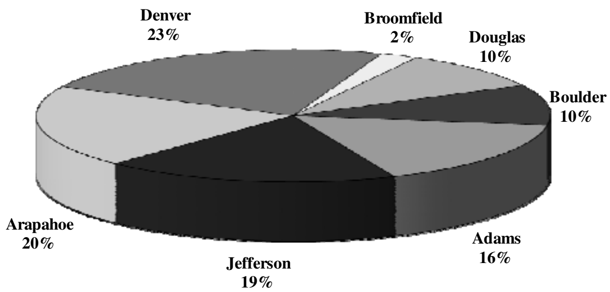
Industry	2007	2008	Change
Retail Trade:			
Motor Vehicle and Auto Parts	$8,563	$7,229	-15.6%
Furniture and Furnishings	$1,656	$1,516	-8.4%
Electronics and Appliances	$1,360	$1,295	-4.8%
Building Materials / Nurseries	$3,157	$2,947	-6.7%
Food/Beverage Stores	$6,951	$7,482	7.6%
Health and Personal Care	$1,278	$1,315	2.9%
Service Stations	$2,729	$2,844	4.2%
Clothing and Accessories	$2,108	$2,086	-1.0%
Sporting/Hobby/Books/ Music	$1,536	$1,457	-5.1%
General Merchandise/ Warehouse	$5,887	$5,987	1.7%
Misc. Store Retailers	$1,457	$1,453	-0.3%
Non-Store Retailers	$2,829	$3,348	18.4%
Total Retail Trade	$39,511	$38,959	-1.4%
Food / Drinking Services	$4,717	$4,869	3.2%
TOTAL	$44,228	$43,828	-0.9%

Source: Colorado Department of Revenue.

City and County of Denver

Retail trade sales in the City and County of Denver accounted for the largest share of total Denver metropolitan area sales in 2008. The City and County of Denver was also one of two Denver metropolitan area counties to report an increase in retail trade sales from 2007. Monthly data suggest that sales activity associated with the Democratic National Convention may have contributed to better summertime sales in the City and County of Denver, although Denver's 2008 sales were generally stronger than sales in neighboring counties for other months as well.

DISTRIBUTION OF 2008 RETAIL TRADE SALES BY COUNTY



Source: Colorado Department of Revenue.

RESIDENTIAL REAL ESTATE

A nationwide housing correction has caused homeownership rates in many states – including Colorado – to decline over the past five years. Specifically, the Colorado rate fell from 71.3 percent in 2003 to 69 percent in 2008 as foreclosures caused some owners to lose their homes and a difficult lending environment thwarted potential buyers. Still, Colorado's 2008 homeownership rate was slightly higher than the national average rate of 67.8 percent.

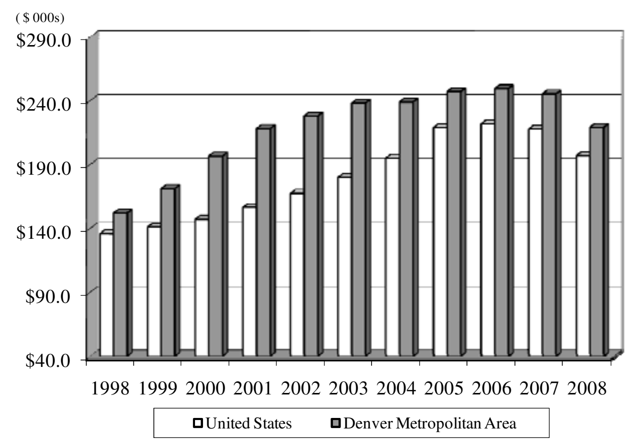
While Colorado has certainly experienced a housing downturn, the contraction has been comparatively mild thanks to strong population and job growth and relatively stable home prices. Between 2000 and 2005, for example, the U.S. median home price appreciated an average of 8.3 percent per year. By contrast, median home prices in the Denver metropolitan area appreciated an average of 4.7 percent per year over the same period.

The Denver metropolitan area and national median home prices have depreciated at roughly the same rates over the past two years, with each down between 10 and 11 percent between 2007 and 2008. While price declines have placed a large burden on homeowners, declines over the past five years have increased the affordability of Denver metropolitan area housing. Specifically, the 2008 Denver median home price of $219,300 was roughly 111 percent of the national median, compared to 132 percent of the national median in 2003.

While median home price data suggest that home prices in the Denver metropolitan area have fallen considerably, other price measures show a different trend. The Federal Housing Finance Agency's Home Price Index (HPI), for example, suggests that fourth quarter 2008 home prices in the Denver metropolitan area had declined just 0.7 percent over-the-year. This figure varies considerably from the depreciation evident in the median home price series, partly because the price measures themselves are fundamentally different and partly because they focus on different properties.

The HPI, for example, considers both sales and refinances for conforming loans while median price data consider sales of all homes. Because distressed properties and unconventional loans account for a large portion of recent sales, some analysts have suggested that home price measures based on sales alone – including median home price data – may not necessarily reflect actual value of many properties.

MEDIAN HOME PRICES



Source: National Association of REALTORS.

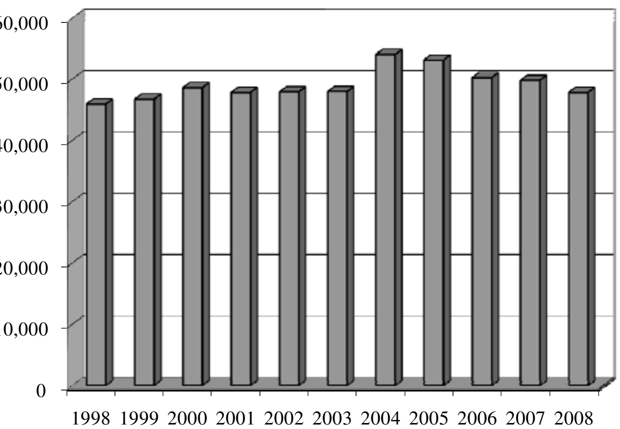
Whether or not median and average home price measures accurately describe most properties, they do suggest that foreclosures and other distressed properties still have a considerable presence in the marketplace. While foreclosure activity remains elevated in the Denver metropolitan area, the region's overall foreclosure trend appeared to be maturing in 2008. The region's public trustees reported a total of 24,821 filings for the year, or a 6.4 percent decline from 2007 filings.

