

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS**

**Series 2007A – \$188,350,000**

**Series 2007B – \$24,250,000**

**Series 2007C – \$34,635,000**

**Series 2007D – \$147,815,000**

**CLOSING INDEX**

1. Certificate relating to General Bond Ordinance, with certified copy of General Bond Ordinance attached thereto.
2. Certificate relating to Supplemental Ordinances with excerpts of those Supplemental Ordinances amending the General Bond Ordinance attached thereto.
3. Certificate relating to the Passenger Facility Charges Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 3, 2007 (Exhibits B and C); and a certified copy of the Passenger Facility Charges Ordinance (Exhibit D).
4. Certificate relating to the Series 2007A-B Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 1, 2007 (Exhibits B and C); and a certified copy of the Series 2007A-B Airport System Supplemental Bond Ordinance (Exhibit D).
5. Certificate relating to the Series 2007C Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 2, 2007 (Exhibits B and C); and a certified copy of the Series 2007C Airport System Supplemental Bond Ordinance (Exhibit D).
6. Certificate relating to the Series 2007D-E Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on August 10, 2007 and August 16, 2007 (Exhibits B and C); and a certified copy of the Series 2007D-E Airport System Supplemental Bond Ordinance (Exhibit D).
7. Resolutions of Manager of Department of Aviation:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D-E Bonds
8. Notification by Manager of Revenue to President of City Council pursuant to Section 20-93 of the Revised Municipal Code.

9. Omnibus Certificate, with specimens of the Series 2007A Bonds, Series 2007B Bonds, Series 2007C Bonds and Series 2007D Bonds and the CUSIP numbers attached:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
10. Certificate of Record by City Auditor for the Series 2007A-D Bonds.
11. Certificate of City pursuant to Section 704A of the General Bond Ordinance for the Series 2007A-B Bonds and Series 2007D Bonds.
12. Certificate of Manager of Department of Aviation filed with the City Clerk pursuant to Section 704C of the General Bond Ordinance for the Series 2007A-B Bonds and Series 2007D Bonds.
13. Certificate of Treasurer filed with the City Clerk pursuant to Section 705 of the General Bond Ordinance for the Series 2007C Bonds.
14. Certificate of approval of the issuance of obligations by the City and County of Denver, Colorado, for and on behalf of its Department of Aviation with notice of public hearing attached.
15. Tax Certificates (including Certificates of the Underwriters, MBIA, AMBAC and the Financial Advisors):
  - (a) Series 2007A Bonds
  - (b) Series 2007B-C Bonds
  - (c) Series 2007D Bonds
16. Preliminary Official Statement relating to the Series 2007A-C Bonds, dated July 25, 2007.
17. Official Statement relating to the Series 2007A-C Bonds, dated August 6, 2007.
18. Preliminary Official Statement relating to the Series 2007D-E Bonds, dated August 7, 2007.
19. Official Statement relating to the Series 2007D Bonds, dated August 20, 2007.
20. Pricing Certificates of the Treasurer pursuant to Section 302C of the Series 2007A-B Airport System Supplemental Bond Ordinance, pursuant to Section 302B of the Series 2007C Airport System Supplemental Bond Ordinance, and pursuant to Section 302C of the Series 2007D-E Airport System Supplemental Bond Ordinance:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
21. Continuing Disclosure Undertaking for the Series 2007A-C Bonds.
22. Continuing Disclosure Undertaking for the Series 2007D Bonds.
23. DTC Letter of Representations.



