CITY AND COUNTY OF DENVER, COLORADO
2008 DISCLOSURE STATEMENT

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

For the year ended December 31, 2007

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

2008 DISCLOSURE STATEMENT
Table of Contents

TRANSMITTAL LETTER FROM THE MANAGER OF FINANCE

CITY OFFICIALS

THE CITY AND COUNTY OF DENVER, COLORADO 1
- General Information 1
- Organization 1
- Government 1
- Budget Policy 2
- Constitutional Revenue and Spending Limitations 3
- General Fund 3
  - Major Revenue Sources. 3
  - Major Expenditure Categories. 4
- Management Discussion of 2007 Budget 4
- Management Discussion of Recent Financial Results 6
- General Fund Financial Information 7
- Collection of Taxes 10
- Sales and Use Taxes 10
- Property Taxation 11
  - Assessed Valuation. 11
  - Property Taxes. 12
- Assessed Valuation of Major Taxpayers 15

DEBT STRUCTURE OF THE CITY 15
- Authorization for General Obligation Debt 15
- General Obligation Bonded Debt 16
- Combined Debt Service Schedule - General Obligation Bonds 17
- Excise Tax Revenue Bonds Debt Service Coverage 18
  - Colorado Convention Center Excise Tax Revenues 18
  - Denver Performing Arts Center and Other Cultural Facilities. 18
- Golf Enterprise Revenue Bonds 21
  - Usage of Courses and Multi-Year Green Fees: 22
- Overlapping Debt and Taxing Entities 24
  - School District No. 1 in the City and County of Denver. 24
  - Metro Wastewater Reclamation District. 24
  - Regional Transportation District. 24
  - Denver Metropolitan Major League Football Stadium District. 25
  - Urban Drainage and Flood Control District. 25
  - Other Overlapping Taxing Entities. 25
- Denver Convention Center Hotel Authority 26
- Retirement Plans 27
  - City Employees. 27
  - Other Post Employment Benefits 28
  - Fire and Police Pension Plans. 28
  - Water Board Retirement Plan. 29

LEASE PURCHASE AGREEMENTS 30
- Certificated Lease Purchase Agreements 30

DENVER WATER BOARD....31
Summary of 2007....31
Denver Water Board - Service Area....31
Denver Water Board – Debt Structure....33
Denver Water Board - Lease Purchase Agreements....34
Denver Water Board - System Development Charges and Participation Receipts....34

WASTEWATER MANAGEMENT SYSTEM....39
Wastewater Financial Information....39
Customer Information....39
Metro Wastewater Reclamation District....39
Account Information....40
Storm Drainage Service Charge....40
Wastewater Management Division Enterprise Fund Budgets....42
Operating History....42
Historical Wastewater Management Fund Information....42
Historic Net Pledged Revenues....45
Capital Improvement Plan....45

THE AIRPORT SYSTEM....46
Description of the Airport....46
Airport System Aviation Activity....46
Factors Affecting the Airport....50
United Airlines (United)....50
United Special Facility Bonds....50
Frontier Airlines....51
Southwest Airlines....51
Other Passenger Airline Information....51
Airport System Aviation Activity....51
Outstanding Bonds and Notes....53
Summary Financial Information....55

CONTACTS FOR FURTHER INFORMATION....58

APPENDIX A: An Economic and Demographic Overview of the Denver Metropolitan Area. A-1

APPENDIX B: Executive Order No. 114....B-1

APPENDIX C: 2008 Abstract of Assessment....C-1

DENVER
THE MILE HIGH CITY

JOHN W. HICKENLOOPER
Mayor

DEPARTMENT OF FINANCE

CLAUDE PUMILIA
CHIEF FINANCIAL OFFICER

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Denver, CO 80202
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September 29, 2008

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, 2007* is to present information about the City's 2007 financial condition, but it also contains certain post-2006 information as noted. **The *Disclosure Statement for the Year Ended December 31, 2007* 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, on behalf of its Department of Aviation (the "Airport"), executed eight bond transactions in 2007 for the purpose of refunding certain Airport obligations and funding new money for capital improvement projects. On August 29, 2007, $188,350,000, $24,250,000, and $34,635,000 Series 2007A, 2007B and 2007C bonds were issued in a fixed mode for the purpose of refunding Commercial Paper Notes, advance refunding the 2003B bonds and funding new money for capital improvement projects, and $147,815,000 Series 2007D bonds were issued in a fixed mode for the purpose of funding new money for capital improvement projects. On October 4, 2007, $31,950,000 and $47,400,000 Series 2007D2 and 2007E bonds were issued for the purpose of funding new money for capital improvement projects. On November 14, 2007, $208,025,000 and $148,500,000 Series 2007G1-G2 and 2007F1-F4 bonds were issued in auction rate mode and variable rate mode, respectively, for the purpose of current refunding a portion of 1997E bonds.

The City also issued $8,860,000 General Obligation Mini-Bonds, Series 2007, as the third series of funds for the Justice System Facilities Project, for which voters had approved the issuance of $378,000,000 of General Obligation Bonds. Subsequent to the end of 2007, the City issued the rest of the project's authorized amount in February 2008 with $174,135,000 General Obligation Bonds, Series 2007.

DENVER
THE MILE HIGH CITY

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, 2007,* or if you have any comments regarding future disclosures.

Sincerely

Claude J. Pumilia

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

CITY AND COUNTY OF DENVER OFFICIALS
AS OF DECEMBER 31, 2007

Mayor
John W. Hickenlooper

City Council
Michael B. Hancock, President

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

Auditor
Dennis J. Gallagher

CABINET OFFICIALS

Kim M. Bailey	Manager of the Department of Parks and Recreation
Alvin J. LaCabe, Jr.	Manager of the Department of Public Safety
David R. Fine, Esq.	City Attorney
Peter J. Park	Manager of Community Planning and Development
Kevin Patterson	Manager of the Department of General Services
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
Turner West	Manager of the Department of Aviation
Roxane White	Manager of the Department of Human Services

Clerk and Recorder
Stephanie Y. O'Malley

BOARD OF WATER COMMISSIONERS

Thomas A. Gougeon	President
Penfield Tate III	First Vice President
George B. Beardsley	Member
John R. Lucero	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 2.6 million people, representing more than half of the population of the State, currently reside in the Denver metropolitan area.

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 CAFR. The Auditor is elected every four years and is limited to three 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 treasurer 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 now performance audits are carried out by the City Auditor in the 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 terms. The current Clerk and Recorder is Stephanie Y. O'Malley. As of December 31, 2007, the appointed members of the Mayor's cabinet were the following individuals:

Kim M. Bailey	Manager of the Department of Parks and Recreation
Alvin J. LaCabe Jr.	Manager of the Department of Public Safety
David R. Fine, Esq.	City Attorney
Peter J. Park	Manager of Community Planning and Development
Kevin Patterson	Manager of the Department of General Services
Claude 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
Turner West	Manager of the Department of Aviation
Roxane White	Manager of the Department of Human Services

In addition to the members of the cabinet, Kelly Brough, the Chief of Staff and Chris Henderson, Chief Operating Officer have significant advisory roles in formulating policy.

Since December 31, 2007, the following changes have taken place in the Mayor's cabinet:

- Turner West retired as Manager of the Department of Aviation and Kim Day is the new Manager of the Department of Aviation.

- Roxane White has left the Department of Human Services. Patricia Wilson Pheanious has been hired as the new Department head.

- Kevin Patterson will change positions from Manager General Services to be the Manager of Parks and Recreation. As of the date hereof, no replacement has occurred for the Manager of General Services, however, Derek Brown will serve as the Manager of General Services in the interim.

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 below, 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 2005, 2006 and 2007, and information prepared by the City's Department of Revenue, now known as 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, 2007, was a fixed-rate (3.62%) tax imposed on the sale of all tangible personal property not specifically exempted and on certain services. In November 2006, the voters of the City and County of Denver approved an increase of the City's sales tax of 0.12% 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. Additionally, there are separate sales tax surcharges for short-term car rental, lodger's, prepared food and beverages and aviation fuels. A portion of these charges is used for debt service payments. The general use tax 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: 8.964 mills for 2003; 8.857 mills for 2004; 8.965 for 2005; 8.854 mills for 2006; 9.323 mills for 2007; and 8.591 mills for taxes being collected in 2008. 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, the automobile ownership tax, franchise fees and the telecommunications business tax. 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 are budgeted to account for approximately 5.0% of total General Fund revenues in 2008 due to this change. For 2008, the reallocated property taxes are $22,907,034.

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 2007 Budget (47.3%) was allocated to Public Safety, which is primarily responsible for administering police, fire and sheriff's department services. For the 2008 Budget, Public Safety represents 47.9% of the General Fund.

Management Discussion of 2007 Budget

The City's budget assumes a slow to moderate growth in the economy, due in part to a cooling housing market and a slow-down in construction activity. In the 2008 budget, the City projected modest sales tax growth of 5.1%. Overall General Fund revenues are projected to be $864 million, an increase of 3.2% from 2007. Total General Fund expenditures for 2008 are budgeted at $867 million, an increase of 3.2% from 2007, which anticipates using $3.6 million in reserves. This use of reserves still maintains a Fund Balance of at least 15% of expected expenditures. The City is taking steps to bring ongoing annual operating expenditures into alignment with the expected slower revenue growth for the next few years, and maintains its commitment to take prudent steps to strengthen its financial position. Tables 1 and 2 on the following pages show the General Fund Budget Summary in both dollar amounts and by percentage.

TABLE 1

GENERAL FUND BUDGET SUMMARY
2006 ACTUAL RESULTS, 2007 REVISED BUDGET AND 2008 BUDGET
Prepared in Budgetary Format
($ in thousands)

	2006 Actual Results	2007 Revised Budget	2008 Budget
Revenues			
Taxes	$ 524,081	$ 548,565	$ 578,170
Licenses and Permits	21,354	21,999	24,833
Intergovernmental Revenues	28,357	27,648	27,257
Charges for Services	123,857	149,214	149,677
Investment and Interest Income	8,990	11,365	9,453
Fines and Forfeitures	36,956	36,125	40,237
Other Revenues	46,739	42,811	34,579
TOTAL FINANCIAL SOURCES	790,334	837,727	864,206
EXPENDITURES			
General Government	201,520	218,993	227,982
Public Safety	377,394	396,805	415,866
Public Works	77,745	101,981	91,691
Health	42,298	42,756	43,061
Parks and Recreation	45,274	47,870	49,685
Cultural Activities	33,589	35,090	36,778
Unspent Agency Appropriations	--	(14,000)	(14,500)
Other Financing and Adjustments	5,428	70	--
TOTAL EXPENDITURES BUDGET	783,249	829,565	850,562
General Contingencies and Reserves	0	11,258	17,629
TOTAL USE OF RESOURCES	783,249	840,823	867,831
Excess (Deficit) Financial Sources	7,085	(3,096)	(3,625)
Adjustment/Changes in TABOR Reserve	1,096	3,942	4,100
Unrestricted Fund Balance – January 1	120,632	128,813	129,659
Unrestricted Fund Balance – December 31	$ 128,813	$ 129,659	$ 130,134

(Source: The 2008 Mayor’s Budget, dated October, 2007)

TABLE 2

GENERAL FUND BUDGET SUMMARY
2006 ACTUAL RESULTS, 2007 REVISED BUDGET AND 2008 BUDGET
(by percentage)

	2006 Actual	2007 Revised	2008 Budget
REVENUES & OTHER FINANCING SOURCES			
Taxes	66.3%	65.5%	66.9%
Licenses and Permits	2.7	2.6	2.9
Intergovernmental Revenues	3.6	3.3	3.2
Charges for Services	15.7	17.8	17.3
Investment and Interest Income	1.1	1.4	1.1
Fines and Forfeitures	4.7	4.3	4.7
Other Revenues	5.9	5.1	4.0
TOTAL REVENUES & OTHER FINANCING SOURCES	100.0%	100.0%	100.0%
EXPENDITURES & OTHER FINANCING USES			
General Government	25.7%	26.0%	26.3%
Public Safety	48.2	47.2	47.9
Public Works	9.9	12.1	10.6
Health	5.4	5.1	5.0
Parks and Recreation	5.8	5.7	5.7
Cultural Activities	4.3	4.2	4.2
Unspent Reserves	0.0	0.0	0.0
Unspent Agency Appropriations	0.0	(1.7)	(1.7)
Other Financing and Adjustment	0.7	0.0	0.0
General Contingencies and Reserves	0.0	1.3	2.0
TOTAL EXPENDITURES & OTHER FINANCING USES	100.0%	100.0%	100.0%

(Source: The Mayor's 2008 Budget, dated October 2007)

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.

2003. The economic climate continued to soften in 2003, with retail sales statewide remaining stagnant. Sales tax collections in Denver were $8.7 million less than in 2002, representing a decline of approximately 2.32%. Investment income also declined by $1.6 million due to the low interest rates and lower cash balances available to be invested. The City made additional budgetary reductions and transferred funds from the Capital Improvement Fund to the General Fund. The General Fund unreserved fund balance at year end was $88.9 million, or approximately 12.3% of 2003 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. At year end the General Fund had an unreserved fund balance of $107 million, or approximately 15.8% of 2004 expenditures.

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. At year end the General Fund had an unreserved fund balance of $120.6 million, or approximately 16.8% of 2005 expenditures.

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. The General Fund balance remained at a level equal to at least 15% of 2007 expenditures.

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 2003 through 2007

TABLE 3

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

	2003	2004	2005	2006	2007
ASSETS					
Cash and cash equivalents	$ 52,637	$ 77,031	$ 80,062	$ 91,178	$ 94,691
Cash on hand	2	--	--	2	2
Receivables (net of allowances for uncollectibles):					
Taxes	115,748	121,778	124,775	128,385	113,616[1]
Accounts	2,921	3,633	7,588	11,494	25
Notes				45	14,292
Accrued interest	409	552	1,091	1,537	1,111
Due from other funds	24,326	14,613	26,049	26,811	30,977
Due from other governments	--	88	80	51	289
Prepaid items and other assets	34,887	28,500	24,530	1	--
Restricted assets:					
Cash and cash equivalents	17,900	17,989	19,681	42,008	40,817
TOTAL ASSETS	$248,830	$ 264,184	$ 283,856	$ 301,512	$ 295,820
LIABILITIES					
Vouchers payable	$ 12,401	$ 10,814	$ 15,548	$ 13,135	$ 13,576
Accrued liabilities	5,624	7,590	7,572	10,177	12,168
Due to other funds	1,993	1,935	3,067	3,413	2,779
Deferred revenue	75,505	77,884	79,099	89,131	71,706
TOTAL LIABILITIES	95,523	98,223	105,286	115,856	100,229
FUND BALANCE					
Reserved for emergency use	17,900	17,989	19,681	19,663	20,101
Reserved for encumbrances	11,663	12,349	13,727	14,635	--
Reserved for prepaid items and other assets	34,887	28,500	24,530	1	--
Reserved for construction	--	--	--	--	--
Reserved for long-term debt	--	--	--	22,543	20,716
Unreserved:					
Undesignated	88,857	107,123	120,632	128,814	154,774
TOTAL FUND BALANCE	153,307	165,961	178,570	185,656	195,591
TOTAL LIABILITIES AND FUND BALANCE	$248,830	$ 264,184	$ 283,856	$ 301,512	$ 295,820

1 The decrease in tax revenues allocated to the General Fund between 2006 and 2007 reflects the reallocation of a portion of General Fund property tax revenues for CIP Fund purposes.