Notably, public trustees for the counties that had contributed most to the region's total filings in recent years – Adams County, Arapahoe County, and the City and County of Denver – reported the largest declines in 2008 foreclosure activity. Specifically, foreclosures in the City and County of Denver declined 17 percent over the year, and filings in Adams and Arapahoe Counties declined 8.6 percent and 6.1 percent, respectively. While weak labor markets placed additional strain on homeowners through the end of 2008, the overall maturity of the region's foreclosure trend and the variety of foreclosure prevention programs now available should help Denver metropolitan area foreclosures to decline slowly.

The Denver metropolitan area foreclosure trend will also improve as the home sales market strengthens. In 2008, total existing home sales in the Denver metropolitan area numbered 47,837 in an 11.4 percent decline from the 2004 peak and a 3.9 percent decline from 2007. Because lower-priced homes and distressed sales dominated the marketplace, total sales volume fell 14.8 percent from more than $14 billion in 2007 to roughly $12 billion in 2008.

The dramatically slower home sales market also curtailed Denver metropolitan area home construction over the past two years. In 2008, the region's counties and municipalities issued roughly 9,400 building permits in a 36 percent decline from 2007 and a 57 percent decline from permits issued in 2004. Construction activity in 2008 increased from the prior year in only five Denver metropolitan area communities, including the City and County of Denver.

DENVER METROPOLITAN AREA HOME SALES



Source: Metrolist Inc.

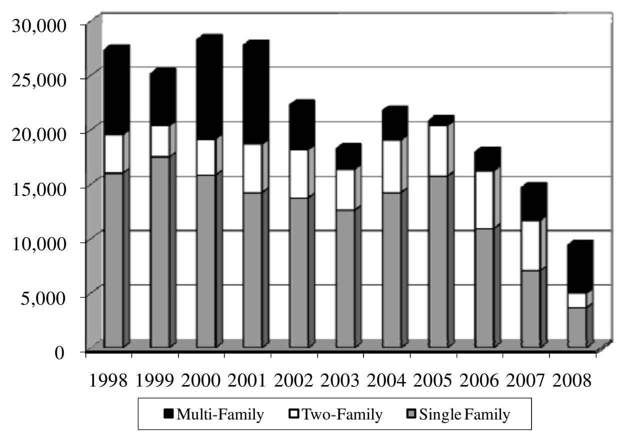
While the region-wide decline in permits for single-family detached homes far exceeded the decline in permits for attached homes – duplexes, townhomes, and condominiums – in 2007, the opposite was true as the construction downturn steepened in 2008. That year, permits for single-family attached homes fell 71.3 percent from 2007, while permits for detached homes fell 48 percent. Because permits for single-family attached homes rose much higher than detached home permits in 2004 and fell at considerably slower rates in the years that followed, the attached homes market likely has more excess inventory to clear.

While weak construction and financing trends have also affected the Denver metropolitan area multifamily (apartment) market, the market has clearly outperformed other property types. In 2008, the region's total permits for apartment construction surpassed 4,400 and represented the largest number of apartment permits issued since 2001.

Relatively stable vacancy rates have been a driving factor behind the region's growing apartment stock. According to the *Denver Metro Apartment Vacancy and Rent Survey*, the region's average vacancy rate remained between six and 6.5 percent for the first three quarters of 2008. Those rates represented a considerable tightening from the prior recessionary period, when the region's vacancy rates rose as high as 13.1 percent. A more dramatic decline in the nation's economy in late 2008 contributed to an increase in the region's vacancy rate, which rose to 7.9 percent in the fourth quarter.

Even with an increase in vacancy, the Denver metropolitan area average apartment rental rate ended 2008 at $889 per month, a 3.3 percent increase from the prior year. Rates increased the most over-the-year in Arapahoe County (+6.3 percent), the City and County of Denver (+5 percent), Arapahoe County (+4 percent), and Adams County (+3.4 percent).

NEW HOME CONSTRUCTION



Source: Home Builders Association of Metro Denver.

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 the end of the year, direct vacancy rates for most property types in the Denver metropolitan area had increased roughly one percentage point from the prior year. Financial market uncertainty clearly affected both the need for space and the ability to obtain loans for many businesses.

Despite these weaker trends, commercial markets in the Denver metropolitan area are poised to make a strong recovery when business demand revives and credit conditions improve. The region ranks favorably in measures of market supply and demand, largely because local markets were not as overbuilt prior to the 2007 recession as they were before the 2001 downturn. The Denver metropolitan area also continues to attract venture capital investment, and the region's high quality of life and well-educated workforce are key enticements for relocating businesses. Combined, these factors are expected to mitigate market weakness throughout the recession and accelerate the region's recovery afterward.

Office Activity

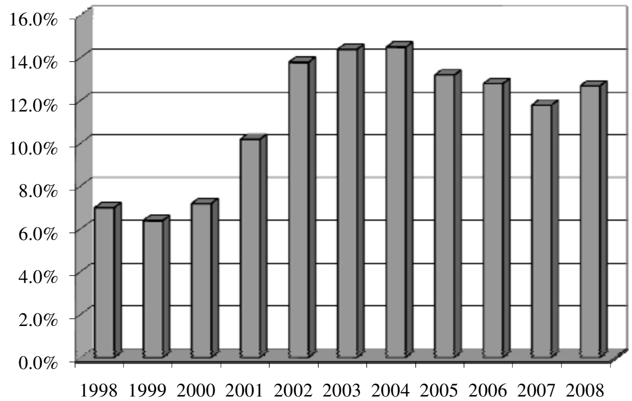
The housing and financial crises had almost immediate impacts on office markets as banks and brokerages downsized. As the crises evolved, it affected outlooks for a broader range of industries including aviation, telecommunications, and professional services. In short, the economic events of 2008 trimmed demand for both existing and new office space.