24. Report dated July 25, 2007 of the Airport Consultant together with Consent of Airport Consultant pursuant to Section 5(d)(8) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(8) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(8) of the Series 2007D Bond Purchase Agreement (Report included as Appendix A to the Official Statements relating to the Series 2007A-C Bonds and the Series 2007D Bonds, see Document Nos. 17 and 19).
25. Escrow Agreement dated August 29, 2007 relating to the Series 2003B Bonds.
26. Bond Purchase Agreements:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
27. Consent to Proposed Amendments to the General Bond Ordinance from the Underwriters:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
28. Preliminary and Final Blue Sky Memoranda:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
29. Bond Insurers' Financial Guaranty Insurance Policies:
  - (a) Series 2007A Bonds
  - (b) Series 2007B Bonds
  - (c) Series 2007C Bonds
  - (d) Series 2007D Bonds
30. Consent to Proposed Amendments to the General Bond Ordinance from the Bond Insurers:
  - (a) Series 2007A Bonds and Series 2007C Bonds
  - (b) Series 2007B Bonds
  - (c) Series 2007D Bonds
31. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007A-C Bonds (underlying ratings).
32. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007A-C Bonds (based upon the Bond Insurance Policies).
33. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007D Bonds (underlying ratings).

34. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007D Bonds (based upon the Bond Insurance Policies).
35. Certificate of Financial Advisors pursuant to Section 5(d)(10) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(10) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(10) of the Series 2007D Bonds:
  - (a) First Albany Capital Inc.
  - (b) Estrada Hinojosa & Company, Inc.
36. Financial Advisors' Closing Memorandum.
37. Bond Counsel Opinions:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
38. Reliance Letters to the Bond Insurer:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
39. Supplemental Opinion of bond counsel pursuant to Section 5(d)(1)(ii) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(1)(ii) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(1)(ii) of the Series 2007D Bond Purchase Agreement:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
40. Supplemental Opinion of bond counsel pursuant to Section 303B of the General Bond Ordinance:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
41. Supplemental Opinion of bond counsel regarding the defeasance of the Series 2003B Bonds:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
42. Reliance Letters to the Bond Insurer:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
43. Opinions of City Attorney pursuant to Section 5(d)(2) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(2) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(2) of the Series 2007D Bond Purchase Agreement.

44. Opinions of special counsel to the City pursuant to Section 5(d)(4) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(4) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(4) of the Series 2007D Bond Purchase Agreement.
45. Opinions of counsel to the Underwriters pursuant to Section 5(d)(5) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(5) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(5) of the Series 2007D Bond Purchase Agreement:
  - (a) Sherman & Howard L.L.C.
  - (b) Greenberg Traurig, LLP
46. Opinions of Counsel to the Bond Insurers pursuant to Section 5(d)(3) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(3) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(3) of the Series 2007D Bond Purchase Agreement; and Certificates of MBIA regarding Official Statement.
47. Delivery Certificates and Cross Receipts:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
48. Verification Reports of Causey Demgen & Moore Inc., certified public accountants, relating to the refunding of the Series 2003B Bonds.
49. IRS Information Forms 8038 and 8038-G and Evidence of Mailing.
50. Notice of Prior Redemption and Defeasance of City and County of Denver, Colorado, Airport System Revenue Bonds, Series 2003B.
51. Closing Memorandum.

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**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO GENERAL BOND ORDINANCE,  
ORDINANCE NO. 626, SERIES OF 1984**

I hereby certify that I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City"), and that with respect to the 1984 Airport System General Bond Ordinance, enacted as Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"):

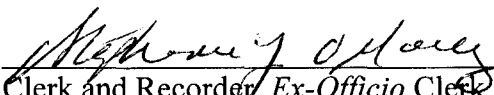
1. The attached certified copy of the General Bond Ordinance is a true, full and correct copy of the General Bond Ordinance, as enacted and approved (except that the cover thereto attached and the table of contents therein contained were not a part of the General Bond Ordinance, as enacted); the same has been duly signed and attested, both on the original General Bond Ordinance and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation were by the officers who at the time of such signing and attestation were the President of the City Council, the Mayor, and the Clerk and Recorder, respectively, of the City.