(Source: City and County of Denver's Comprehensive Annual Financial Report, as restated for 2003, City and County of Denver's Comprehensive Annual Financial Reports, 2004 -2007)

TABLE 4

CITY AND COUNTY OF DENVER
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the years ending December 31, 2003-2007
($ in thousands)

	2003	**2004**	**2005**	**2006**	**2007**
REVENUES					
Taxes					
Property	$ 68,262	$ 71,600	$ 74,131	$ 75,158	$ 79,232
Sales and Use	366,627	361,988	389,731	397,163	418,177
Other	69,707	71,235	76,473	51,760	70,300
Licenses and Permits	21,401	23,439	26,046	26,123	28,094
Intergovernmental Revenues	28,708	29,212	28,794	31,527	32,861
Charges for Services	100,853	103,878	95,108	120,694	107,519
Investment Income	4,210	3,994	6,360	11,571	18,717
Fines and Forfeitures	31,179	31,159	30,510	34,246	34,253
Other Revenues	9,818	12,444	6,919	7,863	14,396
TOTAL REVENUES	700,765	708,949	734,072	756,105	803,549
EXPENDITURES					
Current:					
General Government	173,704	161,183	163,547	165,154	156,040
Public Safety	328,225	338,000	361,645	374,829	400,469
Public Works	73,975	67,212	68,407	73,463	84,310
Health	40,949	40,145	40,702	41,745	41,783
Parks and Recreation	43,094	40,932	42,501	45,210	47,003
Cultural Activities	30,872	28,815	29,342	29,780	31,386
Community Development	--	--	--	--	17,499
Capital Outlay	33,961	1,705	749	--	3,308
TOTAL EXPENDITURES	724,780	677,992	706,893	730,181	781,798
Excess of Revenues over Expenditures	(24,015)	30,957	27,179	25,924	21,751
OTHER FINANCING SOURCES (USES)					
Insurance Recoveries			134	99	1
Proceeds from Sale of Capital Assets	--	--	--	7	13
Proceeds from Financing Transactions	52,103	1,705	749	--	--
Operating Transfers In	31,561	18,175	18,034	24,725	32,333
Operating Transfers Out	(40,323)	(38,183)	(33,487)	(43,669)	(44,163)
TOTAL OTHER FINANCING SOURCES (USES)	43,341	(18,303)	(14,570)	(18,838)	(11,816)
Net change in fund balances	19,326	12,654	12,609	7,086	9,935
Fund balance - January 1	115,338	153,307	165,961	178,570	185,656
Prior Period Restatement	18,643	--	--	--	--
FUND BALANCE – December 31	$153,307	$165,961	$178,570	$185,656	$195,591

(Source: City and County of Denver's Comprehensive Annual Financial Report, as restated, for 2003, City and County of Denver's Comprehensive Annual Financial Reports, 2004 - 2007)

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. In November 2006, the voters of the City and County of Denver approved an increase of the City's sales tax of 0.12% 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 2007

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 2007 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 – 2007
($ in thousands)

Year	Revenues	Percent Change
1998	$325,357	13.49%
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

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

(Source: Department of Revenue)

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 2007. 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, it is expected to generate about $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	2003	2004	2005	2006	2007
City and County of Denver:					
General Fund	8.857	8.965	8.854	9.323	8.591
Bond Principal Fund	6.260	6.260	6.248	6.933	4.750
Bond Interest Fund	2.200	2.200	2.185	1.500	3.683
Human Services	3.839	3.886	3.838	3.992	3.630
Developmentally Disabled	1.000	1.000	1.000	1.012	1.013
Fire Pension	1.423	1.440	1.422	1.480	1.345
Police Pension	1.699	1.720	1.698	1.767	1.607
Capital Maintenance	--	--	--	--	2.500[2]
School District No.1	38.286	38.327	40.360	40.333	39.210
Urban Drainage and Flood Control District	0.598	0.604	0.597	0.608	0.568
TOTAL MILL LEVY:	64.162	64.402	66.202	66.948	66.897

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 Revenue; Office of County Assessor)

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

	2003	2004	2005	2006	2007
ACTUAL AND ASSESSED VALUATION:			($ in millions)		
Statutory Actual Valuation (est.)[1]	$ 61,738	$ 62,867	$ 65,842	$66,999	$ 74,348
Assessed Valuation:					
Real Property – Land	$ 2,004	$ 2,060	$ 2,342	$ 2,348	$ 3,145
Real Property – Improvement	4,966	5,002	5,112	5,221	5,952
Personal Property	727	728	729	715	780
Public Utilities	734	743	760	751	784
Total Assessed Valuations[2]	$ 8,431	$ 8,533	$ 8,943	$ 9,035	$ 10,660
Total Assessed Valuation Percentage Change[3]	5.4%	1.2%	4.8%	1.0%	17.9%
LEVIES AND COLLECTIONS:[4]			($ in thousands)		
Taxes Levied:	$ 180,488	$ 183,007	$ 189,029	$ 194,857	$ 194,300
Total Collections	$ 178,147	$ 181,215	$ 186,799	$ 192,035	$ 831
Percent of Original Levy Total Collections to Date:	98.6%	98.93%	98.74%	99.31%	N/A

1 Colorado statutes establish property valuation methods with actual valuation representing estimated appraisal value before the respective assessment ratios are applied. In general, an income and expense value is used for commercial property, and market value is used for residential property.
2 This valuation includes the assessed values of properties in the Tax Increment Financed Districts located within the City of $635,601,653 for 2007.
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 2006 are collected in 2007.

(Sources: Department of Finance; Office of the County Assessor)

Assessed Valuation of Major Taxpayers

Table 9 lists the ten major property taxpayers based on assessed valuations for the 2007 assessment year.

TABLE 9

CITY AND COUNTY OF DENVER
MAJOR PROPERTY TAXPAYERS - ASSESSED VALUATIONS 2007
(FOR COLLECTION 2008)
($ in thousands)

Name	Business	Assessed Valuation	Percentage of City's Total Assessed Valuation[1]
Qwest Corp.	Utility	$ 197,929	1.86%
Xcel Energy Corp.	Utility	170,858	1.60
United Airlines Inc.	Airline	103,997	0.98
Callahan Capital Partners	Real Estate	96,501	0.91
Temple Hoyne Buell Foundation	Shopping Center	75,206	0.71
Frontier Airlines	Airline	72,018	0.68
Republic Plaza Properties	Real Estate	71,893	0.67
LBA Realty Fund II Co. IV	Real Estate	69,152	0.65
Crescent Real Estate Funding	Real Estate	67,390	0.63
Transwestern Broadreach	Real Estate	66,155	0.62
	TOTALS	$991,099	9.30%

1 Based on a December 31, 2007, certified assessed valuation of $10,660,627,490.

(Source: Department of Finance; Office of the County Assessor)

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, 2007, the City had outstanding general obligation bonds in the aggregate principal amount of $422,925,000, which does not include accrued interest of $1,651,750 on compound interest bonds. In addition there were outstanding general obligation bonds issued by the Denver Water Board in the aggregate principal amount of $63,485,000.

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. As of December 31, 2007, $203,860,500 of this authorization had been issued, including $8,860,500 of Mini Bonds in April 2007. In February 2008, the City issued General Obligation Bonds in the remaining authorized allotment 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, 2007, and as of the date hereof none of such bonds had been issued.

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, 2007.

COMPUTATION OF THE GENERAL OBLIGATION DEBT MARGIN

TOTAL ESTIMATED ACTUAL VALUATION	$ 74,347,566,600
Maximum general obligation debt, limited to 3% of total valuation	$ 2,230,426,998
Less: Outstanding bonds chargeable to limit	422,924,500
LEGAL DEBT MARGIN – December 31, 2007	$ 1,807,502,998

General Obligation Bonded Debt

The following table lists the City's outstanding general obligation bonded debt as of December 31, 2007.

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 1999B	95,505	14,845
General Obligation Various Purpose Bonds, Series 2000	29,000	17,930
General Obligation Denver Art Museum Bonds, Series 2002	52,500	38,540
General Obligation Auditorium Theatre and Zoo Bonds, Series 2003A	35,000	32,800
General Obligation Medical Facilities Bonds, Series 2003B	148,000	114,695
General Obligation Justice System Facilities and Zoo Bonds, Series 2005	77,000	67,120
General Obligation Justice System Facilities Bonds, Series 2006	125,000	125,000
General Obligation Justice System Facilities Bonds (Denver Mini-Bond Program), Series 2007[2]	8,861	8,861
Subtotal	574,000	422,925
General Obligation Water Bonds[3]	161,730	61,545
TOTAL:	$735,730	$484,470

1 Amount excludes $1,578,479 of compound interest on the Series 1999A bonds.
2 Amount excludes $288,869 of compound interest on the Series 2007 bonds.
3 The Denver Water Board has irrevocably committed to pay the principal of and interest on all water bonds from revenues derived from the City's Water System.

Source: Department of Finance.

Combined Debt Service Schedule - General Obligation Bonds

The following schedule sets forth the debt service on the City's outstanding General Obligation Bonds as of December 31, 2007 (excluding bonds issued by the Denver Water Board).

Year Ending December 31	Debt Service ($ in thousands)
2008	$ 62,241
2009	53,405
2010	39,799
2011	39,564
2012	39,357
2013 through 2025, totaling	360,754
TOTAL:	$ 595,120

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, 2007.

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

Total Direct General Obligation Bonded Debt	$ 484,470
Less General Obligation Water Bonds	61,545
Net Direct General Obligation Bonded Debt	$ 422,925
Overlapping Debt[1]	638,566
Net Direct and Overlapping General Obligation Bonded Debt	$ 1,061,491
Actual Valuation	$74,347,567
Assessed Valuation[2]	$ 10,660,628

	DEBT RATIOS		
	Actual Valuation	Assessed Valuation	Per Capita[3]
Total Direct G.O. Bonded Debt	0.65%	4.56%	$ 825
Net Direct G.O. Bonded Debt	0.57	3.97	720
Net Direct and Overlapping G.O. Bonded Debt	1.43	9.96	1,807

1 The overlapping general obligation debt set forth is the outstanding debt of School District No. 1 as of December 31, 2007 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 $635,601,651.
3 Based upon the 2007 population estimate of 587,528.

(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 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 2007 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, 1.00% 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. 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
1998-2007
($ 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]
1998	$9,077	$6,700	$6,393	--	$786	$22,956	$8,247	2.78%
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

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 1997 through 2007:

TABLE 12

TOTAL SEAT TAX COLLECTIONS AND PAYMENTS IN LIEU OF SEAT TAXES FOR 1998 THROUGH 2007

Bond Year	Seat Tax Collections	Payments in Lieu of Seat Taxes	Total
1997	$14,801,407	--	$14,801,407
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

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 1998 through 2007:

TABLE 13

TOTAL HEAD TAX COLLECTIONS FOR EACH BOND YEAR ENDING 1998 THROUGH 2007

Year	Head Tax Collections
1998	$40,579,500
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

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 1998 through 2007:

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
1997	$53,423,000	--	$157,800	$53,580,800	$6,032,855	8.9%
1998	54,066,900	--	133,600	54,200,500	6,032,975	9.0
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

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 2003 through 2007:

TABLE 15

Historical Coverage

	2003	2004	2005	2006	2007
Operating Revenues	$6,887,000	$7,332,202	$7,661,000	$8,053,000	$8,157,324
Non-Operating Revenues	47,000	57,000	89,000	60,000	143,000
Series 2005 Rate Maintenance Account	-	-	-	240,403	240,403
Golf Enterprise Fund Gross Revenue	6,934,000	7,389,202	7,750,000	8,353,403	8,540,727
Operation and Maintenance Expenses[1]	6,147,000	6,398,000	7,130,000	7,425,000	5,567,734
Pledged Revenue	787,000	991,202	620,000	928,403	2,972,993
Repayment of City Loan	100,000	-	-	-	-
Series 2005 Maximum Annual Debt Service[2]	686,865	686,865	686,865	686,865	686,865
Total Debt Service Obligation	**786,865**	**686,865**	**686,865**	**686,865**	**686,865**
Coverage	1.00	1.44	0.90	1.35	4.33
Coverage Excluding Repayment of City Loan	1.15	1.44	0.90	1.35	4.33

1 Excludes depreciation.

2 Years 2003-2005 corrects information set forth in the City's Official Statement dated March 8, 2006, relating to the Series 2005 Golf Bonds. The change in reported data reflects the Enterprise's financial records for years shown as reflected in the 2007 CAFR.

The following table sets forth comparative, unaudited operating results of the Enterprise for Fiscal Years 2003 through 2007.

TABLE 16*

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

	2003	2004	2005	2006	2007
Operating Revenues					
Golf Charges	$6,860,000	$7,332,202	$7,661,000	$8,055,000	$8,141,979
Other	27,000	-	-	(2,000)	15,345
Total Operating Revenues	**6,887,000**	**7,332,202**	**7,661,000**	**8,053,000**	**8,157,324**
Operating Expenses					
Personnel Services	3,834,000	3,839,000	4,074,000	4,079,000	4,291,415
Contractual Services	284,000	305,000	391,000	660,000	528,139
Supplies and Materials	807,000	748,000	968,000	810,000	722,975
Depreciation Expense	1,017,000	768,000	657,000	649,000	658,000
Other Operating Expenses	1,122,000	1,506,000	1,697,000	1,876,000	25,205
Total Operating Expenses	7,164,000	7,166,000	7,787,000	8,074,000	6,225,734
Operating Income (Loss)	(277,000)	166,202	(126,000)	(21,000)	1,931,590
Non-Operating Revenue (Expenses)					
Investment and Interest Income	47,000	57,000	89,000	319,000	455,000
Interest Expenses	-	-	-	(259,000)	(312,000)
Income(Loss) Before Transfer Out	**(230,000)**	**223,202**	**(37,000)**	**39,000**	**2,074,590**
Transfers In (Out) from General Fund	(100,000)	-	-	-	-
Change in Net Assets	(330,000)	223,202	(37,000)	39,000	2,074,590
Net Assets – January 1	10,537,000	10,207,000	10,430,202	10,393,202	10,432,202
Net Assets – December 31	10,207,000	10,430,202	10,393,202	10,432,202	12,506,792

*For further information, see Appendix A – "Comprehensive Annual Financial Report of the City." This table has been revised from the corresponding table set forth in the Official Statement pursuant to which the Series 2005 Golf Enterprise Revenue Bonds were offered and sold. This revised table reflects the methodology under which the data is compiled and is reported in the City's 2007 CAFR.

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 lead 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

	2003	2004	2005	2006	2007
City Park	47,923	52,288	54,298	55,280	55,874
Evergreen	29,718	26,687	26,689	22,843	24,677
Harvard Gulch	31,710	31,004	31,379	30,471	33,025
Kennedy	100,521	107,785	110,111	100,814	97,688
Overland	48,515	50,698	52,637	51,903	51,350
Wellshire	60,879	58,317	59,929	57,442	54,906
Willis Case	44,994	51,934	53,648	48,809	52,063
Total	**364,260**	**378,713**	**388,691**	**367,562**	**369,583**

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, 2007, the School District had $638,566,046 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, 2007, the aggregate principal amount of such certificates outstanding was $333,698,038. 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 $28,339,531 for 2007. The Sewage District had outstanding $82,476,684 aggregate principal amount of bonds as of December 31, 2007.

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. 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. At the end of 2007 the Transportation District had no general obligation debt. In March and April 2007, the District issued a total of $433,350,000 Sales Tax Revenue Refunding bonds to advance refund a portion of the District's outstanding debt. The refunded sales tax revenue bonds were initially issued to fund a portion of the $4.7 billion comprehensive transit expansion plan known as FasTracks. As of December 31, 2007, the Transportation District had $1,251,390,000 in aggregate principal amount of outstanding obligations. Of this amount, $924,400,000 was bonded debt backed by the District's sales tax and $326,990,000 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. In August 2001, the District was authorized to issue up to $118.5 million of commercial paper in order to provide bridge financing for the portion of the Southeast Corridor multimodal project expected to be repaid from future federal grant monies. As of December 31, 2007, the Transportation District had $70 million outstanding of the authorized commercial paper amount.

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

In 1998 the electors of the Football District authorized the Football District to issue up to $260 million of debt and to impose a sales tax at the rate of 0.10% on taxable transactions occurring within the Football District. The Football District has issued $260 million of bonds and sales tax revenue capital appreciation bonds scheduled to mature between 2003 and 2012. The outstanding principal amount on these obligations as of December 31, 2007 was $124,143,164.

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	2007 Assessed Valuation Attributable to Denver	% of Total Denver Assessed Value	2007 Bond Mill Levy
Bowles Metro[2]	$ 26,439,100	0.248%	21.641
Central Platte Valley Metro	86,232,200	0.809	44.500
Denver Gateway Center Metro	3,620,630	0.034	26.992
Denver Inter. Bus. Center Metro	17,337,280	0.163	23.320
Ebert Metro	62,155,660	0.583	62.700
Fairlake Metro	25,000,780	0.235	26.000
GVR Metro	83,820,810	0.786	15.950
Gateway Regional Metro	41,269,090	0.387	15.000
Gateway Village GID	22,748,380	0.213	13.762
Goldsmith Metro[2]	269,459,530	2.528	9.500
Greenwood Metro[2]	853,840	0.008	9.000
Madre Metro No. 2	2,600,200	0.024	40.000
Mile High Business Ctr. Metro.	7,676,320	0.072	30.000
North Washington Fire[2]	5,438,450	0.051	1.355
Sand Creek Metro[2]	37,657,890	0.353	21.000
SBC Metro	49,099,480	0.461	28.100
Section 14 Metro[2]	13,790,480	0.129	19.997
South Denver Metro	47,115,030	0.442	7.000
Southeast Public Impr. Metro[2]	243,486,480	2.284	0.290
Westerly Creek Metro	224,550,430	2.106	53.241
Special District Total Assessed Value	$1,270,352,060	11.916%	
Denver Total Assessed Value[3]	$10,660,627,490		

1 As of November 30, 2007.
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, 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, the City agreed, subject to annual appropriation by the City Council, has made all Economic Development Agreement payments, and future Economic Development Payments are indicated in Table 16. The Economic Development Agreement is subject to termination on December 31, 2006 and each December 31 thereafter 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, 2007	$3,250,000[1]
December 1, 2007	3,250,000[1]
June 1, 2008	4,000,000[1]
December 1, 2008	4,000,000
June 1, 2009	4,250,000
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, 2006 and 2007:

	2006	2007
Retirees and beneficiaries currently receiving benefits	6,255	6,590
Deferred Retirement Option Plan (DROP) participants	141	24
Terminated employees entitled to benefits but not yet receiving such benefits	3,243	3,303
Current employees:		
Vested	6,729	6,525
Non-vested	2,259	2,778
TOTAL	18,627	19,220

DERP provides retirement benefits plus death and disability benefits. Employees who retire at or after age 65 (or age 55 if the sum of age plus credited service is 75 or more) are entitled to a retirement benefit in an amount equal to from 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, 2007, the total net plan assets were $2,140,904,629. Per DERP's independently audited 2006 Comprehensive Financial Annual Report, as of January 1, 2007, the most recent valuation, 98.6% of the plan's accrued liabilities were covered by valuation assets.

Other Post Employment Benefits. The Denver Employee Retirement Plan (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. While the amount of the retirement plan for this amount is under funded, the retirement plan indicates that it is not a material amount and expects it to be fully funded by 2009.

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. The State of Colorado contributed $30,996,023 in 2007. For 2006, the City provided an annual contribution of $42,082,309 net of deductions taken from employees. There are no long-term contracts for contributions to the State Plan.

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

LEASE PURCHASE AGREEMENTS

Certificated Lease Purchase Agreements

The City has utilized lease purchase transactions whereby an independent lessor sells Certificates of Participation (COPs) 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, 2007 are summarized in Table 17.