Data from CoStar Realty Information, Inc. confirm that Metro Denver's office market weakened throughout 2008. The region's direct vacancy rate increased slightly each quarter and ended the year at 12.8 percent, or one percentage point higher than the 11.8 percent rate from the fourth quarter of 2007. Slower market activity essentially reversed gains in lease rates that occurred in the second and third quarters, and average rates ended the year at $21.15 per square foot.

Despite changing fundamentals, 2008 still proved to be a year of solid office market construction activity. More than two million square feet of space in 63 buildings was completed throughout the year, with major projects including the Palazzo Verdi building in Arapahoe County and 1400 Wewatta in Denver.

As developers and property owners face financial challenges and poor sales conditions, though, the pace of building activity is poised to slow as the development pipeline empties. By the fourth quarter of 2008, office property under construction totaled two million square feet, compared to 3.4 million square feet under construction in the prior year.

OFFICE DIRECT VACANCY RATE



Sources: CB Richard Ellis (1998); CoStar Realty Information, Inc. (1999-2008).

Industrial Activity

Metro Denver's industrial market maintained momentum through much of 2008 but finally weakened in the fourth quarter. According to CoStar Realty Information, Inc., the direct vacancy rate rose to 6.9 percent from 6.5 percent in the third quarter while average lease rates remained essentially steady at $5.13 per square foot. The region's flex market showed similar trends as vacancy rose from 13 percent in the third quarter to 13.3 percent in the fourth quarter. Like rental rates in the industrial market, flex market rental rates were essentially stable as 2008 ended.

The industrial market's earlier strength supported a considerable amount of new construction in 2008, as nearly 2.5 million square feet was completed in 41 buildings including the Whirlpool facility in Adams County and the Digicomm building in Arapahoe County. Building activity nearly halted in the fourth quarter, though, as only 170,000 square feet in three buildings remained under construction.

While industrial building and leasing activity are expected to slow in 2009, the Metro Denver market has several key assets for weathering the downturn. First, the region's industrial market serves a diverse array of tenants, many of whom can access capital through venture markets, angel investors, and other non-bank sources. The industrial and flex markets have also benefitted from better-than-average growth prospects for energy, bioscience, and aerospace.

Spokespeople for the ConocoPhillips redevelopment in Broomfield, for example, say the project will proceed as planned despite the company's reduction in renewable energy investment. As construction begins, more projects will likely proceed around the campus. The new manufacturing facility for Vestas Wind Systems A/S will also support construction activity in Brighton and south of Denver in Pueblo. In short, organic growth in the Denver metropolitan area's dynamic industries and the region's growing reputation in the global marketplace should help blunt the impacts of a weak economy in 2009.

Construction activity for hospital and medical properties will be slightly weaker, though, because several major projects were recently completed. Still, several projects remain to be finished. Work continues on the new St. Anthony Central Hospital in Lakewood, and spokespeople say construction will be completed in 2011. The 100-year-old Lutheran Medical Center in Wheat Ridge is undergoing a $224 million expansion, and work on the $113 million HealthONE Rocky Mountain Hospital for Children is also ongoing. Planned development activity for medical facilities includes the redevelopment of the former Children's Hospital location into a new building for St. Joseph Hospital and the construction of a new Veterans Affairs Hospital. The $548 million VA hospital will be part of the Colorado Science+Technology Park in the Fitzsimons Life Science District in Aurora and is scheduled to open in 2011.

Redevelopment Activity

The Fitzsimons Life Science District – a decommissioned army medical center – is the site of some of the most concentrated redevelopment activity in the Denver metropolitan area. The $4.3 billion renovation project will ultimately create one square-mile of health and life science research facilities and includes two parts, the Anschutz Medical Campus and the Colorado Science + Technology Park.

Development work is ongoing at the Anschutz Medical Campus, which is home to the University of Colorado Hospital and academic and research facilities for the University of Colorado Denver School of Medicine. The adjacent Colorado Science + Technology Park already includes 80,000 square feet of bioscience incubator space in two buildings and will ultimately include office space, a hotel and conference center, and other facilities. 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.

Several other redevelopment projects across the Denver metropolitan area are also following a mixed-use model. The $110 million, mixed-use redevelopment of the former Buckingham Square Mall in Aurora will include a pedestrian-oriented retail center with almost one million square feet of space plus large-format retail, office space, and – eventually – residential space. Developers are also working to convert the former Southglenn Mall in Centennial to a mixed-use town center with apartments and retail space. Some retailers have already opened at the new development, and more grand openings are scheduled for the summer of 2009.

Other mixed-use projects in the region are considered transit-oriented developments and are centered around FasTracks, the $6.9 billion transit expansion project approved by voters in 2004. According to the Denver Regional Council of Governments, 65 projects located within one-half mile of a transit station will be built within the next five years. The largest of those projects are related to the Fitzsimons Life Science District and the new St. Anthony West Hospital at the Denver Federal Center. Combined, projects to be completed over the next five years will add more than 1,270 acres of transit-oriented development throughout the Denver metropolitan area.

Retail Activity

The Denver metropolitan area offers 19 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 Colorado Mills "shoppertainment" regional mall in Lakewood to FlatIron Crossing in Broomfield and Park Meadows Retail Resort in Douglas County. These suburban malls complement the one 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 outlook for new retail projects, however, is decidedly negative. A considerable portion of Denver metropolitan area retail space delivered early in 2008 was still vacant in the fall, and retail markets near distressed housing developments were particularly weak. According to CoStar Realty Information, Inc., the Metro Denver retail market vacancy rate averaged 8.2 percent as 2008 ended, nearly one percentage point higher than the 7.3 percent rate from the fourth quarter of 2007. Average lease rates also declined through the second half of the year, although the fourth quarter average of $17.60 per square foot remained above the $17.01 average from the fourth quarter of 2007.

While continued weakness in consumer spending and difficult commercial finance markets will keep pressure on retail market fundamentals for some time, that timeline could be shorter in the Denver metropolitan area than it is elsewhere. The region's housing crisis has been milder than crises in other areas, and comparatively high levels of personal income and stable population growth will still attract retail developments with longer-term timelines. Swedish furniture retailer IKEA, for example, announced plans in 2008 for a Colorado store that will open in several years.