2. The General Bond Ordinance has not been repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.

(SEAL)



  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

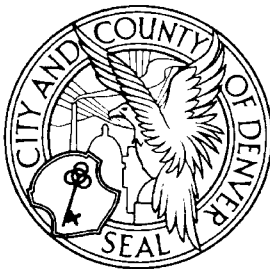
# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Ordinance No. 626, Series of 1984

I hereunto have set my hand  
and affixed the Seal of the  
City and County of Denver,  
State of Colorado.

This 28th day of August,  
A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wala Vincent*  
Deputy

BY AUTHORITY

ORDINANCE NO. 626 COUNCIL BILL NO. 666

SERIES OF 1984 COMMITTEE OF REFERENCE

BUDGET AND  
FINANCE

A B I L L

AN ORDINANCE DESIGNATED AS THE "1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE," CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; ESTABLISHING GENERAL PROVISIONS RELATING TO AIRPORT SYSTEM REVENUE BONDS; PROVIDING THE FORMS, TERMS, AND CONDITIONS OF THE BONDS, THE MANNER AND TERMS OF THEIR ISSUANCE, THE MANNER OF THEIR EXECUTION, THE METHOD OF THEIR PAYMENT, AND THE SECURITY THEREFOR; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF SUCH AIRPORT FACILITIES; PLEDGING SUCH REVENUES TO THE PAYMENT OF THE BONDS; PROVIDING VARIOUS COVENANTS, AGREEMENTS, AND OTHER DETAILS, AND MAKING OTHER PROVISIONS CONCERNING AIRPORT FACILITIES, THE BONDS, REFUNDING AND IMPROVEMENT PROJECTS, AND AIRPORT FACILITIES REVENUES; RATIFYING ACTION PREVIOUSLY TAKEN AND RELATING TO THE FOREGOING MATTERS; PROVIDING OTHER MATTERS RELATING THERETO; DECLARING AN EMERGENCY; AND PROVIDING THE EFFECTIVE DATE HEREOF.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home-rule city under art. XX, State Constitution, and under the Charter of the City (the "Charter," references to provisions therein being to the 1960 Compilation), and is a political subdivision of the State; and

(2) WHEREAS, subject to exceptions here irrelevant, all legislative powers possessed by the City, conferred by art. XX, State Constitution, or contained in the Charter, or otherwise existing by operation of law, are vested in the City Council; and

(3) WHEREAS, pursuant to art. XX, State Constitution, the Charter, and its plenary grant of powers for the government and administration of its local and municipal matters, the City has heretofore acquired and now owns, operates, and maintains certain airport facilities and after all prerequisite action, the City has heretofore issued the following:

A. City and County of Denver, Colorado, Airport Revenue Bonds, Series A, June 1, 1960, as authorized by Ordinance No. 60, Series of 1960, and Ordinance No. 146, Series of 1960;

B. City and County of Denver, Colorado, Airport Revenue Bonds, Series January 1, 1964, as authorized by Ordinance No. 64, Series of 1964, and Ordinance No. 145, Series of 1964;

C. City and County of Denver, Colorado, Airport Improvement Revenue Bonds, Series January 1, 1969, as authorized by Ordinance No. 100, Series of 1969, and Ordinance No. 155, Series of 1969; and

D. City and County of Denver, Colorado Airport Improvement Revenue Bonds, Series 1982, as authorized by Ordinance No. 728, Series of 1982, Ordinance No. 729, Series of 1982, and Ordinance No. 730, Series of 1982; and

(4) WHEREAS, pursuant to an Escrow Agreement dated as of June 1, 1982 (as amended by an Amendatory Escrow Agreement dated as of December 1, 1982), between the City and The Colorado National Bank of Denver, and to an Escrow Agreement to be dated as of November 15, 1984, between the City and an Escrow Bank (as defined below) to be designated therein, the City has effected or will, on or before the first issuance of any bonds hereunder, have effected legal defeasance of all of the above-designated airport revenue bonds outstanding; and

(5) WHEREAS, this 1984 Airport System General Bond Ordinance is intended to govern the issuance of, and establish general provisions relating to, the City's airport revenue bonds (except Special Facilities Bonds, as defined below).