TABLE 21

SCHEDULE OF LEASE PURCHASE TRANSACTIONS AND RELEASE DATES

Series	Outstanding Principal Amount (As of 12/31/07)	Leased Property	Release Dates
1995A	$ 410,000	City Office Building for Information Services and other City departments	January 1, 2014
1995B	155,000	City Office Building for Central Services and other City departments	January 1, 2009
2001A	11,145,000	2000 W. 3rd Avenue – Wastewater Building	December 1, 2017
2001B	21,565,000	5440 Roslyn – Fleet Maintenance Facility, Fire Stations #1, #10 & #15, and 2 Fire Trucks	December 1, 2016
2001C	12,955,000	Blair-Caldwell Research Library	December 1, 2021
2002A-B	14,715,000	Denver Cultural Center Parking Garage	December 1, 2021
2003A	4,155,000	Cherry Creek North Parking Garage	December 1,2017
2003B	50,905,000	Buell Theatre, Jail Dorm Bldg	December 1, 2023
2003C1-C3	250,290,000	Wellington E. Webb Office Building	December 1, 2029
2005A	48,240,000	Human Services Campus	May 1, 2020
TOTAL:	$414,535,000		

DENVER WATER BOARD

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. The following information has been taken from the 2007 CAFR of the Denver Water Board and has not been independently verified.

Summary of 2007

Denver Water's water supplies were plentiful throughout 2007 – irrigation season averaged 94% at the end of 2007, 6% 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 2007:

- Launching an accelerated conservation program called Tap+Smart, a 10-year plan to reduce water use in its service area by an additional 22%. The program is designed to encourage customers to make permanent changes in their water use habits.

- Extending the reach of its recycled water system: Several 2007 capital construction projects further extended the reach of the recycled water system, including the Capitol Hill Reservoir, Montclair Pump Station and the construction of three new conduit pipelines.

- Identifying the preferred method for ensuring adequate capacity in the Moffat Collection System northwest of Denver. After several years working with the U.S. Army Corps of Engineers, the preferred option to enlarge existing storage capacity at Gross Reservoir.

- Implementing a steeper increasing block rate structure that more emphatically underscores the link between cost and consumption.

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, 2007, wholesale water distributor contracts accounted for 21.5% 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, 2007 was as set forth below.

SERVICE AREA

	Undeveloped Acres	Developed Acres	Total Acres
Outside City			
Total Service	3,989.12	22,149.79	26,138.91
Read & Bill	4,676.17	27,217.47	31,893.64
Master Meter	14,903.11	42,899.46	57,802.57
Inside City	24,749.35	74,213.85	98,963.20
Total	48,317.75	166,480.57	214,798.32

The number of customer accounts served by Denver Water and its master meter customers as of December 31, 2007 was as follows:

NUMBER OF CUSTOMER ACCOUNTS – ACTIVE TAPS*

	Number of Accounts
City	158,919
Treated Water Contract Area:	
Master Meter	76,770
Total Service	36,112
Read & Bill	36,278
Total Customer Accounts	308,079

**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 5.46% of treated water sales revenue received in fiscal year 2007.

TABLE 22

TOTAL TREATED WATER CONSUMPTION
FOR THE PERIOD 1998 - 2007

	Millions of Gallons				
Year	**Annual**	**Daily Average**	**Daily Maximum**	**Estimate of Population Served July 1**[1]	**Average Daily Gallons Per Capita**
1998	77,475.48	212.26	512.53	996,000	213
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

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 March 22, 2007, the Water Board issued $100,000,000 Master Resolution Water Revenue Bonds, Series 2007A. The Bonds were issued in accordance with the First Supplement to the Master Bond Resolution dated March 14, 2007 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, 2007.

TABLE 23

BOARD OF WATER COMMISSIONERS
GENERAL OBLIGATION AND WATER REVENUE BONDS
Outstanding at December 31, 2007
($ in thousands)

Date of Issue	Interest Rates on Bonds Outstanding	Amount		
		Issued	Retired	Outstanding
General Obligation Bonds[1]				
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	(3,920)	7,295
Series 2001B	4.00-5.00%	75,170	(47,175)	27,995
Series 2002	3.00-4.50%	11,610	(3,130)	8,480
Total General Obligation Bonds		$ 125,225	$ (63,680)	$ 61,545
Water Revenue Bonds				
Series 2003A	2.50–5.00%	$ 50,000	$ (400)	$ 49,600
Series 2003B	3.75-5.00%	77,155	(15,840)	61,315
Series 2004	4.125-5.50%	43,655	(2,485)	41,170
Series 2005	3.25-5.25%	30,000	(2,005)	27,995
Series 2007A	3.00-5.00%	100,000	-	100,000
Total Water Revenue Bonds		$ 300,810	$ (20,730)	$ 280,080

1 On October 1, 2007, the Water Board called all remaining outstanding Series 1997 general obligation bonds in the amount of $1,940,000.

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, 2007, the aggregate principal components of the lease payments remaining under the MLPA were $39,515,000, 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 $40,500,000 through 2020. The present value of the minimum lease payments as of December 31, 2007, net of interest, was $23,371,000. 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 $557.6 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 $128.7 million have been collected since inception.

TABLE 24

SYSTEM DEVELOPMENT CHARGES
AND PARTICIPATION RECEIPTS 1973-2007
(Cash Basis - Net of Refunds)

	System Development Charges[1]	Participation Receipts
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
1998	33,155,890[2]	8,411,534[2]
1997	45,058,104[3]	3,732,524
1973-1995	251,802,200	72,675,402
Total	$557,581,121	$128,709,049

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

2 The 1998 amount includes $12,961,000 of pre-paid SDCs and $3,169,100 of pre-paid Participation Receipts related to the Board's then planned construction of a plant to supply non-potable reuse water. The first phase of this recycled water project was completed in 2004.

3 The 1997 amount includes $22,290,000 of pre-paid SDCs paid in advance by entities that chose to avoid the Board's 5% rate increase effective January 1, 1998.

SYSTEM DEVELOPMENT CHARGES
(As of December 31, 2007)
$/TAP

	Treated Water	
	Inside Denver	**Outside**
Sing1e Family Residential Taps[1]		
Base charge per residence	$ 2,000	$ 2,800
Charge per square foot gross lot size	$ 0.43	$ 0.60
Multi-family Residential Taps[2]		
Base charge for duplex or first two household units (served through a single tap)	$ 7,350	$ 10,280
Charge for each additional household unit above two units (served through a single tap)	$ 1,675	$ 2,340

	Treated Water Service		~~Raw~~ Recycled Water Service	
All Other Taps[3]				
Size of Connection:	Denver	Outside City	Inside	Outside
¾”	$ 5,450	$ 7,625	$ 3,650	$ 5,100
1”	16,350	22,875	10,950	15,300
1½”	32,700	45,750	29,200	40,800
2”	49,050	68,625	47,450	66,300
3”	119,900	167,750	80,300	112,200
4”	212,550	297,375	120,450	168,300
6”	365,150	510,875	248,200	346,800
8”	490,500	686,250	321,200	448,800
10”	621,300	869,250	412,450	576,300
12”	757,550	1,059,875	587,650	821,100
Acre Foot Conversion ($/AF)				
Inside the Combined Area	$ 11,850	$ 16,575	$ 7,925	$ 11,100
Outside the Combined Area		$ 17,000		$ 11,100

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 2003 - 2007 AND 2008 BUDGET (CASH BASIS)

(amounts expressed in thousands)

	2008	2007		2006		2005		2004		2003	
	Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$226,160	$149,198	$149,198	$159,276	$159,276	$154,996	$155,626	$163,405	$163,405	$156,540	$156,540
RECEIPTS FROM:											
Sale of water	207,219	189,814	194,225	164,333	195,054	169,492	157,902	157,450	130,838	133,065	131,038
Drought Surcharge	-	-	-	-	-	(2,657)	68	-	12,425	11,043	8,001
Nonoperating, interest & other	17,865	17,165	24,074	14,976	25,254	15,202	12,391	18,879	19,048	16,695	13,683
System development charges	22,981	27,843	26,214	25,654	22,389	22,586	26,280	22,034	24,917	23,783	19,649
Tap Surcharge	-	-	-	-	-	-	-	-	1,195	4,583	1,641
Developer participation (new facilities)	1,986	5,014	3,302	4,978	2,735	2,593	1,850	2,036	2,241	2,115	2,835
Reimbursements & grants	1,731	2,658	13	2,705	1,586	450	762	494	3,646	3,123	3,420
	251,782	242,494	247,828	212,646	247,018	207,666	199,253	200,893	194,310	194,407	180,267
Sale of bonds		50,000	99,158	40,000		25,000	30,500	9,000	14,300	40,500	132,438
Total receipts	251,782	292,494	346,986	252,646	247,018	232,666	229,753	209,893	208,610	234,907	312,705
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	139,655	124,803	118,760	116,770	114,980	107,294	111,379	103,583	106,354	97,006	105,463
Debt service	49,495	54,392	53,909	47,398	46,264	44,428	44,732	37,878	38,445	33,630	71,338
	189,150	179,195	172,669	164,168	161,244	151,722	156,111	141,461	144,799	130,636	176,801
Capital improvements (new facilities)	44,932	61,012	58,793	50,400	59,246	43,325	30,848	47,079	38,478	91,228	100,017
System replacements	26,025	22,318	16,463	21,289	17,431	21,074	19,055	15,552	14,210	13,950	12,559
Equipment	16,687	15,732	7,749	13,853	7,083	12,878	8,334	13,556	7,744	7,264	5,528
	87,644	99,062	83,005	85,542	83,760	77,277	58,237	76,187	60,432	112,442	118,104
Indirects to capital	14,637	12,007	14,350	11,990	12,092	11,381	11,755	9,948	11,158	11,023	10,935
Total expenditures	291,431	290,264	270,024	261,700	257,096	240,380	226,103	227,596	216,389	254,101	305,840
ENDING CASH & INVESTMENTS	$186,511	$151,428	$226,160	$150,222	$149,198	$147,282	$159,276	$145,702	$155,626	$137,346	$163,405

GENERAL EXPLANATION OF VARIANCES:

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.

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, 2007, the outstanding principal amount of these bonds is $25,430,000.

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 2003 and 2007 relating to the Sewage District's total annual charges to Wastewater.

TABLE 26

HISTORICAL METRO WASTEWATER RECLAMATION DISTRICT ANNUAL CHARGES

	2003	2004	2005	2006	2007
Total Enterprise Operating Expense	$64,959,795	$66,725,848	$60,032,660	$66,818,454	$76,199,464
Metro Annual Charge[1]	$24,632,922	$24,818,365	$23,920,863	$25,227,259	$28,777,458
Metro Annual Charge as a Percentage of Total Operating Expense	37.92%	37.19%	39.85%	37.75%	37.77%
Year-to-Year Metro Annual Charge Increase (Decrease)	(2.17)%	0.75%	(3.62)%	5.46%	14.07%
5-Year Cumulative Metro Annual Charge	10.37%	12.43%	9.29%	11.87%	14.29%

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, 2006 and 2007)

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
1998	142,500	139,221
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

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, 2007:

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 2006 revised and the 2007 budgets of the Wastewater Management Division Enterprise Fund.

TABLE 29

WASTEWATER ENTERPRISE BUDGETS

	2006 Adjusted Budget	2007 Adjusted Budget	2008 Budget
Operating Revenue			
Charges for Services	$71,600,000	$73,000,000	$72,800,000
Other	975,000	935,600	904,000
Total Operating Revenue	72,575,000	73,935,600	73,704,000
Operating Expenses			
Personnel Services	21,927,394	20,263,825	21,133,804
Contractual Services	16,456,929	17,996,644	15,179,757
Supplies and Materials	1,385,087	1,076,542	1,272,939
Payments To Metro Wastewater and Other Districts	26,810,000	29,780,000	31,130,000
Total Operating Expenses	66,579,410	69,117,011	68,716,500
Operating Income (loss)	5,995,590	4,818,589	4,987.500
Other Income (Expense)			
Earnings on investments	3,000,000	730,000	645,000
Debt interest payments	(1,358,900)	(1,325,000)	(1,325,000)
Bond principal payment	(1,090,000)	(1,135,000)	(1,135,000)
Purchase of capital equipment	(1,011,090)	(1,210,289)	(1,349,000)
Total Other Income	(459,990)	(2,940,289)	(3,164,000)
Modified Net Income	$ 5,535,600	$ 1,878,300	$ 1,823,500

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2003 – 2007)

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 2003 through 2007 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 $480.5 million at December 31, 2007 increased over the course of 2007 by $13.7 million or 2.9%

- Wastewater Management's net assets of $466.8 million at December 31, 2006 increased over the course of 2006 by $50.1 million or 12.0%.
- Wastewater Management experienced an operating loss of $488,967 for the year ended December 31, 2007, a decrease of $7.4 million or 106% over 2006 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.

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

	2003	2004	2005	2006	2007
OPERATING REVENUES					
Sanitary Sewer Charges	$49,162	$47,216	$47,014	$47,896	$47,814
Storm Drainage Fees	18,191	19,876	23,206	25,855	27,937
TOTAL OPERATING REVENUES	67,353	67,092	70,220	73,751	75,751
OPERATING EXPENSES					
Personnel services	17,965	17,404	16,711	18,997	18,924
Contractual services	12,163	14,297	7,373	9,645	15,251
Materials and supplies	915	1,084	1,206	2,232	1,919
Utilities	255	234	327	93	131
Depreciation and amortization	9,028	8,889	10,495	10,655	11,197
Payments to Metro Wastewater Reclamation District	24,633	24,818	23,921	25,227	28,777
TOTAL OPERATING EXPENSES	64,959	66,726	60,033	66,819	76,199
Operating income (loss)	2,394	366	10,187	6,932	(448)
NONOPERATING REVENUES (EXPENSES)					
Investment income	700	2,040	3,337	5,292	4,240
Interest Expense	(197)	(2,027)	(252)	5	5
Gain (loss) on disposition of assets	90	24	376	69	33
TOTAL NONOPERATING REVENUES (EXPENSES)	593	37	3,462	5,366	4,278
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,987	403	13,649	12,298	3,830
Capital Contributions	13,689	13,509	10,727	37,773	9,906
Transfers Out	(1,500)	(340)	0	(8)	(11)
CHANGES IN NET ASSETS	15,176	13,572	24,376	50,063	13,725
NET ASSETS, JANUARY 1	363,557	378,733	392,305	416,681	466,745
NET ASSETS, DECEMBER 31	$378,733	$ 392,305	$ 416,681	$ 466,745	$ 480,470

(Source: Wastewater Management Enterprise Fund, Basic Financial Statements, 2003 – 2007)

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

(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 2008-2014:

PROPOSED CAPITAL EXPENDITURES

FOR 2008 THROUGH 2013
($ in thousands)[1]

Project Description	2008	2009	2010	2011	2012	2013	2014
Storm Drainage							
Annual Programs[1]	$ 4,250	$ 3,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Identified Projects	18,510	20,908	19,705	24,950	20,400	17,850	27,375
Subtotal	22,760	23,908	21,705	26,950	22,400	19,850	29,375
Sanitary Sewerage	9,900	10,250	10,250	10,250	10,250	10,250	18,800
Total	$32,660	$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 2007, the Airport had approximately 24.9 million enplaned passengers, the highest number in the history of the Airport and Stapleton. Approximately 57.1% originated their travel at the Airport and 42.9% were passengers making connecting flights at the Airport. Currently, 30 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, ABX Air, Inc., Ameriflight, Air Transport International, DHL Worldwide Express, FedEx, Key Lime Air, UPS Air Cargo and Volga Antonov, provide service at the Airport.

According to the Airports Council International, in 2007 the Airport was ranked as the fifth busiest airport in the nation and the 11th busiest airport in the world based on total passengers. As shown in Table 31, below, in 2005, the Airport experienced an increase of 2.6% representing approximately 21.7 million enplaned passengers and in 2006 the increase was 9.0% representing approximately 23.7 million enplaned passengers. 2007 continued this trend of growth in enplaned passengers with an increase of 5.4%, totaling 24.9 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
2003-2007[1]

Year	Major/ National Airlines[2]	Percent Change	Regional/ Commuter Airlines	Percent Change	Charter/ Misc. Airlines	Percent Change	Totals	Percent Change
2003	17,192,825	1.8%	1,395,391	108.4%	172,719	(35.8)%	18,760,935	5.2%
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%

1 Includes revenue and non-revenue enplaned passengers.

2 Includes Ted low-fare unit of United Airlines beginning in 2004, Southwest Airlines beginning in 2006 and Lynx Aviation ("Lynx"), a Frontier subsidiary, beginning in 2007.

(Source: Department of Aviation management records)

The following table shows enplaned passengers for individual airlines serving the Airport System for 2006 and 2007, and comparative market share information based on enplaned passengers for such periods.

TABLE 32

AIRPORT SYSTEM
PERCENTAGE OF ENPLANED PASSENGERS BY AIRLINE

Airline	2006 Percent of Total	2007 Percent of Total
United	35.3%	33.4%
Ted[1]	8.5	7.8
United Express[2]	12.6	12.1
	56.4%	53.3%
Frontier Airlines[3]	18.7%	20.5%
Frontier JetExpress	2.0	2.1
	20.7%	22.7%
American Airlines[4]	3.8%	3.5%
America West[5]	1.2	--
Continental[4]	2.3	2.2
Delta Airlines[4]	2.4	2.3
Northwest	1.9	2.1
Southwest[6]	3.3	5.3
US Airways[5]	1.3	2.2
Other	6.6	6.4
	22.9%	24.0%
Totals	100.0%	100.0%

1 Ted commenced service at the Airport in February 2004. United has announced that it is planning to eliminate its Ted unit and reconfigure the Ted fleet of aircraft into United's mainline operations.

2 Includes Air Wisconsin through 2006.

3 Frontier filed for bankruptcy protection on April 10, 2008 and is continuing operations.

4 Does not include commuter affiliates

5 The parent companies of America West Airlines and US Airways, Inc. merged effective September 27, 2005.

6 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 2003 through 2007.