TRANSPORTATION

The Denver metropolitan area's central location and thriving economy have combined to make it one of the nation's most important transportation hubs. All modes of transportation – except water – converge in the region and provide for easy national and international travel.

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, and the final beltway segment in Jefferson County is in the planning stages.

Other major roadways throughout the Denver metropolitan area have also benefited from careful planning and improvements. T-REX, the Transportation Expansion Project, was Colorado's largest public works project since the construction of Denver International Airport. T-REX included the widening of Interstates 25 and 225 and the construction of a 19-mile light rail line in the southeast metro area. The project ended in 2006 – 19 months ahead of schedule – and has received high ratings from commuters as well as a National Achievement Award from the National Partnership for Highway Quality.

Roadways and pedestrian facilities throughout the Denver metropolitan area will also be improved with funding from the American Recovery and Reinvestment Act (ARRA). Numerous resurfacing projects, bridge rehabilitation, and safety improvements will occur with more than $100 million in ARRA funds to be distributed by the Colorado Department of Transportation. The Denver Regional Council of Governments will manage a separate disbursement of more than $60 million, and projects include new interchanges on I-225 and I-70, improvements for bike lanes and access bridges throughout the region, and renovations to Denver's intermodal Union Station.

Mass Transit

The Regional Transportation District (RTD) serves the mass transit needs of the Denver metropolitan area. RTD operates 1,039 buses on 165 fixed routes and 117 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 free hybrid-electric buses that transport visitors from one end of downtown Denver's 16th Street Mall to the other.

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 $6.9 billion buildout plan for 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.

Like many major infrastructure projects, FasTracks faces the challenges of fluctuating commodity prices and a weak economy. Still, the project is moving forward with progress on a number of corridor projects. In early 2009, RTD gave approval for full construction activity on the West Corridor, a 12.1-mile line between Denver's Union Station and Golden. The District is also moving forward with pre-construction analysis for the North Metro and East Corridors, and construction funding has been approved for the first phase of the Union Station redevelopment. At completion, Union Station will join light rail lines with bus rapid transit, commuter rail, and office, retail, and residential space.

Air

Located approximately 23 miles northeast of downtown Denver, Denver International Airport is a 53-square-mile facility with six runways, three concourses, and 95 gates plus 16 gates in a regional jet facility. 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.

Denver International Airport averaged more than 1,700 flight operations and roughly 140,400 passengers every 24 hours in 2008. Total passenger traffic at the airport was 51.2 million in 2008, up 2.8 percent from 2007. With that volume of traffic, Denver International Airport ranks fifth-busiest in North America and 10th busiest in the world.

Denver International Airport serves as a major hub for United and Frontier Airlines. Southwest Airlines began flights from Denver in January 2006, and competition among the carriers has increased air traffic and reduced average travel costs for Denver passengers. In total, 16 commercial carriers offer nonstop Denver flights to more than 150 domestic and international destinations including London, Frankfurt, and several major cities in Mexico and Canada.

Eight cargo airlines and 17 major and national airlines also provide an extensive freight network between Denver and other cities. Economic pressures and longer-term structural changes in the freight industry have reduced cargo traffic, however. Denver International Airport handled 553 million pounds of cargo in 2008, which represents a 6.1 percent decline from cargo loads in 2007. Of the 2008 shipments, about 95 percent were freight and express while five percent were classified as mail.

While cargo activity at Denver International Airport has slowed, the airport has exceeded the passenger capacity it was built to handle. As a result, airport officials are working on expansion plans. Builders will break ground on a 500-room off-concourse hotel in 2010, and the facility will be located near a FasTracks commuter rail platform that is scheduled for completion in 2015. The Federal Aviation Administration will begin a Denver International Airport airspace study – a key consideration for locating a seventh runway – in late 2009, and airport officials are currently considering several alternatives for concourse expansion.

TOURISM

According to a recent study by Longwoods International, 2008 tourism activity in Denver remained healthy despite weaker national trends. The total number of overnight visitors to Denver was unchanged from 2007 at 12.2 million, but visitor spending rose nine percent to a record $3.1 billion. Top attractions for visitors in 2008 included 16th Street Mall and the Cherry Creek Shopping District as well as the Denver Zoo and numerous other cultural facilities.

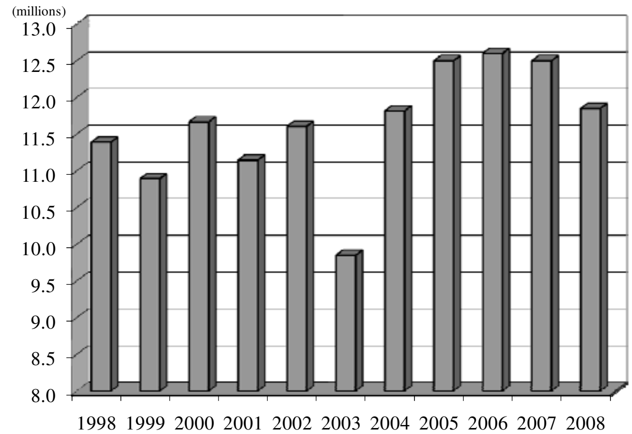
Like the region's cultural destinations, Denver sports venues also attract visitors. Denver is one of only five U.S. cities with seven professional sports franchises – the NFL Denver Broncos, the NBA Denver Nuggets, the MLB Colorado Rockies, the NHL Colorado Avalanche, the MLS Colorado Rapids, the NLL Colorado Mammoth, and the MLL Denver Outlaws.

These sports teams have a significant economic impact on the Denver metropolitan area and have led to large investments in sports venues. Coors Field – a 76-acre, $215 million ballpark – hosted two sold-out games of the 2007 World Series. Nearby, the $360 million, 76,125-seat Invesco Field at Mile High football stadium hosts Denver Broncos football games as well as large public events. Dick's Sporting Goods Park opened in spring 2007 and hosts the Colorado Rapids soccer team. This innovative park 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 four 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 recreation. The nearby Rocky Mountains attract hikers and climbers during warmer months, and winter visitors consistently rate Colorado ski resorts among the best in North America. While a difficult economy affected Colorado ski resorts in the 2008/2009 season, favorable snow conditions and an increase in visitors from the Front Range helped resorts avoid a dramatic slowdown. The total number of Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – declined 5.5 percent from the 2007/2008 season to approximately 11.9 million in the 2008/2009 season.