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



ARTICLE I

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

Section 101. Short Title. This ordinance may be cited as the "1984 Airport System General Bond Ordinance."

Section 102. Meanings and Construction.

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

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

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

(a) The presently existing Stapleton International Airport;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) "Bonds" means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of this Instrument which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including without limitation Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds or Subordinate Bonds.

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

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

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

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

(17) "City" means the municipal corporation and body corporate and politic known as the City and County of Denver, Colorado, and the term includes any municipal corporation which may succeed to ownership of the Airport System.

(18) "City Council" or "Council" means the city council of the City, also designated in the Charter as the

"board of councilmen," and includes any successor governing body of the City.

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

(20) The term "commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a shareholders' equity (e.g., capital stock, surplus, and undivided profits), however denominated, of \$25,000,000.00 or more, and which is located within the United States, and such term includes, without limitation, any trust bank.

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

(22) "Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time appointed and designated by the Manager on behalf and in the name of the City:

(a) Who has a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities;

(b) Who is entitled to practice and is practicing as such under the laws of the State; but

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

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

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

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

(c) Administrative and general overhead costs;

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

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

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

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

(h) The costs of contingencies or reserves;

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

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

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

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

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

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

(24) "Credit Enhanced Bonds" means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility.

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

(26) "Credit Facility Obligations" means repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

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

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

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

(c) The amount of any Credit Facility Obligations required to be paid during such period.

No payments required for any Option Bonds, other Bonds, or Credit Facility Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates. Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Credit Facility Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Credit Facility Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by § 704C hereof; or (iii) required by the rate maintenance covenant of § 901 hereof, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to the average of the daily rates of such Bonds during the (ix) 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (x) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance. Further, in any computation relating to the issuance of additional Bonds required by § 704 hereof and any computation required by the rate maintenance covenant in § 901 hereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account.

(28) "Director" means the Deputy Manager of Public Works-Aviation, in the regular control and employ of the Manager on behalf of the City, or his designee, and any successor in functions, if any.

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

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

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

(32) The term "events of default" means the events stated in § 1203 hereof.

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

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

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

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

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

(38) "Gross Revenues" means any income and revenue derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, passenger taxes, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof, and, except as otherwise provided herein, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include:

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

(b) Any money received as grants, appropriations, or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the acquisition of Airport Facilities or other purposes not including the payment of Debt Service Requirements;

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

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

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

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

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

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

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

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

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

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

(42) "Instrument" means this 1984 Airport System General Bond Ordinance, as amended and supplemented from time to time by any Supplemental Ordinance; and the term "instrument of the City," "amendatory instrument," "supplemental instrument," or any phrase of similar import, means any ordinance adopted by the Council.

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

(44) "Investment Securities" means:

(a) Federal Securities; and

(b) If, in an Attorney's Opinion, the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following:

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

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

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

(iv) Repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of



this definition with an escrow agent satisfactory to the City, including, without limitation any Federal Reserve Bank or any branch thereof;

(v) Banker's acceptances endorsed and guaranteed by banks described in subparagraph (b)(ii) of this definition, provided that such banks shall have a shareholders' equity of at least \$50,000,000;

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

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

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

(45) "Manager" means the manager of the City's Department of Public Works, or his designee, and successor in functions, if any.

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

(47) "Minimum Bond Reserve" means the maximum amount of interest payable as Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which the Bonds to which such Bond Requirements relate will be Outstanding. For purposes of determining the Minimum Bond Reserve, the accreted value of any Capital Appreciation Bond shall not be deemed to be interest thereon. Any computation hereunder shall be computed or recomputed at the time any series of Bonds is issued, but may be recomputed more frequently.

(48) "Minimum Operation and Maintenance Reserve" means, for any Fiscal Year, an amount equal to the monthly average of actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year.