Table 33

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

	2003	2004	2005	2006	2007
Enplaned Passengers:					
United	9,575	8,802	7,775	8,365	8,324
Ted[1]	--	1,340	1,690	2,001	1,995
United Express	1,721	2,337	2,776	2,971	3,018
Total United Group	11,295	12,479	12,241	13,347	13,297
Frontier	2,581	3,130	3,749	4,427	5,118
Frontier Jet Express	149	391	468	478	533
Total Frontier Group	2,730	3,521	4,217	4,904	5,651
Other	4,736	5,144	5,244	5,414	5,993
Total	18,761	21,144	21,702	23,665	24,941
Percent Change	5.2%	12.7%	2.6%	9.0%	5.4%
Total Originating Passengers	10,265	11,395	11,984	13,249	14,243
Percent Originating	54.7%	53.9%	55.2%	56.0%	57.1%
Total Connecting Passengers	8,496	9,749	9,718	10,416	10,698
Percent Connecting	45.3%	46.1%	44.8%	44.0%	42.9%
United Group Passengers[1]					
Percent Originating	35.3%	36.0%	39.5%	40.9%	42.0%
Percent Connecting	64.7%	64.0%	60.5%	59.1%	58.0%
Frontier Group Passengers					
Percent Originating	65.9%	59.4%	54.0%	56.8%	57.2%
Percent Connecting	34.1%	40.6%	46.0%	43.2%	42.8%
Average Daily Departures:					
Passenger Airlines:					
United and Ted	233	238	213	230	229
United Express	119	156	182	191	194
Frontier	80	94	107	125	137
Frontier JetExpress	11	21	25	24	27
Other	195	208	194	203	219
Total Passenger Airlines	638	719	722	772	806
All Cargo Airlines	29	31	30	28	27
Total	666	750	752	801	833
Percent Change	1.2%	12.8%	0.4%	6.4%	4.1%
Landed weight (billion pounds):					
Passenger Airlines:					
United and Ted	13.173	13.418	12.254	13.364	12.808
United Express	2.054	2.731	3.282	3.512	3.636
Frontier	3.630	4.434	5.222	6.087	6.695
Frontier JetExpress	181	526	616	617	0.699
Other	6.663	7.025	6.734	6.837	7.633
Total Passenger Airlines	25.701	28.134	28.108	30.418	31.471
All Cargo Airlines	1.495	1.516	1.541	1.430	1.363
Total	27.195	29.651	29.649	31.848	32.834
Enplaned Cargo (million pounds)[2]	326.843	321.204	312.663	280.534	262.724
Percent Change	(0.4)%	(1.7%)	(2.7%)	(10.3%)	(6.3%)
Total Aircraft Operations (Landings and Take-Offs):					
Air Carriers	323,610	330,674	384,552	428,794	451,228
Air Taxi, Commuter, Military and General Aviation	186,665	235,847	183,006	180,723	168,086
Total	510,275	566,521	567,558	609,517	619,314
Percent Change	0.2%	11.0%	0.2%	7.4%	1.6%

[1] Ted commenced service at the Airport on February 12, 2004. United recently announced 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

The Airport has generally had steady growth in both passenger traffic and revenues since it opened in 1995, however, in 2001 and 2002, the Airport, like all major airports in the United States, experienced significant declines in passenger traffic and associated revenues as a result of the terrorist events of September 11, 2001, economic conditions and other factors. The Airport began recovering in 2003, with the number of enplaned passengers at the Airport increasing 5.2% in 2003 over 2002. 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 and 5.4% in 2007, 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 Ted low fare unit and its United express commuter affiliates, accounted for approximately 56.4% of passenger enplanements at the Airport in 2006, and 53.3% in 2007. United also accounted for approximately 59.3% and 57.6% of the airline rentals, fees and charges component of the Airport System's operating revenues, and approximately 31.8% and 28.8% of the Airport System's Gross Revenues, in 2006 and 2007, respectively. Of United's total enplanements in 2006 and 2007, approximately 40.9% and 42.0% were originating passengers and approximately 59.1% and 58.0% 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.).

Ted commenced service at the Airport in February 2004. United recently announced that it is planning to eliminate its Ted unit and plans to reconfigure the Ted fleet of aircraft into United's mainline operations in 2009. United has also announced that it plans to reduce its consolidated domestic capacity during 2008 and 2009 by 12.5%-13.5% compared to 2007 and reduce its consolidated overall capacity during this period by 9%-10%, as well as significantly reduce its workforce by the end of 2008.

In December 2002, UAL and 27 of its subsidiaries, including United, filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code, which permitted United to continue operations while developing a plan of reorganization to address its debt, capital and cost structures. United received approval of a plan of reorganization and emerged from bankruptcy on February 1, 2006. As part of its bankruptcy proceedings and plan of reorganization, United paid all taxes it owed to the City, assumed all of its agreements with the City, and a combined special facilities and ground lease with respect to its special facilities at the Airport has been amended in connection with the refunding of related special facilities bonds.

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 20.7% and 22.7% of passenger enplanements at the Airport in 2006 and 2007, respectively. The Frontier Group also accounted for approximately 13.0% and 15.1% of the airline rentals, fees and charges component of the Airport System's operating revenues, and approximately 6.9% and 7.6% of the Airport System's Gross Revenues in 2006 and 2007, respectively. Of the Frontier Group's total enplanements in 2006 and 2007, approximately 56.8% and 57.2% were originating passengers and approximately 43.2% and 42.8% were connecting passenger.

On April 10, 2008, Frontier filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Frontier currently leases 15 full service jet gates at the Airport on Concourse A under a Use and Lease Agreement with the City, uses six additional full service jet gates on Concourse A on a preferential basis and uses one common use international gate on Concourse A on a subordinated basis. However, pursuant to a consensual agreement between the City and Frontier (the "Stipulated Order"), approved by the United States Bankruptcy Court, Frontier will assume its Use and Lease Agreement with the City, which will be amended to provide for the lease of 17 full service jet gates on Concourse A, and will relinquish its use of additional gates on Concourse A. Frontier has announced a 17% system-wide reduction in its flight operations beginning in September of 2008 and a "proportional" reduction in workforce.

Southwest Airlines

Southwest Airlines ("Southwest") commenced service at the Airport in January 2006. Southwest accounted for approximately 3.3% of passenger enplanements at the Airport in 2006 and approximately 5.3% of passengers enplanements at the Airport in 2007. Southwest also accounted for approximately 3.9% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2007.

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 2006 or 2007, or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport.

Other Passenger Airline Information

For other passenger airline information, 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".

Airport System Aviation Activity

The table below shows total aircraft operations (landings and take-offs) for the Airport System for the period 2003 through 2007.

TABLE 34

AIRPORT SYSTEM
HISTORICAL AIRCRAFT OPERATIONS
2003-2007

Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total	Percent Change
2003	323,610	174,092	11,228	1,345	510,275	0.2%
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

(Source: Department of Aviation Audited Financial Report for 2007)

TABLE 35

2008-2013 Airport Capital Program Projects
(Amounts expressed in 000's; totals may not add due to rounding)

	2008	2009	2010	2011	2012	2013	Total
Airfield Improvements	$ 39,332[1]	$ 27,901	$27,901	$ 27,901	$27,045	$27,045	$177,125
Terminal and Concourse Improvements							
Terminal Projects	36,610[1]	14,224	10,123	54,923	3,373	3,373	122,626
Concourse Projects	291,000[1]	29,171	6,761	5,597	5,597	3,497	341,621
Central Plant Projects	11,133[1]	3,000	--	--	--	--	14,133
Baggage System Projects	13,750[1]	51,300	29,300	300	300	300	95,250
Train System Projects	8,250[1]	200	200	200	8,200	9,000	26,050
Roads, Parking and Ground Transportation	12,332[1]	9,727	1,752	1,480	1,130	1,000	27,420
Communications, Electronics, Security and Fire Protection	18,511[1]	9,925	4,350	3,050	550	550	36,936
Environmental, Utilities, Storm Water and Drainage	2,436[1]	1,445	5,063	470	--	--	9,414
Support Facilities	5,308[1]	28,563	500	500	500	500	35,870
Parking Systems	4,453[1]	16,995	5,100	27,050	27,050	--	80,648
Professional Services, Infrastructure Allowance and Public Art	7,427[1]	4,356	3,874	2,989	740	769	20,155
Total Planned Projects	$450,540[1]	$196,806	$94,924	$124,459	$74,484	$46,034	$987,247

[1] A portion of each of these projects was funded with proceeds of certain of the Series 2007 Bonds.

Source: Department of Aviation management records

TABLE 36

AIRPORT SYSTEM
HISTORICAL ENPLANED CARGO OPERATIONS
2003-2007
(in pounds)

Year	Air mail	Freight and express	Total	Percent Change
2003	55,088,719	271,753,872	326,842,591	(0.4)
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)

(Source: Department of Aviation Audited Financial Report for 2007)

Outstanding Bonds and Notes

Senior and Subordinate Bonds have been issued to fund costs of the Airport. As of December 31, 2007, the total aggregate amount of all outstanding Bonds is as follows ($ in thousands):

TABLE 37

AIRPORT SYSTEM – OUTSTANDING BONDS
As of 12/31/07
(Amounts expressed in 1,000's)

Series 1991A Bonds	$ 10,015
Series 1991D Bonds	83,448[1]
Series 1992F-G Bonds	46,700
Series 1995C Bonds	10,625
Series 1997E Bonds	34,462
Series 1998A Bonds	165,990
Series 1998B Bonds	103,395
Series 2000A Bonds	246,500
Series 2000B Bonds	200,000
Series 2000C Bonds	100,000
Series 2001A Bonds	210,792
Series 2001B Bonds	16,675
Series 2001C1-C4 Bonds	200,000
Series 2001D Bonds	56,560
Series 2002 A1-A3	267,625
Series 2002C Bonds	39,800
Series 2002E Bonds	163,955
Series 2003A Bonds	161,965
Series 2003B Bonds	75,460
Series 2004A Bonds	72,000
Series 2004B Bonds	72,000
Series 2005A Bonds	224,510
Series 2005B Bonds	85,275
Series 2005C Bonds	82,200
Series 2006A Bonds	279,585
Series 2006B Bonds	152,280
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
Total Outstanding Bonds	$ 3,706,226

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

(Source: Department of Aviation Audited Financial Report for 2007)

Subordinate Hedge Facility Obligations. In 1998, 1999, 2002, 2005, 2006 and 2007, 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 2007.

Installment Purchase Agreements. The City has entered into certain Master Installment Purchase Agreements with GE Capital Public Finance, Inc., Siemens Financial Services, Inc. and Koch Financial Corporation 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, 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, 2007, the Master Installment Purchase Agreements were outstanding in the total principal amount of $61,671,055.

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)

	2003	2004	Restated 2005[1]	Restated 2006[1]	2007
Operating revenues	$457,093	$477,665	$497,741	$508,307	$530,151
Operating expenses	211,913	221,214	239,405	262,514	290,773
Operating income before Depreciation	245,180	256,451	260,203	245,792	239,378
Depreciation and Amortization	144,758	148,386	276,936	151,506	159,309
Operating Income	100,422	108,065	(20,918)	94,286	80,069
Non-Operating Revenues (Expense)	(135,271)	(138,580)	(107,265)	(67,772)	(49,127)
Capital Contributions	40,542	62,205	228,342	29,188	2,426
Change In Net Assets	$ 5,693	$ 31,690	$ 100,159	$ 55,702	$ 33,368

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 2007)

TABLE 39

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

	2003	2004	Restated 2005	Restated 2006	2007
Gross Revenues	$527,567	$543,044	$571,102	$592,110	$616,106
Operation & Maintenance Expenses	201,573	220,254	238,142	256,191	282,746
Net Revenues	325,994	322,790	332,960	335,919	333,360
Other Available Funds[1]	50,807	54,849	55,173	50,791	53,251
Total amount available for Debt Service Requirements	$376,801	$377,639	$388,133	$386,710	$386,611
Debt Service Requirement[2,3] Senior and Subordinate Bonds	$230,547	$243,495	$241,622	$220,001	$229,923
Debt Service Coverage Senior and Subordinate Bonds	163%	155%	162%	176%	168%

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 2007)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER (2007 dollars)

$10.95

(Source: Department of Aviation management records)

AVERAGE AIRLINE COSTS PER ENPLANED PASSENGER FOR UNITED (2007 dollars)

$12.15

(Source: Department of Aviation management records)

HISTORICAL PASSENGER FACILITY CHARGE REVENUES
($ in thousands)

Year	Revenues
2003	$71,945
2004	82,161
2005	84,000
2006	93,510
2007	97,191

(Source: Department of Aviation Audited Financial Report for 2007)

CONTACTS FOR FURTHER INFORMATION

Compliance Officer for the City and County of Denver, Colorado 2006 Disclosure Statement:

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Manager of Revenue, *ex officio* Treasurer
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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 Revenue
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)
www.denvergov.org/Auditor/22813368template1jump.asp

Financial Statements and Supplementary Information - Airport System:
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Denver International Airport
Stan Koniz
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Administration Division
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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
Kathryn Kempke
Manager of Treasury Operations
1600 West 12th Avenue
Denver, Colorado 80254
(303) 628-6410 (Phone)
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www.denverwater.org/financialinfo

The 2006 Disclosure Statement must be read in conjunction with the City's Comprehensive Annual Financial Report (CAFR) for the Year Ended December 31, 2006 – available on the City's website or from the Controller's Office. See above.

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

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INTRODUCTION

The nation's economy grew at a sluggish pace in the latter half of 2007, and signs of further slowing have emerged. The current slowdown may or may not ultimately satisfy the administrative definition of recession, but the expansionary phase of the business cycle has clearly matured.

A variety of factors are combining to slow national economic growth, but distressed housing and financial markets are some of the most visible. The combination of excess inventory and falling home prices slowed residential activity beginning in late 2006, and real estate-related losses in the financial sector increased. By late 2007, household spending – the largest portion of the nation's Gross Domestic Product (GDP) – began to slow as consumers struggled to manage declining home prices, lower stock values, and high debt levels. Business spending also slowed as lenders restricted financing options and the overall economic outlook weakened.

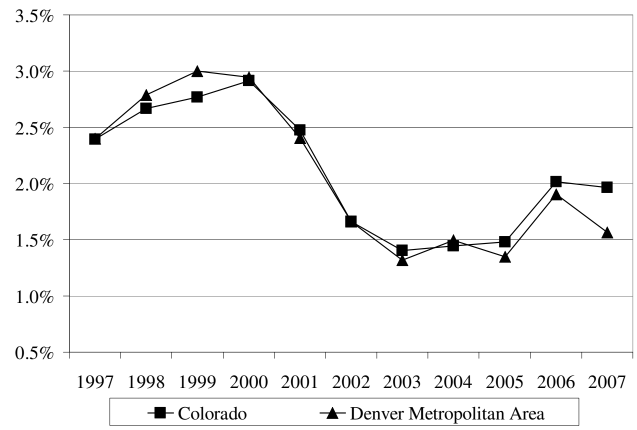
Despite significant obstacles throughout the year, U.S. GDP growth averaged a moderate 2.2 percent in 2007. By comparison, GDP growth averaged 3.1 percent per year between 2004 and 2006. Growth in the Colorado economy and the economies of 35 other states slowed between 2006 and 2007, largely because of weakness in the residential construction and financial services sectors. At two percent, Colorado real GDP growth in 2007 ranked 22nd fastest among the 50 states.

The Denver metropolitan area has outperformed many other metropolitan areas through the recent slowdown and is a significant driver of Colorado's economy. Specifically, the Denver metropolitan area accounts for 55 percent of the state's population and 60 percent of its jobs. The 4,531-square-mile region includes seven counties—Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. This report analyzes historical and recent economic activity in the Denver metropolitan area using mostly annual statistics. The most recent monthly or quarterly data are provided where annual figures are not yet available.

POPULATION

Colorado's population increased by 94,600 residents (+2 percent) between 2006 and 2007. The state's growth rate was double the U.S. rate over the same period and ranked eighth-fastest in the nation. Colorado also ranked as the 22nd-most populous state in the country. According to the Colorado Demography Office, the state's population reached 4,908,152 in July 2007.

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, is typically a stable component. Net migration, or the number of people moving into the state minus the number leaving, is a comparatively volatile component.

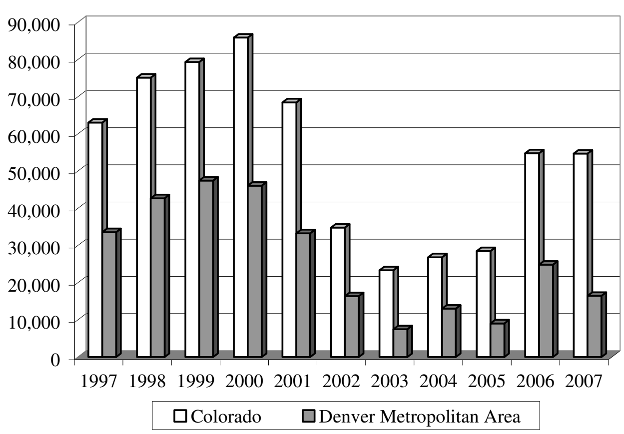
The natural increase of Colorado's population has averaged roughly 38,000 residents per year over the past ten years. At that rate, natural increase accounted for 42 percent of Colorado's population growth from 1998 through 2007.

Colorado net migration averaged 53,200 residents over the same period and accounted for 58 percent of the state's ten-year population change. The volatility of migration trends is evident in the annual data, where total net migration ranged from a low of 23,300 in 2003 to a high of 85,900 in 2000.

Job growth is one factor driving variation in migration trends. For example, net migration accounted for 70 percent of Colorado's population gain in 1999 and 2000, both years when the state's job growth exceeded 3.5 percent. When statewide job growth slowed to roughly 2 percent in 2006 and 2007, net migration accounted for 58 percent of the total population gain.

State patterns in migration are more consistent. Former Californians tend to account for the largest share of new Colorado residents (16 percent in 2006), and movers from Texas and Arizona also account for large numbers of new residents (9.4 percent and 5.3 percent, respectively).

NET MIGRATION



Source: Colorado Division of Local Government.

Nearly half of Colorado's new residents settle in the Denver metropolitan area. The region accounted for 48 percent of Colorado's total net migration over the ten years ended in 2007 and averaged 25,700 net in-migrants each year. Again, net migration is highly correlated with job growth, so the area's recent net migration figures have declined from those of the late 1990s.