A weak economy has also placed pressure on businesses and leisure travel in the Denver metropolitan area, but the region's convention schedule remains full. Convention officials estimate that the entire 2008 convention season brought 75 out-of-town meetings and events to the Colorado Convention Center that attracted 265,509 visitors and generated $529.9 million in local spending. According to the Denver Metro Convention and Visitors Bureau, 2008 was Denver's strongest-ever convention year.

COLORADO SKIER VISITS



Source: Colorado Ski Country USA.

Part of the region's success is attributable to high-profile events including the 2008 Democratic National Convention. The convention attracted an estimated 50,000 delegates, dignitaries, and members of the media to the Denver metropolitan area, and tourism officials say the convention is a key factor behind record visitor spending reported for 2008. According to a report by Development Research Partners, visitor spending associated with the convention generated direct and indirect economic impacts valued at $127.1 million throughout the region.

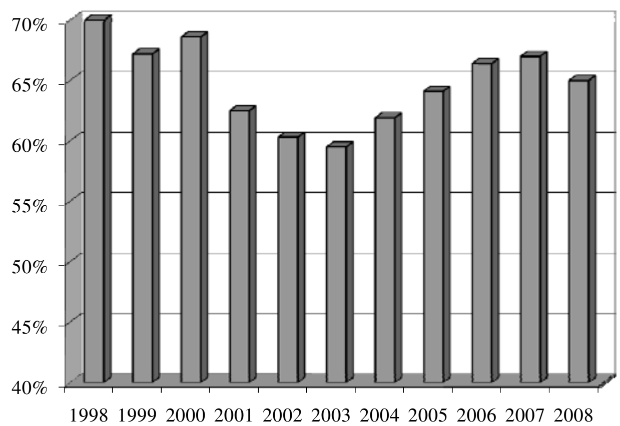
In addition to immediate economic impacts, the Democratic National Convention gave the Denver metropolitan area international exposure that will support convention activity for years to come. In 2009, high-profile convention events planned in the Denver metropolitan area include the U.S. Hispanic Chamber of Commerce Annual National Convention and International Business Expo and the National School Boards Association Technology and Learning Conference.

Strong convention and visitor activity continues to support hospitality development throughout the Denver metropolitan area. Along Colorado Boulevard, Stonebridge Cos. is working to redevelop the former Four Points by Sheraton Hotel. The new facility – called the Cherry Creek Hotel – will include additional rooms and retail space.

Spokespeople say construction on various phases of the project will be completed between 2009 and 2012. Construction on the Four Seasons Hotel and Residences continues in downtown Denver, and boutique hotel brand Aloft recently opened two Denver area locations.

While the Denver metropolitan area hospitality market remains generally strong, weaker leisure and business travel trends have dampened occupancy levels throughout the recession. The Democratic National Convention created a noticeable spike in the region's hotel occupancy rates in the summer of 2008, but the unfolding national recession limited guest volumes through the rest of the year. According to the *Rocky Mountain Lodging Report*, the Denver metropolitan area hotel occupancy rate declined to 65 percent in 2008 from 67 percent in 2007. Across the region, 2008 occupancy rates ranged from 60.1 percent in the Midtown market to 69.4 percent in the Downtown market.

HOTEL OCCUPANCY RATES



Source: Rocky Mountain Lodging Report.

Despite the 2008 decline in occupancy, the overall Denver metropolitan area average room rate increased to $118.27 from $111.21 in 2007. This increase reflected the changing mix of accommodations available throughout the region, as well as an increase in rates tied to the Democratic National Convention.

SUMMARY

While Denver metropolitan area layoffs, foreclosures, and retail sales declines confirm the region is not immune to the nationwide recession, the region's economy is in many ways stronger than other metropolitan area economies.

The region's 2008 unemployment rate was roughly one percentage point below the national average, and local commercial real estate markets are burdened with less excess inventory than markets in many other areas. Foreclosures still pose a risk to the local housing market, but the Denver metropolitan area's foreclosure trend is more mature than foreclosure trends elsewhere and has shown key signs of improvement.

In short, many of the region's economic fundamentals remain stronger-than-average despite the ongoing nationwide recession. These factors – combined with continued interest from relocating businesses and strong population growth – will help the region recover more quickly than many of its counterparts as the nation's economy improves.

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DATA APPENDIX

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
POPULATION (July 1)											
United States (thousands)	275,854	279,040	282,172	285,040	287,727	290,211	292,892	295,561	298,363	301,290	304,060
Colorado	4,102,491	4,215,984	4,301,261	4,457,665	4,531,539	4,595,814	4,664,062	4,731,799	4,827,387	4,919,884	5,010,395
Denver Metropolitan Area	2,280,781	2,349,188	2,418,304	2,484,748	2,522,699	2,556,011	2,595,704	2,629,526	2,680,647	2,734,483	2,788,865
City and County of Denver	533,406	545,517	555,782	566,969	566,161	570,954	574,327	576,928	585,026	596,582	606,649
POPULATION GROWTH RATE											
United States	1.2%	1.2%	1.1%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	0.9%
Colorado	2.7%	2.8%	2.0%	3.6%	1.7%	1.4%	1.5%	1.5%	2.0%	1.9%	1.8%
Denver Metropolitan Area	2.8%	3.0%	2.9%	2.7%	1.5%	1.3%	1.6%	1.3%	1.9%	2.0%	2.0%
City and County of Denver	1.1%	2.3%	1.9%	2.0%	-0.1%	0.8%	0.6%	0.5%	1.4%	2.0%	1.7%
NET MIGRATION											
Colorado	75,127	79,306	85,896	80,326	34,989	24,849	28,183	27,793	55,357	51,389	49,845
Denver Metropolitan Area	42,698	47,456	46,085	41,986	13,296	8,250	13,878	8,384	25,965	28,689	29,226
City and County of Denver	2,004	7,411	5,111	5,200	(6,642)	(1,377)	(2,578)	(3,557)	2,158	5,615	4,125
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	125.9	129.0	131.8	131.8	130.3	130.0	131.4	133.7	136.1	137.6	137.1
Colorado (thousands)	2,057.6	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	2,349.3
Denver Metropolitan Area (thousands)	1,268.4	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	1,419.6
City and County of Denver	446,364	455,642	469,140	461,996	438,891	425,474	423,446	424,641	432,416	442,746	447,925
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.4%
Colorado	3.9%	3.6%	3.8%	0.6%	-1.9%	-1.4%	1.2%	2.1%	2.4%	2.3%	0.8%
Denver Metropolitan Area	4.0%	4.0%	4.3%	0.0%	-3.1%	-1.4%	0.8%	1.9%	2.0%	2.2%	0.9%
City and County of Denver	3.5%	2.1%	3.0%	-1.5%	-5.0%	-3.1%	-0.5%	0.3%	1.8%	2.4%	1.2%

2008 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	5.8%	8.1%	6.9%	6.1%
Manufacturing	9.8%	6.1%	6.2%	5.2%
Wholesale & Retail Trade	15.6%	15.0%	15.2%	12.3%
Transportation, Warehousing, Utilities	3.7%	3.3%	3.7%	7.5%
Information	2.2%	3.3%	4.1%	3.6%
Financial Activities	5.9%	6.6%	7.4%	8.5%
Professional & Business Services	13.0%	14.9%	17.3%	19.0%
Education & Health Services	13.8%	10.7%	10.8%	18.2%
Leisure & Hospitality	9.8%	11.6%	10.4%	10.4%
Other Services	4.0%	4.0%	3.8%	3.1%
Government	16.4%	16.4%	14.4%	6.1%

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
UNEMPLOYMENT RATE											
United States	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%
Colorado	3.5%	3.0%	2.7%	3.8%	5.7%	6.1%	5.6%	5.1%	4.3%	3.8%	4.9%
Denver Metropolitan Area	2.9%	2.6%	2.6%	3.8%	5.9%	6.4%	5.7%	5.2%	4.4%	3.8%	4.9%
City and County of Denver	3.8%	3.3%	3.0%	4.4%	6.7%	7.2%	6.6%	5.8%	4.8%	4.3%	5.5%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	163.0	166.6	172.2	177.1	179.9	184.0	188.9	195.3	201.6	207.3	215.3
Denver-Boulder-Greeley	161.9	166.6	173.2	181.3	184.8	186.8	187.0	190.9	197.7	202.0	209.9
INFLATION RATE											
United States	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%	3.8%
Denver-Boulder-Greeley	2.4%	2.9%	4.0%	4.7%	1.9%	1.1%	0.1%	2.1%	3.6%	2.2%	3.9%

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$7,416	$7,796	$8,422	$8,717	$8,873	$9,150	$9,711	$10,253	$10,978	$11,634	$12,087
Colorado	$118,493	$128,860	$144,394	$152,700	$153,066	$154,829	$163,736	$175,371	$188,214	$199,483	$209,321
Denver Metropolitan Area	$74,553	$81,469	$92,478	$98,091	$97,913	$98,521	$104,178	$111,632	$120,261	$127,242	N/A
City and County of Denver	$17,852	$19,247	$21,746	$23,535	$23,729	$23,747	$25,003	$26,815	$29,400	$30,949	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	7.4%	5.1%	8.0%	3.5%	1.8%	3.1%	6.1%	5.6%	7.1%	6.0%	3.9%
Colorado	9.8%	8.7%	12.1%	5.8%	0.2%	1.2%	5.8%	7.1%	7.3%	6.0%	4.9%
Denver Metropolitan Area	10.2%	9.3%	13.5%	6.1%	-0.2%	0.6%	5.7%	7.2%	7.7%	5.8%	N/A
City and County of Denver	9.8%	7.8%	13.0%	8.2%	0.8%	0.1%	5.3%	7.2%	9.6%	5.3%	N/A
PER CAPITA PERSONAL INCOME											
United States	$26,883	$27,939	$29,847	$30,582	$30,838	$31,530	$33,157	$34,690	$36,794	$38,615	$39,751
Colorado	$28,784	$30,492	$33,364	$34,455	$33,991	$34,041	$35,594	$37,611	$39,612	$41,192	$42,377
Denver Metropolitan Area	$32,499	$34,560	$38,269	$39,650	$39,090	$38,999	$40,799	$43,143	$45,641	$47,327	N/A
City and County of Denver	$33,005	$35,068	$39,107	$41,690	$42,261	$42,466	$44,659	$47,598	$51,387	$53,098	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	6.1%	3.9%	6.8%	2.5%	0.8%	2.2%	5.2%	4.6%	6.1%	4.9%	2.9%
Colorado	7.2%	5.9%	9.4%	3.3%	-1.3%	0.1%	4.6%	5.7%	5.3%	4.0%	2.9%
Denver Metropolitan Area	7.7%	6.3%	10.7%	3.6%	-1.4%	-0.2%	4.6%	5.7%	5.8%	3.7%	N/A
City and County of Denver	9.0%	6.3%	11.5%	6.6%	1.4%	0.5%	5.2%	6.6%	8.0%	3.3%	N/A