Annual natural increase in the Denver metropolitan area averaged 24,000 for the ten years ended in 2007. Combining natural increase and net migration, the Denver metropolitan area population grew an average of 2.6 percent per year between 1997 and 2002. From 2002 to 2007, annual average population growth slowed to 1.5 percent as the local economy entered recession and proceeded to recover.

Population in the Denver metropolitan area reached an estimated 2,715,729 people as of July 1, 2007. 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 Colorado is 35.4 compared to the national median of 36.4.

COUNTY POPULATION
(in thousands)

				% Change	
Area	**1997**	**2002**	**2007**	**1997-02**	**2002-07**
Adams	332.7	373.6	424.2	12.3%	13.6%
Arapahoe	459.1	513.0	551.7	11.8%	7.5%
Boulder	266.1	282.9	290.6	6.3%	2.7%
Broomfield		41.9	48.6		15.7%
Denver	527.4	560.9	587.5	6.3%	4.8%
Douglas	129.3	213.5	274.7	65.1%	28.7%
Jefferson	504.2	531.7	538.4	5.5%	1.2%
Metropolitan Denver	2,218.9	2,517.6	2,715.7	13.5%	7.9%
Colorado	3,995.9	4,520.0	4,908.1	13.1%	8.6%

Source: Colorado Division of Local Government.

Within the Denver metropolitan area, Douglas, Broomfield, and Adams counties reported the strongest population growth rates between 2002 and 2007. According to the U.S. Census Bureau, Douglas County was the fastest-growing county in the country during the 1990s. The county maintained its first place ranking for the 2000 to 2001 period as it continued to post double-digit population growth rates. Growth slowed in 2002, but Douglas County was still named the nation's seventh-fastest growing county between 2000 and 2006.

The City and County of Denver has seen slow but positive population growth since 1991. Total population in 2007 is estimated at 587,528, which represents a 1.3 percent increase over 2006. Population growth rates for the City and County of Denver have historically been less than that of the overall Denver metropolitan area. During the past ten years, the county's average annual growth rate was 1.1 percent compared to 2.0 percent for the entire Denver metropolitan area.

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 used to estimate total labor force, total employment (including self-employment), and unemployment by county. Unemployment rates are also derived from these estimates.

The second report is a survey of businesses known as the Current Employment Statistics (CES) data series. Data from this "establishment survey" are some of the most closely watched and widely used economic indicators, but users should note the data do not include the self-employed.

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. The coding structure is comprised of 11 industry "supersectors," which can be further broken into 20 broad sectors.

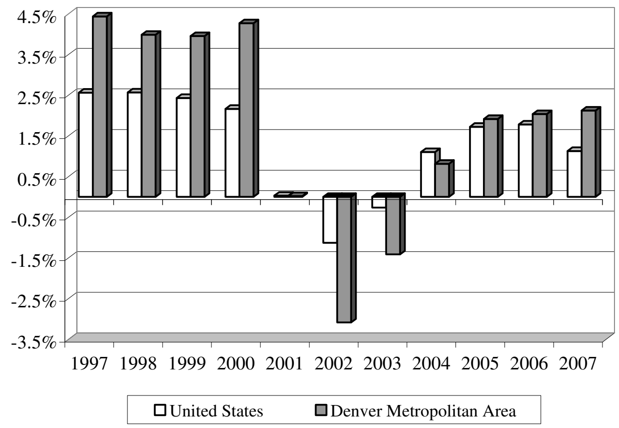
According to the CES data, Colorado nonfarm employment growth averaged 3.7 percent per year between 1989 and 1999. The state's employment growth slowed to 0.6 percent as the national recession began in 2001. With many telecommunications and high-tech companies, Colorado's economy was hit particularly hard by the national downturn and ranked 50th overall for 2002 job growth.

By 2003, the state had lost more than 74,000 jobs in the worst downturn experienced since the Great Depression. Colorado's employment situation began to improve in 2004, and nonfarm job growth averaged 2.3 percent per year through 2006. A maturing business cycle and widespread weakness in housing and credit markets slowed growth in 2007, but Colorado still managed a healthy, 2.2 percent job gain.

In addition to the state data series, the CES is compiled for a number of Metropolitan Statistical Areas (MSAs) across the country, defined as a collection of counties 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 combines the Denver-Aurora MSA with the Boulder-Longmont MSA (which includes just Boulder County) in order to estimate employment for an 11-county Denver metropolitan area, the region closest to the seven-county definition generally used in this report.

The 11-county Denver metropolitan area has a nonfarm employment base of 1.4 million workers. The area's nonfarm wage and salary employment growth averaged 3.6 percent between 1990 and 1999, similar to Colorado's 3.8 percent average over the same period. The nationwide recession then took hold, and the Denver metropolitan area lost more than 61,000 jobs – or 3.1 percent of its employment base – by 2003.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT GROWTH RATES



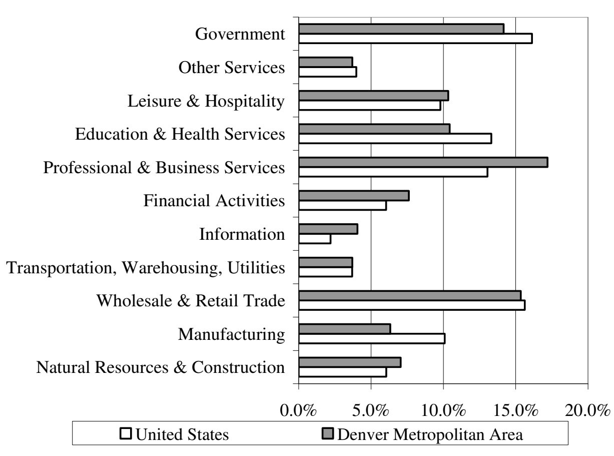
Sources: U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment.

The Denver metropolitan area's concentration of telecommunications and other high-tech companies heightened its exposure to the 2001 downturn, and it experienced proportionally larger job losses. Employment declines persisted through 2003, with job growth resuming in 2004. Job growth accelerated from 0.8 percent in 2004 to 1.9 percent in 2005 and resumed a steadier pace in the following two years. In 2007, Denver metropolitan area job growth of 2.1 percent essentially matched the two percent growth pace from 2006.

Eight of the area's 11 supersectors, or major industry categories, reported employment growth between 2006 and 2007. Employment declined in natural resources and construction, manufacturing, and financial activities, largely because of the nationwide turmoil in housing and credit markets. Combined, the sectors lost roughly 3,900 jobs over the year.

Among the remaining supersectors, over-the-year employment growth ranged from 1.1 percent in information to 5.5 percent in professional and business services. In absolute terms, professional and business services ranked first for jobs added with an increase of 12,700 positions over-the-year, followed by education and health services (+5,500 jobs) and wholesale and retail trade (+4,900 jobs).

2007 EMPLOYMENT BY INDUSTRY



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

Three major industry sectors – professional and business services, wholesale and retail trade, and government - provide about 47 percent of the jobs in the Denver metropolitan area. The professional and business services sector is the largest of the three, covering businesses such as accounting, engineering, and legal firms; security companies; and others. 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.

The City and County of Denver is the employment center for the Denver metropolitan area and accounts for roughly 32 percent of the region's total jobs. Downtown Denver's central business district has some of the area's largest concentrations of office space, telecommunications and information technology companies, and financial and legal firms. Denver's job base increased by 2.4 percent in 2007 and is the state's largest with 442,800 workers.

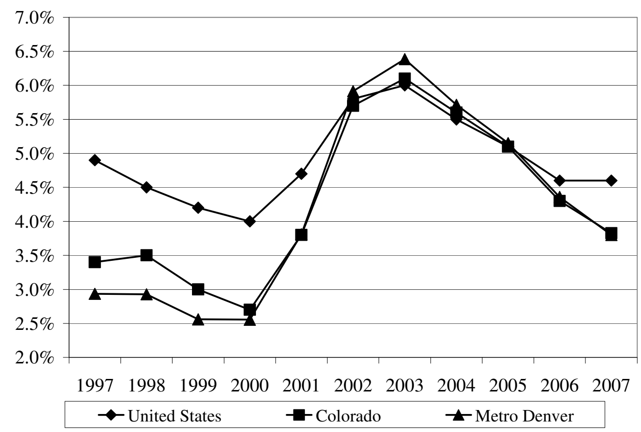
LABOR FORCE & UNEMPLOYMENT

The U.S. unemployment rate hit its most recent peak of 6 percent in 2003. The rate declined steadily between 2004 and 2006, but slower job growth in 2007 kept the unemployment rate flat at 4.6 percent.

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 tightened again in 2007, as strength in natural resources and other growing industries offset slower job growth overall. Colorado unemployment averaged 3.8 percent for all of 2007, down from 4.3 percent in 2006.

The Denver metropolitan area's recent high unemployment rate of 6.4 percent in 2003 exceeded Colorado and U.S. rates for the same year. The area's unemployment rate also took slightly longer to recover over the next two years, but local unemployment has trended between the statewide and national average for the past two years. Even with slower job growth, the area's unemployment rate tightened from 4.4 percent in 2006 to 3.8 percent in 2007.

UNEMPLOYMENT RATES



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

The City and County of Denver is an urban center, so its unemployment rate tends to be above that of the Denver metropolitan area. Denver's labor market nonetheless tightened in 2007, and the unemployment rate declined from 4.8 percent in 2006 to 4.3 percent in 2007.

One driver of strong and stable job growth is a highly-educated population. According to the U.S. Census Bureau's 2006 American Community Survey, Colorado has the fourth-highest percentage of college graduates in the country behind Washington, DC, Massachusetts, and Maryland. Eighty-eight percent of the total adult population in the Denver metropolitan area are high school graduates and nearly 38 percent are college graduates.

MAJOR EMPLOYERS

Employment in the Denver metropolitan area 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 self-employed rose 1.2 percent to an estimated 338,800 in 2006. While self-employment and small business are major drivers of the Denver metropolitan area economy, large firms also have a significant presence. Approximately 74 firms with more than 1,000 employees were operating in Colorado in 2006, and most are located throughout the Denver metropolitan area. The following list provides the region's 20 largest private employers.

LARGEST PRIVATE EMPLOYERS

Company	Products/Services	Employees
1. King Soopers Inc.	Grocery Stores	10,900
2. Wal-Mart	General Merchandiser	10,600
3. Qwest Communications	Telecommunications	9,000
4. HealthONE Corporation	Healthcare	8,500
5. Lockheed Martin Corporation	Aerospace & Defense-Related Systems	8,200
6. Exempla Healthcare	Healthcare	7,100
7. Safeway Inc.	Grocery Stores	6,600
8. University of Denver	University	5,900
9. Target Corporation	General Merchandiser	5,600
10. Centura Health	Healthcare	5,600
11. United Airlines	Airline	5,200
12. Kaiser Permanente	Healthcare	5,100
13. Frontier Airlines	Airline	4,900
14. Denver Health	Healthcare	4,900
15. IBM Corp.	Computer Systems & Services	4,600
16. DISH Network	Satellite TV & Equipment	4,100
17. United Parcel Service	Parcel delivery	4,000
18. Ball Corporation	Aerospace, containers	4,000
19. Great-West Life & Annuity Insurance Company	Insurance	3,800
20. University of Colorado Hospital	Healthcare, research	3,700

Source: Development Research Partners, June 2008.

Fifteen companies headquartered in Colorado are part of the 2008 *Fortune 1,000* list. The companies are EchoStar Communications (252), S&C Holdco 3 (268), Liberty Media (281), First Data (331), Liberty Global (340), Ball Corporation (348), Molson Coors Brewing (386), Newmont Mining (447), MDC Holdings (461), Level 3 Communications (465), Western Union (492), CH2M Hill (526), UAP Holding (690), ProLogis (743), and AIMCO (928).

Six other Colorado businesses were recognized on *Forbes'* October 2007 list of the 200 best small public companies. Dynamic Materials ranked 8th, followed by Rocky Mountain Chocolate Factory

(60th), Air Methods (94th), Red Robin Gourmet Burgers (102nd), Royal Gold (117th), and Century Casinos (185th). To qualify for the list, companies must have 12-month sales between $5 million and $750 million, a stock price above $5 per share, and net profit growth over five- and 12-month periods.

Dynamic Materials and Rocky Mountain Chocolate Factory were also named to the 2007 edition of the *Fortune Small Business* "FSB 100." The list identifies the nation's 100 fastest-growing small businesses. Two other Colorado companies, Delta Petroleum and Spectranetics, were also named. With these four companies, Colorado was ranked sixth in the nation for its concentration of fast-growing small businesses.

Eleven more Colorado companies made the 2007 *Inc*. list of the 500 fastest-growing private companies nationwide. The companies included on the list provide a variety of goods and services, including advertising, network security and IT services, health and benefit management services, and government services.

Private sector businesses account for a majority of employment in the Denver metropolitan area, but the public sector also accounts for 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. The largest public sector employers in Denver include the State of Colorado (21,900 employees), the Federal Government (14,300), the City and County of Denver (13,000), and Denver Public Schools (13,500). About 26 percent of all Denver metropolitan area private business establishments are located in the City and County of Denver.

INTERNATIONAL TRADE

Denver International Airport links the region to businesses nationwide and around the world. The airport offers daily, non-stop service to more than 140 domestic and international locations, including London, Frankfurt, and several major cities in Canada and Mexico. Data from the Federal Aviation Administration show Denver's airport was the nation's fifth-busiest in 2007, and preliminary 2007 figures from Airports Council International rank Denver's airport as the 11th busiest in the world.

Denver's location on the 105th meridian – the exact midpoint between Tokyo and Frankfurt – allows companies to conduct business with both countries in the same business day. Further, a location between Canada and Mexico positions the Denver metropolitan area to benefit from opportunities presented by the North American Free Trade Agreement (NAFTA).

Colorado exports to NAFTA partners Canada and Mexico accounted for 37 percent of the state's total worldwide export value in 2007. Canada remains the state's top trading partner and accounted for 24 percent of its export value in 2007. Mexico accounts for the second-largest portion of Colorado export value – 13 percent – followed by China, Japan, Taiwan, and Germany.

Generally, U.S. export values have grown with the help of a weaker dollar. Nationwide export values increased 15 percent between 2005 and 2006, and the value of Colorado's exports increased 17 percent over the same period. The state's exports saw a much weaker trend in 2007, when the value of exports declined 7.6 percent over the year. While slower economic growth at the state and national levels is partly to blame, much of the state's slower export trend can be attributed to a shrinking manufacturing base.

More specifically, Colorado's export portfolio relies heavily on semiconductors and other high-tech goods, and production of these items continues to consolidate and move overseas. In 2007, high-tech goods and items in three other categories made up more than 70 percent of Colorado's export value:

- Computers and electronic products (42 percent of total export value; down 24 percent between 2006 and 2007).
- Processed foods (11 percent of total export value; up 23 percent in 2007).

- Machinery (9 percent of total export value; down 5 percent in 2007).
- Chemicals (9 percent of total export value; down 9 percent in 2007).

While production of high-tech goods is generally moving away from domestic locations, several tech companies have recently increased their design and engineering workforces in Colorado. These jobs are part of a broader service economy that is not described by the product export data. In 2007, private-sector services accounted for more than three-quarters of Colorado's economic output, or gross state product. Even the narrower group of services viewed as exportable – transportation, financial services, information, and professional and technical services – accounted for 26 percent of gross state product. Although state-level data on services exports are not available, it can be reasonably assumed that Colorado's service industries are key producers of exports.

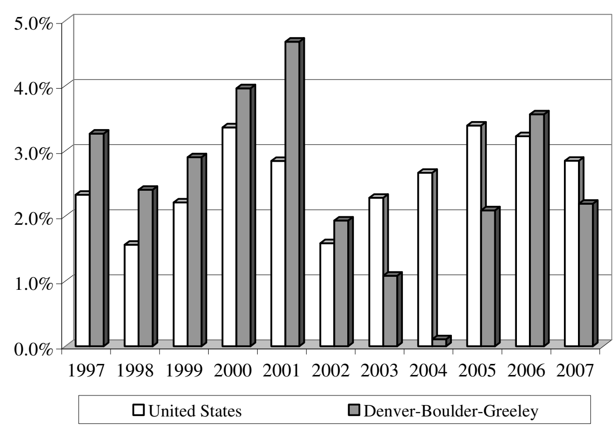
INFLATION

As measured by the Denver-Boulder-Greeley Consumer Price Index, inflation in the Denver metropolitan area has often exceeded the national average. Between 1997 and 2002, rapid job and wage growth pushed inflation in the Denver metropolitan area to an average of 3.2 percent per year. At the national level, inflation increased an average of 2.3 percent each year over the same period.

Following the 2001 recession, local inflation tracked national trends more closely. Data through 2007 show inflation in the Denver metropolitan area has increased an average of 1.8 percent each year since 2002. At the national level, inflation has increased an average of 2.9 percent each year over the same period. Inflation in the Denver metropolitan area was lower than the national average in 2007, with inflation averaging 2.2 percent locally compared to 2.8 percent nationally.

The consumer price index is derived from a market basket of eight major categories of products including food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services. A closer comparison of the Denver-Boulder-Greeley consumer price index and the U.S. index shows local prices for medical care, transportation, and recreation exceeded the national average in 2007. Prices for education and communication, food and beverages, housing, and other goods and services were below the U.S. city average. The Denver-Boulder-Greeley index shows, however, that local prices in each category except apparel, housing, and other goods and services rose faster than the U.S. average in 2007.

INFLATION RATES



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

INCOME

Colorado total personal income grew at an average annual rate of 9.1 percent between 1997 and 2001, the nation's fastest rate. Personal income growth in most states slowed dramatically as the nation entered recession in 2001, and Colorado was no exception. Total personal income growth has moderated in Colorado, increasing 7.1 percent in 2006 and 6.0 percent in 2007.