DATA APPENDIX

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
RETAIL TRADE SALES											
United States (Billions)	$2,860	$3,092	$3,290	$3,386	$3,467	$3,614	$3,833	$4,079	$4,314	$4,496	$4,475
Colorado (millions)	$48,173	$52,609	$57,955	$59,014	$58,850	$58,689	$62,288	$65,492	$70,437	$75,320	$74,788
Denver Metropolitan Area (millions)	$28,458	$31,590	$35,055	$35,561	$35,355	$35,548	$37,197	$38,589	$41,491	$44,228	$43,828
City and County of Denver (millions)	$6,812	$7,302	$8,102	$7,874	$7,564	$7,364	$7,691	$7,963	$9,480	$10,210	$10,249
RETAIL TRADE SALES GROWTH RATE											
United States	4.6%	8.1%	6.4%	2.9%	2.4%	4.2%	6.1%	6.4%	5.8%	4.2%	-0.5%
Colorado	6.7%	9.2%	10.2%	1.8%	-0.3%	-0.3%	6.1%	5.1%	7.6%	6.9%	-0.7%
Denver Metropolitan Area	7.4%	11.0%	11.0%	1.4%	-0.6%	0.5%	4.6%	3.7%	7.5%	6.6%	-0.9%
City and County of Denver*	7.3%	7.2%	11.0%	-2.8%	-3.9%	-2.6%	4.4%	3.5%	19.1%	7.7%	0.4%
MEDIAN HOME PRICE											
United States (thousands)	$136.0	$141.2	$147.3	$156.6	$167.6	$180.2	$195.2	$219.0	$221.9	$217.9	$197.1
Denver Metropolitan Area (thousands)	$152.2	$171.3	$196.8	$218.3	$228.1	$238.2	$239.1	$247.1	$249.5	$245.4	$219.3
EXISTING HOME SALES											
Denver Metropolitan Area	45,951	46,742	48,611	47,832	47,919	47,966	54,012	53,106	50,244	49,789	47,837
NEW RESIDENTIAL UNITS DENVER METROPOLITAN AREA											
Single Family	16,058	17,523	15,873	14,262	13,793	12,656	14,260	15,778	10,952	7,082	3,686
Two-Family	3,527	2,883	3,321	4,442	4,425	3,755	4,843	4,642	5,311	4,632	1,330
Multi-Family	7,794	4,784	9,116	9,090	4,085	1,858	2,681	459	1,727	3,015	4,413
Total Units	27,379	25,190	28,310	27,794	22,303	18,269	21,784	20,879	17,990	14,729	9,429

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OFFICE VACANCY RATE											
Denver Metropolitan Area	7.0%	6.4%	7.2%	10.2%	13.8%	14.4%	14.5%	13.2%	12.8%	11.8%	12.7%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	70.0%	67.2%	68.6%	62.5%	60.3%	59.5%	61.9%	64.1%	66.4%	67.0%	65.0%
SKIER VISITS	**98/99**	**99/00**	**00/01**	**01/02**	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**	**08/09**
Colorado (millions)	11.4	10.9	11.7	11.1	11.6	9.9	11.8	12.5	12.6	12.5	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

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
2008 ABSTRACT OF ASSESSMENT

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2008 Abstract of Assessment

	Total Assessed Value	Total Actual Value
Vacant Land		
Residential	$ 84,654,250	$ 291,911,200
Commercial	74,030,090	255,276,200
Industrial	23,307,120	80,369,400
Agricultural	40,040	138,100
PUD	10,693,050	36,872,600
All Others	17,808,660	61,409,200
Minor Structures	67,110	231,400
Possessory Interest	88,660	305,700
Total	**$ 210,688,980**	**$ 726,513,800**
Residential		
Single Family	$ 3,249,882,650	$ 40,827,671,500
Condominiums	721,305,750	9,061,630,000
Duplexes/Triplexes	99,182,320	1,246,009,100
Multi Unit (4 to 8)	38,185,420	479,716,400
Multi Unit (9 & up)	397,667,420	4,995,821,900
Manufactured Homes	549,480	6,903,000
Partial Exempt	3,814,460	47,920,400
Total	**$ 4,510,587,500**	**$ 56,665,672,300**
Commercial		
Merchandising	$ 636,439,620	$ 2,194,619,400
Lodging	230,936,260	796,331,900
Offices	1,788,201,130	6,166,210,800
Recreation	76,683,680	264,426,500
Commercial Condos	119,130,740	410,795,700
Possessory Interest	36,395,060	125,500,200
Special Purpose	517,903,330	1,785,873,600
Warehouses	803,825,230	2,771,811,100
Multi-Use	147,125,320	507,328,700
Partial Exempt	26,757,090	92,265,800
Total	**$ 4,383,397,460**	**$ 15,115,163,700**
Industrial		
Manufacturing	$ 125,107,730	$ 431,405,900
Total	**$ 125,107,730**	**$ 431,405,900**
Personal Property		
Residential	$ 8,278,750	$ 28,547,400
Commercial	671,886,270	2,316,849,200
Industrial	112,193,720	386,874,900
Prod. Oil & Gas	34,670	119,600
Total	**$ 792,393,410**	**$ 2,732,391,100**
Natural Resources		
Prod. Oil & Gas	$ 3,286,450	$ 3,755,900
Total	**$ 3,286,450**	**$ 3,755,900**
State Assessed	**$ 837,782,600**	**$ 2,888,905,500**
Grand Total	**$ 10,863,244,130**	**$ 78,563,808,200**

Exempt Properties	Total Assessed Value	Total Actual Value
Federal Government	$ 117,980,380	$ 406,828,900
State Government	285,514,450	985,354,300
County Government	1,600,555,290	5,808,435,200
Political Subdivision	977,791,170	3,424,329,900
Religious Entities	188,077,580	696,113,300
Private Schools	123,698,510	426,805,500
Charitable Entities	273,928,330	1,248,797,800
All Others	171,580,660	594,968,100
Total	**$ 3,739,126,370**	**$ 13,591,633,000**