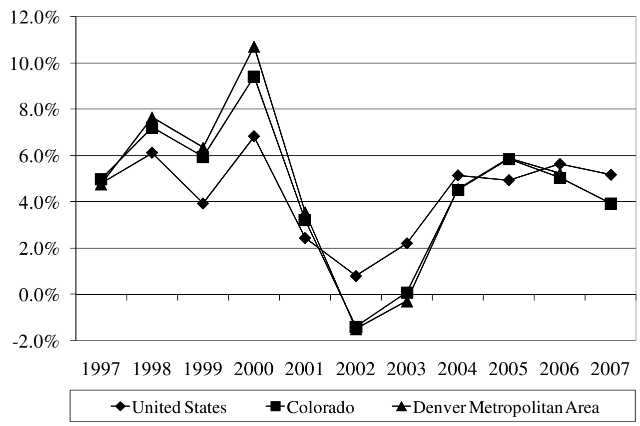
At $41,042 in 2007, Colorado's per capita personal income ranked tenth-highest in the nation. The state's annual per capita income growth of 3.9

percent fell below the national average growth rate of 5.2 percent in 2007.

Local-level income data are available through 2006, and they show per capita personal income in the Denver metropolitan area up 5.2 percent from 2005. That year's growth rate fell below the national average of 5.6 percent and was slightly ahead of the state's 5.0 percent. At $45,346, per capita personal income in the Denver metropolitan area was 124 percent of the national average in 2006.

Per capita personal income in the City and County of Denver reached 137 percent of the nation's 2006 average. At $50,193, Denver's per capita income is the highest of all Denver metropolitan area counties and increased at the region's second-fastest rate of 5.7 percent between 2005 and 2006.

PER CAPITA PERSONAL INCOME GROWTH RATES



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

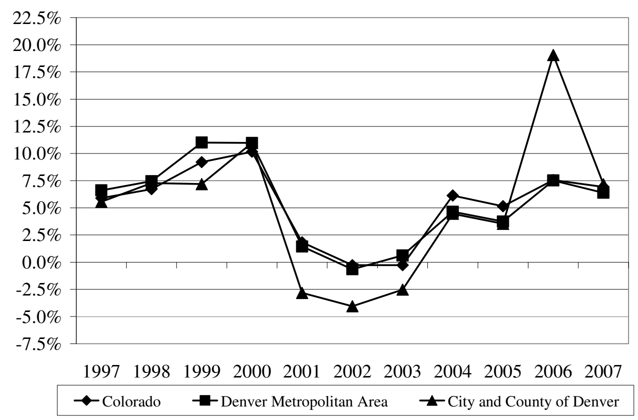
The Denver metropolitan area average annual salary was $50,669 in 2007, a four percent increase over the average annual salary for 2006. The average annual salary in the City and County of Denver was $55,007 for the same period, representing a 4.2 percent increase over 2006.

RETAIL TRADE

The combination of high prices for fuel, groceries, and other essentials and falling home values trimmed household budgets for other items in 2007. As a result, nationwide consumer spending slowed considerably. U.S. retail and food service sales increased four percent between 2006 and 2007, but U.S. inflation also advanced 2.8 percent. After adjustment for inflation, U.S. consumer spending rose 1.2 percent in 2007, down from the three percent real average annual growth rate recorded between 2004 and 2006.

Several features of the Denver metropolitan retail market offset some of the nationwide weakness in retail. Thanks to its central geographic location, the Denver metropolitan area is a key region for wholesale and distribution activities. The area's relatively high per capita income also gives retailers the benefit of a strong and stable customer base. Total retail sales across all industries increased an average of 8.7 percent per year between 2004 and 2006. In 2007, the region's total retail sales increased by nine percent.

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 retailers as well as food and drinking service establishments. Sales growth in the Denver metropolitan area averaged 5.6 percent per year between 2004 and 2006 and reached 6.4 percent in 2007.

The largest category of retail trade sales in the Denver metropolitan area is motor vehicles and auto parts, followed by food and beverage stores and general merchandisers. In 2007, retail trade sales were up by the largest percentage for non-store retailers (+16.2 percent), followed by sales for retailers in the clothing and accessories (+10.4 percent) and food and beverage stores (+10.2 percent) categories. A slower housing market led to sales declines for retailers of building materials and nursery supplies (-1.2 percent), while rising oil prices kept sales for service stations nearly flat (+0.1 percent).

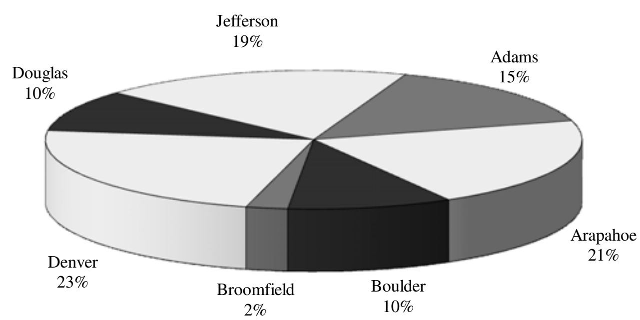
DENVER METROPOLITAN AREA RETAIL TRADE SALES BY CATEGORY (in $millions)

Industry	2006	2007	Change
Retail Trade:			
Motor Vehicle and Auto Parts	$8,159	$8,533	4.6%
Furniture and Furnishings	$1,607	$1,656	3.0%
Electronics and Appliances	$1,270	$1,360	7.1%
Building Materials / Nurseries	$3,196	$3,159	-1.2%
Food/Beverage Stores	$6,302	$6,947	10.2%
Health and Personal Care	$1,150	$1,230	7.0%
Service Stations	$2,723	$2,725	0.1%
Clothing and Accessories	$1,910	$2,108	10.4%
Sporting/Hobby/Books/ Music	$1,428	$1,535	7.5%
General Merchandise/ Warehouse	$5,528	$5,887	6.5%
Misc. Store Retailers	$1,411	$1,456	3.2%
Non-Store Retailers	$2,436	$2,829	16.2%
Total Retail Trade	$37,119	$39,424	6.2%
Food / Drinking Services	$4,372	$4,719	7.9%
TOTAL	$41,491	$44,143	6.4%

Source: Colorado Department of Revenue.

Retail trade sales in the City and County of Denver represented the largest share (23 percent) of total Denver metropolitan area sales in 2007. Sales in Arapahoe County made up the second-largest share (21 percent), followed by sales in Jefferson County (19 percent) and Adams County (15 percent).

2007 RETAIL TRADE SALES BY COUNTY



Source: Colorado Department of Revenue.

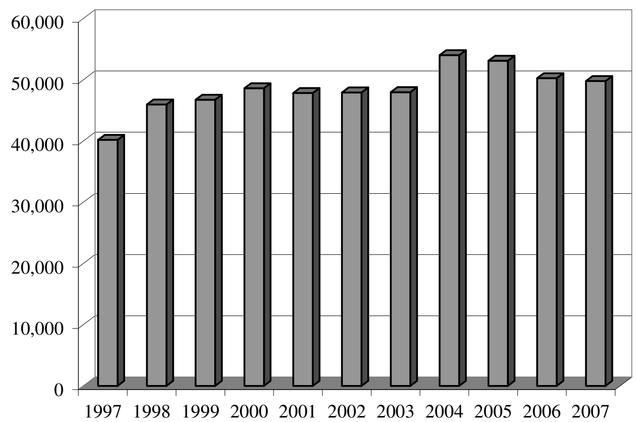
RESIDENTIAL REAL ESTATE

Rising wages, low mortgage rates, and unconventional financing arrangements helped push the U.S. homeownership rate to a record 68.9 percent in 2005. The ownership rate in the Denver metropolitan area also increased, rising from 65.5 percent in 1996 to 70 percent in 2006.

The region's existing home sales hit a peak of 54,012 in 2004. In the years that followed, a combination of excess inventory, declining home values, and the reset of adjustable-rate mortgages significantly dampened the residential real estate market. By 2007, existing home sales in the Denver metropolitan area had fallen 7.8 percent below the 2004 peak and numbered 49,789. Viewed another way, $14 billion in existing homes sold in 2007, down 3.3 percent from the $14.5 billion sold in 2006.

While 2007 home sales activity in the Denver metropolitan area was noticeably slower than in prior years, the local residential market maintained some of its former momentum. The count of existing home sales in 2007 still represents the fourth-highest level of sales in ten years.

DENVER METROPOLITAN HOME SALES



Source: Metrolist Inc.

Strong home sales activity in the Denver metropolitan area also drove increased construction, and the count of residential building permits rose 31 percent between 2003 and 2004. As home sales slowed, though, many local builders holding excess inventory reduced their production considerably. Construction activity decelerated, and total residential permits declined 13.8 percent in 2006 and 18.1 percent in 2007.

Permit activity for single-family, detached homes contracted the most. For the period from 1997 to 2007, an average of 14,650 residential building permits were issued each year in the Denver metropolitan area. In 2007, just over 7,080 single-family detached home permits were issued, putting that year's construction activity more than 50 percent below the ten-year average. The largest numbers of detached home permits were issued in Arapahoe and Douglas Counties, but all Denver metropolitan area counties saw reduced construction activity. In 2007, construction permits declined the most in Adams (-45.1 percent), Douglas (-39.5 percent), and Boulder (-36.6 percent) counties.

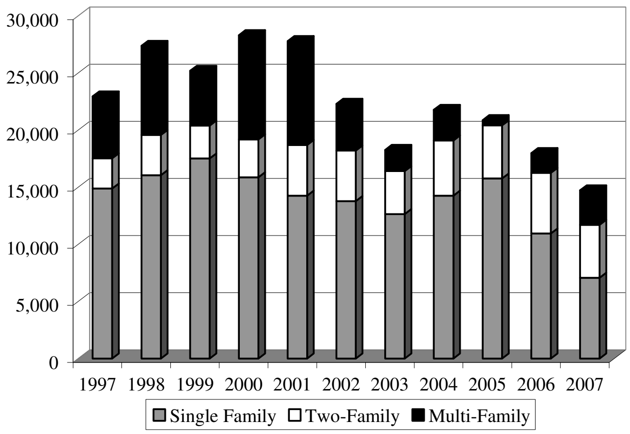
The region's condominium market also suffered from excess inventory, but changing homeowner preferences and growing interest in transit-oriented development softened the correction. The number of permits for single-family attached homes – or condominiums, townhomes, and duplexes – rose 14.4 percent in 2006 before falling 12.8 percent in 2007. Across the Denver metropolitan area, attached home construction increased the most over-the-year in Boulder County (+102 percent), followed by increased activity in the City and County of Broomfield (+54.7 percent). Adams and Douglas Counties saw the largest decline in attached home construction permits, with the numbers issued falling 60.5 percent and 55.3 percent, respectively.

The final category of residential permits, multi-family, has benefitted from strong prospects in the Denver metropolitan area apartment market. According to the *Denver Metro Apartment Vacancy and Rent Survey*, the area's average apartment vacancy rate hit 6.2 percent in 2007 and was the lowest rate recorded since 2000. Across the Denver metropolitan area, 2007 vacancy rates ranged from 4.4 percent in Boulder and Broomfield Counties to 6.9 percent in Adams County.

Average apartment rental rates also reflect a stable local market. Average rents increased 2.6 percent in 2005 and another 1.2 percent in 2006. In 2007, the Denver metropolitan area average monthly rental rate rose 0.9 percent to $856, although rate increases were larger in Denver and Adams Counties. Across the region, average monthly rents range from $812 in Arapahoe County to $1,023 in Douglas County.

In this environment, the number of multi-family building permits issued more than tripled in 2006 and rose another 75 percent in 2007. That year, the most multi-family permits were issued in Arapahoe County, followed by Denver and Adams Counties. While multi-family construction has outperformed the single-family market, a slower residential sector overall has restrained construction for homes of all types. Even with large gains over the past several years, the count of multi-family permits issued in 2007 fell 34 percent below the area's ten-year average.

NEW HOME CONSTRUCTION



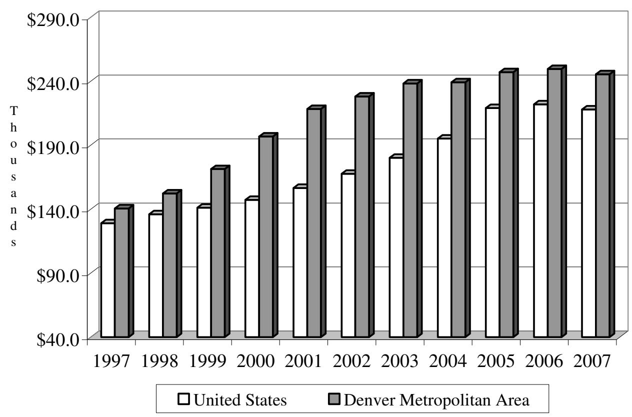
Source: Home Builders Association of Metro Denver.

A slower residential market has also restrained home price appreciation. One measure of home values, the median price, reflects the point where half of the existing homes sold for more and half sold for less. The median sales price of an existing single-family home in the Denver metropolitan area was $245,400 in 2007, down 1.6 percent from the 2006 median. That marked the region's first decline in median price since 1988, but the 2007 drop was slightly smaller than that recorded at the national level. The U.S. median home price declined 1.8 percent between 2006 and 2007 and stands at $217,900.

The average home price is calculated as the total value of all homes sold divided by the number of homes sold, so the value may be skewed by very low or very high sales prices. As home sales slowed throughout 2007, the average price of a single-family detached home in the Denver metropolitan area declined 2.1 percent to $310,418. The 2007 average condominium price declined more sharply, falling 4.5 percent from 2006 to average $180,321.

The nationwide decline in home values was one of the largest driving forces behind the 2007 increase in foreclosures. Public trustees across the Denver metropolitan area reported 27,356 foreclosure filings in 2007, which marked a 44 percent increase over 2006 and the area's highest-ever count of defaults. According to a recent study done by Development Research Partners for the Colorado Bankers Association, Colorado loans in default average just less than three years from origination to foreclosure. About 2.1 percent of the mortgages serviced in Colorado were in foreclosure as of first quarter 2008, slightly lower than the national default rate of 2.5 percent.

MEDIAN HOME PRICES



Source: National Association of REALTORS.

Despite corrections in the housing sector, residential development is still occurring around the Denver metropolitan area. Buyers began closing on the first phases of North Creek in Cherry Creek North at the end of 2007, and the finished project will include two more phases of residential development as well as high-end retail space. Portions of The Landmark in Greenwood Village have already been completed, and the finished development will include two high-rise condominium towers plus 17,000 square feet of retail space. Kent Place, another mixed-use project, will build three phases of residential, office, and retail space at the former location of Denver Seminary.

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, partly because the fast-moving market is coming more in line with national averages. Financial market instability also slowed commercial activity through the second half of the year, and record-high prices for commercial building materials continued to boost the cost of new development nationwide.

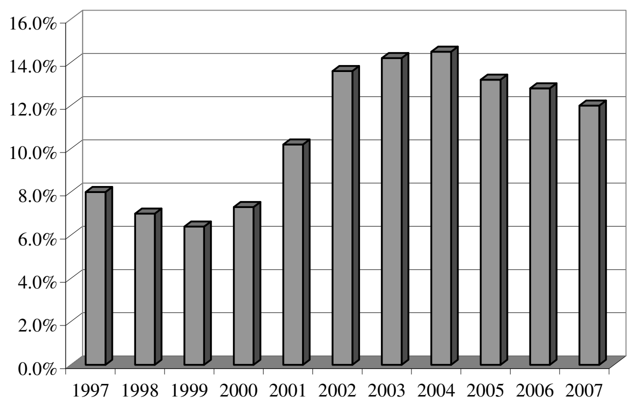
Despite the slower trends, the Denver metropolitan area commercial market remains healthy and nationally competitive. A well-developed transportation network continues to attract investors both to the central business district and to transit-oriented developments in the suburban areas. Redevelopment is also a growing trend as shrinking land availability and high material costs are increasing project budgets.

Office Activity

Tighter credit conditions made construction financing a challenge in late 2007, and local office markets were also exposed to the employment-related impacts of a weak financial sector. Many local development projects obtained financing before credit markets softened, though, so office market construction finished 2007 on a relatively strong footing. Nearly 3.4 million square feet of office space was in the pipeline as the year ended, and two of the largest projects were 1900 Sixteenth Street in downtown Denver and the Palazzo Verdi building in Greenwood Village. The RE/MAX International Headquarters and the Signature Centre at Denver West were two of the largest deliveries in 2007, and both are now fully occupied.

The rapid decline in office market vacancy rates slowed through the end of 2007, but vacancy rates still improved from prior years. The Denver metropolitan area's direct office market vacancy rate hit 12 percent in fourth quarter, down from 12.8 percent in fourth quarter 2006. As 2007 ended, direct vacancy rates in the Denver metropolitan area office market were slightly higher than the national average rate of 10.3 percent.

OFFICE DIRECT VACANCY RATE



Sources: CB Richard Ellis (1997-98); CoStar Realty Information, Inc. (1999-2007).

Despite slower leasing and development activity, average lease rates in the Denver metropolitan area office market ticked up as 2007 ended. According to CoStar Realty Information, Inc., the quoted rental rate – a broader measure that includes both direct and sublet properties – hit $21.02 in fourth quarter. The average asking rate marked an increase over third quarter's $20.55, and quoted rates for all classes of Denver office property also rose in fourth quarter. As the year ended, quoted rental rates for Class A, B, and C properties were $25.05, $18.92, and $15.17, respectively.

Although the gap between Denver's office market and the national average has narrowed over the past several years, nationwide asking rates suggest the Denver metropolitan area office market still offers a cost advantage. The national average quoted rental rate was $24.86 in fourth quarter 2007, with rates for Class A and B property registering $29.40 and $22.21, respectively.

Industrial Activity

Like the area's office market, the Denver metropolitan area industrial market saw slower trends in vacancy and lease rates as the year ended.

At 5.6 percent in fourth quarter, the direct average vacancy rate for industrial property still reflected a healthy market and an improvement from 6.4 percent vacancy in fourth quarter 2006. Direct average lease rates stood at $5.04 in fourth quarter, up 1.6 percent from the $4.96 reported in fourth quarter 2006.

While industrial market activity was slightly slower in 2007, not all industrial space saw the same trends. Slower job growth and reduced consumer spending throughout the year increased caution among wholesalers and distributors, but strong job growth in aerospace, bioscience, energy, and other industries kept demand in Denver's flex market fairly strong. The flex market direct vacancy rate remained at 12.9 percent through the second half of the year, but direct lease rates climbed to $9.32 from $8.55 in fourth quarter 2006.

Industrial construction in the Denver metropolitan area slowed throughout 2007 to end the year with 1.8 million square feet of space in the pipeline, down from 2.1 million square feet in progress at the end of 2006. The vast majority of industrial construction activity was located in Denver and Adams Counties, as were the majority of projects completed throughout the year. In 2007, Adams County alone accounted for 70 percent of the industrial construction projects completed in Metro Denver.

Although not classified as either office or industrial space, hospital space in the Denver metropolitan area has seen considerable activity. Developers recently broke ground on the St. Anthony West Hospital in Lakewood and expect to complete construction on the 600,000 square-foot facility in 2011. The Children's Hospital completed its move from downtown Denver to Aurora in fall 2007, and a $523 million veterans' hospital will also be built nearby.

Redevelopment Activity

The Children's Hospital and the planned Veterans Administration hospital are parts of the Fitzsimons redevelopment project in Aurora. Fitzsimons, a decommissioned army medical center, is undergoing a $4.3 billion renovation that will create one square-mile of health and life-sciences related facilities. The Children's Hospital is now part of the Anschutz Medical Campus at Fitzsimons, as is the University of Colorado Denver, known previously as the University of Colorado at Denver and Health Sciences Center.

The Fitzsimons redevelopment effort is also driving projects in other parts of the Denver metropolitan area. Officials with St. Joseph Hospital have announced plans to redevelop the former Children's Hospital site into a new medical facility. Also, developers plan to convert the former site of the University of Colorado Denver into a mixed-use parcel with a hotel, residential space, and a redesigned street grid.

Several other redevelopment projects across the Denver metropolitan area are also following a mixed-use model. The 83-acre site formerly occupied by Gates Rubber Company is the proposed home of two hotels, more than 3,000 apartment units, and 1.3 million square feet of office and retail space. Further east, Aurora's Buckingham Square Mall will become a $110 million mixed-use development with apartments and 580,000 square feet of retail space. The former Southglenn Mall will also be converted into a mixed-use parcel with apartments and retail space.

Some mixed-use projects in the Denver metropolitan area are considered transit-oriented developments. Many are also centered around FasTracks, the $6.1 billion transit expansion project approved by voters in 2004. According to the Denver Regional Council of Governments, nearly 150 projects located within one-half mile of a transit station are currently in some phase of planning or construction. Sixty-six of those projects are currently under construction, the largest being the University of Colorado Denver facility at Fitzsimons and the St. Anthony West hospital. In total, projects in progress and in planning phases account for more than 2,400 acres of transit-oriented development across the Denver metropolitan area.

Retail Activity

The Denver metropolitan area retail real estate market weakened through the second half of 2007, mostly because consumer spending tightened throughout the year. New deliveries put additional pressure on neighborhood shopping centers and strip malls, and higher vacancies in these areas also contributed to a weaker retail market overall.

Still, the area's retail market retains a fairly competitive position. The Denver retail market ranked 19th among 43 U.S. markets in Marcus and Millichap's 2008 National Retail Index. The index is based on criteria including job growth, vacancy rates, retail sales, and other factors. The Denver retail market moved up from a 25th-place ranking in 2007.

As the year ended, direct vacancy rates in the Denver metropolitan area retail market hit 7.3 percent, up slightly from the 7.2 percent vacancy reported in fourth quarter 2006. Rising vacancy prompted a slight softening in average lease rates, and fourth quarter's direct average of $16.60 fell below the $16.63 recorded in fourth quarter 2006.

Despite a softer fourth-quarter performance, the local retail market saw considerable construction activity in 2007. More than 6.3 million square feet of retail space was under construction in fourth quarter, including major projects such as Prairie Center, Riverpoint at Sheridan, and Church Ranch Crossing. Several large projects were completed earlier in the year, including the second phase of Harvest Junction in Boulder, The Landmark in Greenwood Village, and Westminster Plaza in Adams County.

These facilities joined a large community of retail establishments across the Denver metropolitan area. Overall, the area offers 15 retail 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 centrally-located, one million-square-foot Cherry Creek Shopping Center located within the City and County of Denver. Cherry Creek Shopping Center has been one of the area's top tourist destinations since it opened in 1990.

TRANSPORTATION

The central location and economic presence of the Denver metropolitan area have combined to make it one of the country's most important transportation hubs. All modes of transportation – except water – converge in the Denver metropolitan area, providing excellent access to the rest of the United States and the world.

Highways

The Denver metropolitan area is at the crossroads of three major interstate highways, including I-25 as the north-south route and both I-70 and I-76 providing east-west access. More than three-quarters of the Denver metropolitan area beltway has been completed (E-470, C-470 and the Northwest Parkway), providing drivers with easy travel. The final beltway segment in Jefferson County is in the planning stages.

T-REX, the Transportation Expansion Project, was Colorado's largest public works project since the construction of Denver International Airport. T-REX included a $1.7 billion contract to widen Interstates 25 and 225 and build a 19-mile light rail line in the southeast metro area. The highway portion of T-REX opened in September 2006 and the light rail line opened in November of that year.

One year later, the T-REX project won a National Achievement Award from the National Partnership for Highway Quality. The T-REX project finished 19 months ahead of schedule and has received high approval ratings from Denver commuters.

Mass Transit

The Regional Transportation District (RTD) serves the mass transit needs of the Denver metropolitan area. RTD operates 1,060 buses on 170 routes and

97 light rail vehicles on 35 miles of track. The District operates 76 Park-N-Ride free parking lots for commuters using any of its 37 light rail stations and 10,329 bus stops. RTD also operates 36 free hybrid-electric buses along the 16th Street Mall in downtown Denver, transporting visitors from one end of the mile-long pedestrian 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 $6.1 billion plan for the nation's largest single mass transit project. Scheduled for completion in 2017, the project will build out the Denver metropolitan area transit network in 11 phases, or corridors.

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 in 2006, and light rail service now extends 19 miles south from downtown Denver along I-25 to Lincoln Avenue in Douglas County. The Southeast Corridor lines served 10.2 million passengers in 2007, and the entire light rail network served 18.7 million.

The next phases of FasTracks – the redevelopment of Denver's Union Station and the West Corridor light rail – are both underway with the projects scheduled for completion in 2012. The redeveloped Union Station will include new light rail and bus facilities and will add heavy commuter rail. Redevelopment plans also include new office and retail space to be built near the station later in the project timeline. Beyond downtown, the West Corridor project has entered the early phases of construction, and the light rail line running from downtown Denver to Golden should be operational in 2012.

When the nine remaining corridor projects are finished, FasTracks will have added 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.

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. The 16,000-foot, sixth runway opened in June 2003 and accommodates increased international flights. The three-mile long runway is the second-longest paved landing strip in the world and the longest commercial precision instrument runway in North America.

Denver International Airport averaged almost 1,700 flight operations and more than 136,600 passengers every 24 hours in 2007, making it the fifth-busiest airport in North America and 11th busiest in the world. Total passenger traffic at Denver International Airport was 49.9 million in 2007, up 5.4 percent from 2006.

Denver International Airport serves as a major hub for United and Frontier Airlines. Southwest Airlines began operating out of Denver International Airport in January 2006, and the airline will operate 115 flights to 32 cities by fall of 2008. Overall, competition among carriers has helped to increase air traffic and reduce average travel costs for passengers flying to and from Denver.

These airlines, along with about 30 other commercial carriers, serve almost 150 domestic and international destinations with nonstop service. International destinations served by nonstop service from Denver include London, Frankfurt, and several major cities in Mexico and Canada.

Nine cargo airlines and 19 major and national airlines also provide an extensive freight network between Denver and other cities. The air cargo industry is managing excess capacity in some markets, and high fuel prices are making ocean shipment a more attractive option for many distributors. In this environment, Denver International Airport has reported declines in cargo operations. The airport handled 589 million pounds of cargo in 2007, which represents a 5.2 percent decline from cargo loads in 2006. Of the 2007 shipments, 97 percent were freight and express while 3 percent were classified as mail.

Despite slower trends in cargo operations, faster-than-expected growth in passenger traffic has spurred efforts to expand Denver International Airport. A rapid increase in fuel costs has delayed final decisions about expansions to the airport's master plan, but officials are weighing several options. Projects could include new gates and a commuter jet facility on Concourse C, additional security screening facilities, and an upgraded baggage system. Other airport enhancements are also occurring outside the master plan, including plans for a Westin Hotel off the main concourse and a solar panel energy system scheduled for completion in the summer of 2008.

TOURISM

According to a recent study by Longwoods International, the Denver metropolitan area saw record tourism in 2007. That year, the overnight visitor count rose 4.3 percent from 2006 to a record 12.2 million. While general business travel in the region declined over-the-year, leisure travel trends remained strong and total visitor spending rose six percent from 2006 to $2.9 billion in 2007. Statewide, visitor spending rose 10 percent over the same period.

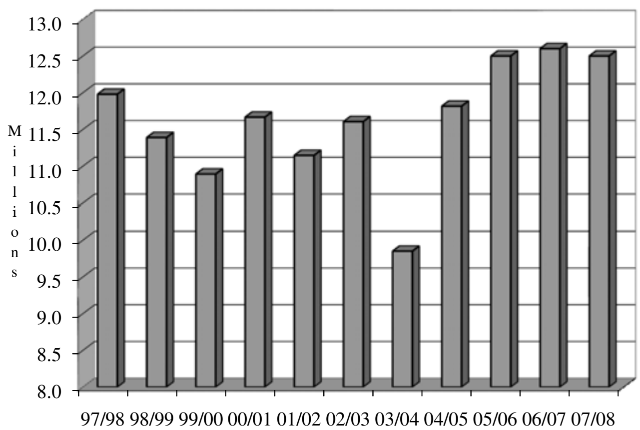
Visitors also spent a record amount at Denver metropolitan area retail centers in 2007. Retail spending by tourists rose nine percent from 2006 to reach $458 million in 2007, and favorite shopping destinations included the 16th Street Mall in downtown Denver, Cherry Creek Shopping Center, and Flatirons Crossing. These and numerous other attractions – including Lower Downtown (LoDo), the Denver Zoo, the newly-expanded Denver Art Museum, and the Botanic Gardens – made the Denver metropolitan area Colorado's top tourist destination in 2007.

In addition to a diverse array of cultural destinations, the Denver metropolitan area also hosts a variety of professional sports teams and venues. The City and County of Denver is one of 13 U.S. cities to have a team in Major League Baseball (MLB), the National Football League (NFL), the National Basketball Association (NBA), and the National Hockey League (NHL). All told, the region is represented by the following teams: the NFL Denver Broncos; the NBA Denver Nuggets; the MLB Colorado Rockies; the NHL Colorado Avalanche; the MLS Colorado Rapids; the AFL Colorado Crush; 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 major investments in new sports venues. Coors Field – a 76-acre, $215 million ballpark – hosted two sold-out games of the 2007 World Series. Nearby, the $400 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 events and other special events throughout the year. One such event, the NCAA Frozen Four Hockey Tournament, drew national attention to Denver's Pepsi Center in April 2008.

Professional athletics in the Denver metropolitan area are well complemented by abundant opportunities for year-round recreation. Positioned at the gateway to the Rocky Mountains, the Denver metropolitan area benefits greatly from Colorado's reputation as the nation's most popular destination for ski trips. The number of Colorado skier visits – or the count of persons skiing or snowboarding for any part of one day – declined a slight 0.2 percent in the 2007-2008 season, but total skier visits nonetheless reached the second-highest level on record.

COLORADO SKI LIFT TICKETS SOLD



Source: Colorado Ski Country USA.

Convention activity also plays a significant role in the Denver metropolitan area economy. A $310.7 million expansion to the Colorado Convention Center was completed in 2004, and the center can now accommodate some of the nation's largest events. According to data from the Denver Metro Convention and Visitors Bureau and the Colorado Business Economic Outlook Forum, convention traffic at the center increased 17 percent in 2006 and 34 percent in 2007. The Denver metropolitan area's 2008 convention season will bring a number of high-profile events to the area, including the Democratic National Convention, the American Association of Museums National Meeting, and the National Performing Arts Convention.

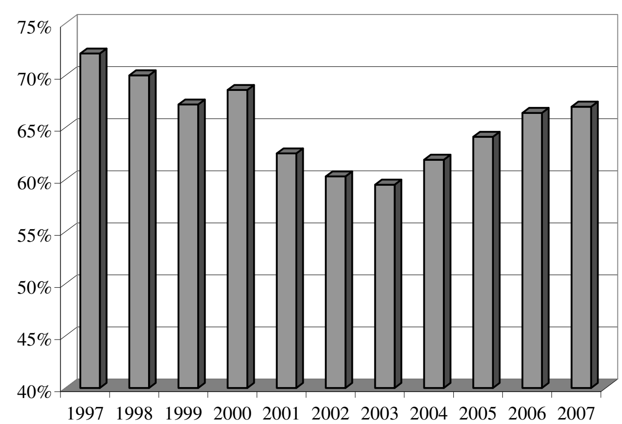
Strong trends in tourism and conventions are helping drive hotel development throughout the Denver metropolitan area. Developments in downtown Denver include The Four Seasons Hotel and Residences and a W Hotel. A Ritz-Carlton Hotel opened in downtown Denver in early 2008.

Several hotel developments are also underway outside of the central business district. Construction on a 150-room hotel and convention center to be located near the Fitzsimons redevelopment site is scheduled to begin in 2009, and an ING-Clarion hotel is scheduled to open in Greenwood Village by mid-2009. Construction on the nearby Renaissance Hotel is also underway, and builders expect the luxury facility to open in 2008.

The area's relatively strong hospitality industry is reflected in recent hotel occupancy and rate trends. According to the *Rocky Mountain Lodging Report*, the hotel occupancy rate in the Denver metropolitan area rose from 66.4 percent in 2006 to 67 percent in 2007. Across the region, 2007 occupancy rates ranged from 62.3 percent in the Midtown market to 72.7 percent in the Northeast Denver market, or the region that includes Denver International Airport.

Strong occupancy trends in the Denver metropolitan area hotel market have also allowed for robust increases in room rates. The area's average hotel room rate rose from $101.54 in 2006 to $111.21 in 2007. The *Rocky Mountain Lodging Report* survey covers about 30,000 hotel rooms, or about 80 percent of the Denver metropolitan area supply.

HOTEL OCCUPANCY RATES



Source: Rocky Mountain Lodging Report.

SUMMARY

The Denver metropolitan area economy has shown stable trends as the nation's business cycle matures. The region's employment increased 2.1 percent in 2007, and the gain was essentially in-line with job growth in the prior two years. Eight of the area's 11 industry supersectors added jobs in 2007, with over-the-year employment gains ranging from 1.1 percent in information to 5.5 percent in professional and business services.

Local unemployment has been near or below the national average for the past three years. Even with slower job growth, the Denver metropolitan area's unemployment rate tightened from 4.4 percent in 2006 to 3.8 percent in 2007.

Tight labor markets and a growing job base have helped contribute to local income growth. The Denver metropolitan area's per capita personal income growth exceeded the national average in 2005 but fell slightly behind in 2006. Still, the region's per capita personal income measured 124 percent of the U.S. average that year.

Above-average personal income has created a relatively robust market for retailers. In 2007, retail trade sales in the Denver metropolitan area increased 6.4 percent from 2006.

Stable sales, income growth, and job growth continue to attract businesses to the Denver metropolitan area's commercial real estate market. Rents and vacancies in the local office market are coming more in-line with national averages, although vacancy rates are still slightly higher and asking rates slightly lower.

The Denver metropolitan area's housing market is also coming in-line with national averages as home prices have moderated from previous highs. Local home sales, home prices, and construction activity have slowed, but the residential sector remains reasonably solid by national standards.