Special Taxing Districts

	Assessed Value	Mill Levy	Tax Revenue
Bowles Metro	$ 26,444,760	40.000	1,057,790
Broadway Stn Metro No 3	5,643,740	11.000	62,081
Central Platte Valley Metro	31,473,680	55.000	1,731,052
Central Platte Valley Metro debt	56,036,480	40.000	2,241,459
Cherry Creek North B.I.D.	162,170,390	17.642	2,861,010
Cherry Creek Subarea B.I.D.	12,662,770	1.601	20,273
Clear Creek Valley Water	1,173,600	2.846	3,340
Colfax B.I.D.	42,313,110	7.846	331,989
Colo Int'l Center Metro No 13	30	50.000	2
Colo Int'l Center Metro No 14	512,400	58.273	29,859
Denver Gateway Center Metro	3,550,290	32.992	117,131
Denver Gateway Meadows	1,510	30.000	45
Denver High Point at DIA Metro	8,490	13.273	113
Denver Intl. Bus. Center No 1	19,079,230	40.000	763,169
Denver Suburban Water	251,086,460	0.325	81,603
Ebert Metro	66,057,080	69.700	4,604,178
Fairlake Metro	15,990,870	40.508	647,758
Fairlake Metro (debt)	9,409,980	26.000	244,659
First Creek Metro	42,760	10.845	464
Gateway Regional Metro	42,984,160	16.000	687,747
Gateway Regional Metro (debt)	518,800	1.727	896
Gateway Village G.I.D.	22,677,490	32.500	737,018
Goldsmith Metro	251,086,460	17.369	4,361,121
Goldsmith Metro (debt)	26,615,960	9.000	239,544
Greenwood Metro	812,790	15.380	12,501
GVR Metro	84,966,140	30.274	2,572,265
Holly Hills Water & Sanitation	18,180,960	2.716	49,379
Madre Metro Dist. No 2	3,655,300	50.000	182,765
Mile High Business Center	13,344,340	35.000	467,052
N Washington Fire Protection	5,348,960	13.451	71,949
N Washington St Water & San	5,348,960	1.095	5,857
Old South Gaylord B.I.D.	4,593,180	4.181	19,204
Sand Creek Metro	26,454,310	26.000	687,812
Sand Creek Metro (debt)	8,567,150	21.000	179,910
SBC Metro*	48,948,200	35.000	1,713,187
Section 14 Metro	7,859,570	23.476	184,511
Section 14 Metro (debt)	6,052,570	9.684	58.613
Sheridan Sanitation Dist No2	424,080	0.555	235
South Denver Metro	46,892,250	7.000	328,246
Southeast Public Improvement	251,527,400	1.650	415,020
Town Center Metro	378,700	69.700	26,395
Valley Sanitation	9,858,270	2.493	24,577
Westerly Creek Metro**	252,973,310	55.038	13,923,145
Total			**$ 41,746,926**

*$1,310,352 of the tax for SBC Metropolitan is distributed directly to the Stapleton TIF.

**$9,759,841 of the tax for Westerly Creek is distributed directly to the Stapleton TIF.

Tax Increment Finance Districts

District	Assessed Value
Alameda Square	$ 1,332,106
American National	2,965,051
California St. Parking Garage	616,737
Cherokee	0
City Park South	11,096,528
Downtown Denver	94,958,477
Elitch's	19,283,681
Executive Tower Hotel	9,806,005
Guaranty Bank	1,512,769
Highlands Garden Village	6,263,395
Lowenstein Theater	2,502,910
Lowry	143,602,030
Mercantile Square	894,726
Northeast Park Hill	5,246,211
Pepsi Center	32,359,213
Point Urban	932,610
South Broadway	15,326,494
St. Luke's #1	11,206,077
St. Luke's #2	9,562,980
Stapleton	296,144,992
Westwood	5,734,201
York Street	5,770,020
Total	**$ 677,117,213**

Summary of Levies and Taxes

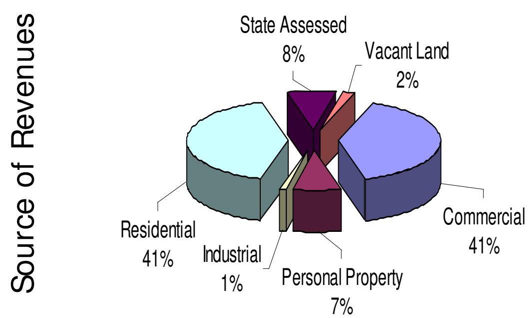
	Mill Levy	Tax Revenue
City & County of Denver		
General Fund	6.389	$ 69,405,267
Bond Principal	4.470	48,558,701
Bond Interest	3.110	33,784,689
Social Services	3.698	40,172,277
Developmentally Disabled	1.011	10,982,740
Fire Pension	1.371	14,893,508
Police Pension	1.636	17,772,267
Capital Improvement	2.350	25,528,624
Capital Maintenance	2.500	27,158,110
Total	**26.535**	**$ 288,256,183**
School District #1		
General Fund	33.464	$ 363,527,602
Bond Redemption	6.193	67,276,071
Total	**39.657**	**$ 430,803,673**
Urban Drainage & Flood Control District	**.591**	**$ 6,420,177**
Total General Taxes *	**66.783**	**$ 725,480,033**
Total Special District Taxes		**41,746,926**
Grand Total of All Taxes		**$ 767,226,959**
Taxes Distributed to DURA*		**$ 45,219,919**

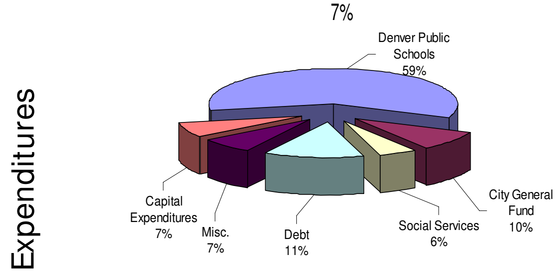
Denver Urban Renewal Authority

2009 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 are mailed to taxpayers.
May 1 to June 1—Assessor hears protests to real property valuations.
By June 15—Taxpayers are notified of business personal property valuations.
June 15 to July 5—Assessor hears protests to business personal property valuations.
By August 25—Initial Certifications of Value are sent to each of the taxing entities in the county.
By August 31—Notice of Determination from protests mailed.
August 31 to September 15—County Board of Equalization appeals accepted.
September 1—County Board of Equalization hearings scheduled concluding on or before November 1.
By December 15—Taxing entities certify mill levies to Assessor.
By December 22—Final mill levies are approved for the following year's tax collections.

2008 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 joint responsibility of the Assessor and 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 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 2008, 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 2009 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 30.

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

2008

Total
Assessed Valuation
$10,863,244,130

John W. Hickenlooper
Mayor

Paul H. Jacobs
Assessor

CITY AND COUNTY OF DENVER

SEAL