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DATA APPENDIX

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
POPULATION (July 1)											
United States (thousands)	272,647	275,854	279,040	282,194	285,112	287,888	290,448	293,192	295,896	298,755	301,621
Colorado	3,995,924	4,102,491	4,215,984	4,338,807	4,446,203	4,520,029	4,583,430	4,649,698	4,718,562	4,813,536	4,908,152
Denver Metropolitan Area	2,218,872	2,280,781	2,349,188	2,418,304	2,476,443	2,517,604	2,550,789	2,588,978	2,623,871	2,673,834	2,715,729
City and County of Denver	527,442	533,406	545,517	555,782	560,365	560,882	566,173	568,913	571,848	580,223	587,528
POPULATION GROWTH RATE											
United States	1.2%	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%
Colorado	2.4%	2.7%	2.8%	2.9%	2.5%	1.7%	1.4%	1.4%	1.5%	2.0%	2.0%
Denver Metropolitan Area	2.4%	2.8%	3.0%	2.9%	2.4%	1.7%	1.3%	1.5%	1.3%	1.9%	1.6%
City and County of Denver	1.8%	1.1%	2.3%	1.9%	0.8%	0.1%	0.9%	0.5%	0.5%	1.5%	1.3%
NET MIGRATION											
Colorado	63,044	75,124	79,306	85,903	68,461	34,820	23,341	26,840	28,501	54,784	54,686
Denver Metropolitan Area	33,588	42,695	47,456	46,092	33,278	16,382	7,486	13,011	9,043	24,842	16,482
City and County of Denver	5,277	2,004	7,411	5,111	(1,404)	(5,317)	(879)	(3,211)	(3,749)	2,427	(22)
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	122.8	125.9	129.0	131.8	131.8	130.3	130.0	131.4	133.7	136.1	137.6
Colorado (thousands)	1,980.2	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	2,330.2
Denver Metropolitan Area (thousands)	1,219.8	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	1,406.8
City and County of Denver	431,229	446,364	455,642	469,140	461,996	438,891	425,692	423,547	424,677	432,458	442,759
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	2.6%	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%
Colorado	4.2%	3.9%	3.6%	3.8%	0.6%	-1.9%	-1.4%	1.2%	2.1%	2.4%	2.2%
Denver Metropolitan Area	4.4%	4.0%	4.0%	4.3%	0.0%	-3.1%	-1.4%	0.8%	1.9%	2.0%	2.1%
City and County of Denver	3.1%	3.5%	2.1%	3.0%	-1.5%	-5.0%	-3.0%	-0.5%	0.3%	1.8%	2.4%

2007 EMPLOYMENT DISTRIBUTION BY INDUSTRY

	United States	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	6.1%	8.3%	7.1%	5.7%
Manufacturing	10.1%	6.3%	6.3%	5.3%
Wholesale & Retail Trade	15.6%	15.2%	15.4%	12.4%
Transportation, Warehousing, Utilities	3.7%	3.3%	3.7%	5.8%
Information	2.2%	3.3%	4.1%	3.9%
Financial Activities	6.0%	6.8%	7.6%	8.4%
Professional & Business Services	13.1%	14.9%	17.2%	18.4%
Education & Health Services	13.3%	10.3%	10.4%	11.5%
Leisure & Hospitality	9.8%	11.6%	10.3%	10.2%
Other Services	4.0%	4.0%	3.7%	3.2%
Government	16.1%	16.1%	14.2%	15.4%

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
UNEMPLOYMENT RATE											
United States	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%
Colorado	3.4%	3.5%	3.0%	2.7%	3.8%	5.7%	6.1%	5.6%	5.1%	4.3%	3.8%
Denver Metropolitan Area	2.9%	2.9%	2.6%	2.6%	3.8%	5.9%	6.4%	5.7%	5.2%	4.4%	3.8%
City and County of Denver	4.0%	3.8%	3.3%	3.0%	4.4%	6.7%	7.2%	6.6%	5.8%	4.8%	4.3%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	160.5	163.0	166.6	172.2	177.1	179.9	184.0	188.9	195.3	201.6	207.3
Denver-Boulder-Greeley	158.1	161.9	166.6	173.2	181.3	184.8	186.8	187.0	190.9	197.7	202.0
INFLATION RATE											
United States	2.3%	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.8%
Denver-Boulder-Greeley	3.3%	2.4%	2.9%	4.0%	4.7%	1.9%	1.1%	0.1%	2.1%	3.6%	2.2%

DATA APPENDIX

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$6,907	$7,416	$7,796	$8,422	$8,717	$8,873	$9,150	$9,711	$10,284	$10,968	$11,646
Colorado	$107,873	$118,493	$128,860	$144,394	$152,700	$153,066	$154,829	$163,736	$175,734	$188,222	$199,525
Denver Metropolitan Area	$67,635	$74,553	$81,469	$92,478	$98,091	$97,913	$98,521	$104,178	$111,813	$119,925	N/A
City and County of Denver	$16,256	$17,852	$19,247	$21,746	$23,535	$23,729	$23,747	$25,003	$26,890	$28,902	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	6.1%	7.4%	5.1%	8.0%	3.5%	1.8%	3.1%	6.1%	5.9%	6.7%	6.2%
Colorado	7.6%	9.8%	8.7%	12.1%	5.8%	0.2%	1.2%	5.8%	7.3%	7.1%	6.0%
Denver Metropolitan Area	7.5%	10.2%	9.3%	13.5%	6.1%	-0.2%	0.6%	5.7%	7.3%	7.3%	N/A
City and County of Denver	4.2%	9.8%	7.8%	13.0%	8.2%	0.8%	0.1%	5.3%	7.5%	7.5%	N/A
PER CAPITA PERSONAL INCOME											
United States	$25,334	$26,883	$27,939	$29,845	$30,574	$30,821	$31,504	$33,123	$34,757	$36,714	$38,611
Colorado	$26,846	$28,784	$30,492	$33,361	$34,438	$33,956	$33,989	$35,523	$37,600	$39,491	$41,042
Denver Metropolitan Area	$30,188	$32,499	$34,560	$38,264	$39,627	$39,037	$38,925	$40,699	$43,090	$45,346	N/A
City and County of Denver	$30,291	$33,005	$35,068	$39,099	$41,646	$42,159	$42,311	$44,452	$47,478	$50,193	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	4.8%	6.1%	3.9%	6.8%	2.4%	0.8%	2.2%	5.1%	4.9%	5.6%	5.2%
Colorado	5.0%	7.2%	5.9%	9.4%	3.2%	-1.4%	0.1%	4.5%	5.8%	5.0%	3.9%
Denver Metropolitan Area	4.8%	7.7%	6.3%	10.7%	3.6%	-1.5%	-0.3%	4.6%	5.9%	5.2%	N/A
City and County of Denver	2.4%	9.0%	6.3%	11.5%	6.5%	1.2%	0.4%	5.1%	6.8%	5.7%	N/A

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
RETAIL TRADE SALES											
United States (Billions)	$2,734	$2,860	$3,092	$3,290	$3,386	$3,467	$3,614	$3,833	$4,079	$4,314	$4,485
Colorado (millions)	$45,142	$48,173	$52,609	$57,955	$59,014	$58,850	$58,689	$62,288	$65,492	$70,437	$75,320
Denver Metropolitan Area (millions)	$26,486	$28,458	$31,590	$35,055	$35,561	$35,330	$35,548	$37,197	$38,589	$41,491	$44,143
City and County of Denver (millions)	$6,350	$6,812	$7,302	$8,102	$7,874	$7,554	$7,364	$7,691	$7,963	$9,480	$10,161
RETAIL TRADE SALES GROWTH RATE											
United States	5.0%	4.6%	8.1%	6.4%	2.9%	2.4%	4.2%	6.1%	6.4%	5.8%	4.0%
Colorado	5.9%	6.7%	9.2%	10.2%	1.8%	-0.3%	-0.3%	6.1%	5.1%	7.6%	6.9%
Denver Metropolitan Area	6.6%	7.4%	11.0%	11.0%	1.4%	-0.7%	0.6%	4.6%	3.7%	7.5%	6.4%
City and County of Denver*	5.6%	7.3%	7.2%	11.0%	-2.8%	-4.1%	-2.5%	4.4%	3.5%	19.1%	7.2%
MEDIAN HOME PRICE											
United States (thousands)	$129.0	$136.0	$141.2	$147.3	$156.6	$167.6	$180.2	$195.2	$219.0	$221.9	$217.9
Denver Metropolitan Area (thousands)	$140.6	$152.2	$171.3	$196.8	$218.3	$228.1	$238.2	$239.1	$247.1	$249.5	$245.4
EXISTING HOME SALES											
Denver Metropolitan Area	40,185	45,951	46,742	48,611	47,832	47,919	47,966	54,012	53,106	50,244	49,789
NEW RESIDENTIAL UNITS DENVER METROPOLITAN AREA											
Single Family	14,890	16,058	17,523	15,873	14,262	13,793	12,656	14,260	15,778	10,952	7,082
Two-Family	2,647	3,527	2,883	3,321	4,442	4,425	3,755	4,843	4,642	5,311	4,632
Multi-Family	5,415	7,794	4,784	9,116	9,090	4,085	1,858	2,681	459	1,727	3,015
Total Units	22,952	27,379	25,190	28,310	27,794	22,303	18,269	21,784	20,879	17,990	14,729

DATA APPENDIX

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OFFICE VACANCY RATE											
Denver Metropolitan Area	8.0%	7.0%	6.4%	7.3%	10.2%	13.6%	14.2%	14.5%	13.2%	12.8%	12.0%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	72.1%	70.0%	67.2%	68.6%	62.5%	60.3%	59.5%	61.9%	64.1%	66.4%	67.0%
SKI LIFT TICKETS SOLD	**97/98**	**98/99**	**99/00**	**00/01**	**01/02**	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**
Colorado (millions)	12.0	11.4	10.9	11.7	11.1	11.6	9.9	11.8	12.5	12.6	12.5

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.

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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 Muse
Attorney for the City and County
of Denver

Approved:

Wellington E. Webb
Mayor

Bruce Baumgartner
Manager of Public Works

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

Fidel Montoya
Manager of Safety

Cheryl Cohen
Manager of Revenue

Philip A. Hernandez
Manager of Social Services

Betty Jean Brooks
Manager of Parks and Recreation

Alonzo Matthews
Manager of General Services

James DeLong
Manager of Aviation

APPENDIX C
2007 ABSTRACT OF ASSESSMENT

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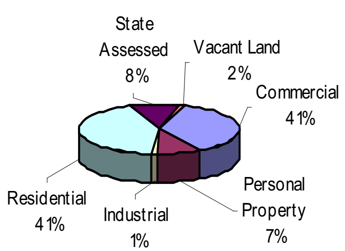
2008 Assessment Calendar

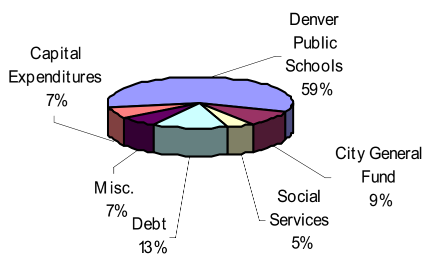
January 1—All taxable property is listed and valued based on its status as of this date.
By April 15—All assessable **business personal property** (equipment, fixtures, and furnishings) must be listed on a Declaration Schedule and returned to the Assessor to avoid penalties.
By May 1—Real property valuations are mailed to taxpayers.
May 1 to June 2—Assessor hears protests to real property valuations.
By June 16—Taxpayers are notified of business personal property valuations.
June 16 to July 7—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 December 15—Taxing entities certify mill levies to Assessor.
By December 22—Final mill levies are approved for the following year's tax collections.

2007 Property Tax Dollars

Source of Revenues



Expenditures



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 2007, 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 2008 must be paid by February 29th and the second half must be paid by June 16th. 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.or g/assessor

Abstract of Assessment And Summary of Levies

City & County of Denver
Colorado

2007

Total
Assessed Valuation
$10,660,627,490

John W. Hickenlooper
Mayor

Paul H. Jacobs
Assessor

2007 Abstract of Assessment

	Total Assessed Value	Total Actual Value
Vacant Land		
Residential	$ 87,934,060	$ 303,220,900
Commercial	64,240,120	221,517,700
Industrial	25,931,730	89,419,800
Agricultural	112,610	388,300
PUD	7,186,560	24,781,200
All Others	12,872,340	44,387,400
Minor Structures	58,170	200,600
Possessory Interest	61,450	211,900
Total	**$ 198,397,040**	**$ 684,127,800**
Residential		
Single Family	$ 3,182,817,640	$ 39,985,146,300
Condominiums	672,680,470	8,450,759,700
Duplexes/Triplexes	101,863,360	1,279,690,400
Multi Unit (4 to 8)	39,083,890	491,003,600
Multi Unit (9 & up)	393,733,140	4,946,396,200
Manufactured Homes	552,210	6,937,300
Partial Exempt	3,927,360	49,338,700
Total	**$ 4,394,658,070**	**$ 55,209,272,200**
Commercial		
Merchandising	$ 633,507,400	$ 2,184,508,300
Lodging	218,092,260	752,042,200
Offices	1,754,688,130	6,050,648,800
Recreation	94,098,630	324,478,000
Commercial Condos	105,428,810	363,547,600
Possessory Interest	37,823,300	130,425,200
Special Purpose	548,370,800	1,890,933,800
Warehouses	802,220,240	2,766,276,700
Multi-Use	152,238,070	524,958,900
Partial Exempt	26,064,190	89,876,500
Total	**$ 4,372,531,830**	**$ 15,077,696,000**
Industrial		
Manufacturing	$ 130,130,390	$ 448,725,500
Total	**$ 130,130.390**	**$ 448,725,500**
Personal Property		
Residential	$ 8,277,290	$ 28,542,400
Commercial	654,692,780	2,257,561,300
Industrial	116,608,110	402,096,900
Prod. Oil & Gas	22,010	75,900
Total	**$ 779,600,190**	**$ 2,688,276,500**
Natural Resources		
Prod. Oil & Gas	$ 1,279,270	$ 1,462,000
Total	**$ 1,279,270**	**$ 1,462,000**
State Assessed	**$ 784,030,700**	**$ 2,703,554,100**
Grand Total	**$ 10,660,627,490**	**$ 76,813,114,100**

	Total Assessed Value	Total Actual Value
Exempt Properties		
Federal Government	$ 132,394,470	$ 456,532,700
State Government	286,202,690	987,727,400
County Government	1,600,279,860	5,817,884,400
Political Subdivision	957,188,730	3,348,991,700
Religious Entities	183,501,760	678,319,100
Private Schools	122,082,790	420,975,100
Charitable Entities	271,834,940	1,204,682,300
All Others	179,383,460	622,035,700
Total	**$ 3,732,868,700**	**$ 13,537,148,400**

Special Taxing Districts

	Assessed Value	Mill Levy	Tax Revenue
Bowles Metropolitan	$ 26,439,100	40.000	1,057,564
Broadway Station Metro Dist No 3	6,779,570	1.000	6,780
Central Platte Valley Metro	32,867,580	57.000	1,873,452
Central Platte Valley Metro (debt)	53,364,620	44.500	2,374,726
Cherry Creek North B.I.D.	164,619,200	17.642	2,904,212
Cherry Creek Subarea B.I.D.	11,336,060	1.323	14,998
Clear Creek Valley Water Sanitation	989,390	2.846	2,816
Colfax B.I.D.	42,747,150	7.846	335,394
Denver Gateway Center Metro	3,620,630	32.992	119,452
Denver Gateway Meadows Metro	1,510	30.000	45
Denver High Point at DIA Metro	493,490	65.000	32,071
Denver Intl. Bus. Center Metro Dist.	17,337,280	40.000	693,491
Denver Suburban Water	243,046,640	0.325	78,990
Ebert Metropolitan	62,155,660	62.700	3,897,160
Fairlake Metropolitan	15,592,170	40.508	631,608
Fairlake Metropolitan (debt)	9,408,610	26.000	244,624
First Creek Metropolitan	46,170	10.845	501
Gateway Regional Metropolitan	41,269,090	16.000	660,305
Gateway Village G.I.D.	22,748,380	32.500	739,322
Goldsmith Metropolitan	243,046,640	17.378	4,223,665
Goldsmith Metropolitan (debt)	26,412,890	9.500	250,922
Greenwood Metropolitan	853,840	14.183	12,110
GVR Metropolitan	83,820,810	30.274	2,537,591
Holly Hills Water & Sanitation	18,277,410	3.000	54,832
Madre Metropolitan Dist. No 2	2,600,200	50.000	130,010
Mile High Business Center Metro	7,676.320	35.000	268,671
North Washington Fire District	5,438,450	13.562	73,756
North Washington Street Water Sntn	5,438,450	1.174	6,385
Old South Gaylord B.I.D.	4,689,880	4.090	19,182
Sand Creek Metropolitan	29,110,700	25.750	749,601
Sand Creek Metropolitan (debt)	8,547,190	21.000	179,491
SBC Metropolitan*	49,099,480	35.000	1,718,482
Section 14 Metropolitan	7,746,130	23.717	183,715
Section 14 Metropolitan (debt)	6,044,350	9.709	58,685
Sheridan Sanitation District No. 2	422,660	0.540	228
South Denver Metropolitan	47,115,030	7.000	329,805
Southeast Public Improvement	243,486,480	1.621	394,692
Town Center Metropolitan	405,370	62.700	25,417
Valley Sanitation	9,860,240	2.493	24,582
Westerly Creek Metro**	224,550,430	54.888	12,325,124
Total			**$ 39,207,318**

*$1,315,646 of the tax for SBC Metropolitan is distributed directly to the Stapleton TIF.

**$8,236,652 of the tax for Westerly Creek is distributed directly to the Stapleton TIF.

Tax Increment Finance Districts

District	Assessed Value Increment
Alameda Square	$ 1,563,106
American National	3,040,621
California St. Parking Garage	616,927
Cherokee	185,170
City Park South	3,104,098
Downtown Denver	98,677,417
Elitch's	20,239,311
Executive Tower Hotel	8,517,075
Guaranty Bank	1,502,109
Highlands Garden Village	5,691,845
Lowenstein Theater	2,288,980
Lowry	136,139,980
Mercantile Square	1,114,246
Northeast Park Hill	5,507,031
Pepsi Center	33,440,403
Point Urban	876,130
South Broadway	15,594,464
St. Luke's #1	11,236,007
St. Luke's #2	8,258,920
Stapleton	266,150,662
Westwood	5,999,051
York Street	5,858,100
Total	**$ 635,601,653**

Summary of Levies and Taxes

	Mill Levy	Tax Revenue
City & County of Denver		
General Fund	6.306	$ 67,225,917
Bond Principal	4.750	50,637,981
Bond Interest	3.683	39,263,091
Social Services	3.630	38,698,078
Developmentally Disabled	1.013	10,799,216
Fire Pension	1.345	14,338,544
Police Pension	1.607	17,131,628
Capital Improvement	2.285	24,359,534
Capital Maintenance	2.500	26,651,569
Total	**27.119**	**$ 289,105,557**
School District #1		
General Fund	33.611	$ 358,314,351
Bond Redemption	5.599	59,688,853
Total	**39.210**	**$ 418,003,204**
Urban Drainage & Flood Control District	**0.568**	**$ 6,055,236**
Total General Taxes	**66.897**	**$ 713,163,997**
Total Special District Taxes		**39,207,318**
Grand Total of All Taxes		**$ 752,371,315**
Taxes Distributed to DURA*		**$ 42,519,844**

Denver Urban Renewal Authority

CITY AND COUNTY OF DENVER

SEAL