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

(50) "Net Rent Lease" means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the

lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(56) "Other Available Funds" means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

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

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

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

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

(d) Any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance.

In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City or by any person who has acquired such ownership by virtue of payments by such

person under a Credit Facility shall be disregarded and deemed not to be Outstanding.

(58) The term "owner" or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book entry form.

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

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

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

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

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

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

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

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

(67) "Redemption Price" means, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable on a Redemption Date.

(68) "Refunding Bonds" means any Bonds issued to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations (including without limitation the bonds described in preamble (3)D hereof).

(69) "Refunding Project" means any undertaking to refund, pay, and discharge any Bonds, Credit Facility

Obligations, Subordinate Bonds, or other securities or obligations (including without limitation the bonds described in preamble (3)D hereof).

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

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

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

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

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

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

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

(77) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to art. VIII hereof.

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

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

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

(81) "Subordinate Bonds" means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

(82) "Subordinate Bond Fund" means the special and separate account designated as the "City and County of

Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund," created in § 502 F hereof.

(83) "Supplemental Ordinance" means any ordinance of the City amending or supplementing this 1984 Airport System General Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds hereunder, and any ordinance amendatory thereof or supplemental thereto.

(84) "Tax Code" means the Internal Revenue Code of 1954, as from time to time amended.

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

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

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

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

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

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

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

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

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

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

covenants, stipulations, obligations, agreements, or other provisions.

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

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

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

B. Bonds. Toward the sale and delivery of Bonds for such purposes,

be, and the same hereby is, ratified, approved, and confirmed.

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

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

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

Section 109. Emergency Clause and Effective Date. By reason of the fact that the Airport Facilities of the City are not adequate to supply the present and future needs of the City and its inhabitants, of the need of immediately providing an appropriate general instrument to permit the issuance of Bonds therefor, and for other reasons, the Council finds that an emergency exists, that this Instrument is necessary for the immediate preservation of the public health, safety, convenience and general welfare, and that it is enacted for that purpose; and the Council determines that this Instrument shall take effect immediately upon its final passage and publication.

Section 110. Publications. The bill for this Instrument and this Instrument are hereby authorized to be and hereby are ordered published in pamphlet form, and each such publication shall be completed on the date on which two copies of such pamphlet are deposited with the Clerk, who shall, as soon as practicable after such deposit, cause to be published in the official newspaper of the City a notice declaring the date on which such copies of the bill for this Instrument or this Instrument, as the case may be, were so

deposited and setting forth the title of the bill or Instrument, respectively.

Section 111. Recordation and Authentication. This Instrument after its passage shall be recorded in a Book of Ordinances of the City, kept for that purpose, and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.



ARTICLE II

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

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

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

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

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

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

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

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

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

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

ARTICLE III

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

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

Section 302. General Provisions of Airport Bonds. Each series of Bonds shall be authorized by Supplemental Ordinance and shall bear such designation as the City deems appropriate. The Bonds of each series shall be dated, shall mature, shall bear interest (if any), and shall otherwise be subject to such terms and conditions as are provided herein or by Supplemental Ordinance.

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

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

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

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

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

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

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

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

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

Section 307. Notice of Prior Redemption. Notice of the prior redemption of any Bonds shall be given by or at the direction of the Treasurer in the name of the City:

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

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

(2) a financial newspaper published in New York, New York,

as the Treasurer may determine; and

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

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

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

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

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

Such notice shall specify the number or numbers of the Bonds, or designated portions thereof, so to be redeemed (if less than all are to be redeemed) and the Redemption Date; and such notice shall further state that on the Redemption Date there will become due

and payable upon each such Bond, or designated portion thereof, the applicable Redemption Price and accrued interest to the Redemption Date, that from and after such date interest will cease to accrue, and that payment shall be made upon presentation and surrender of the Bonds, or designated portions thereof, to be redeemed, at the Paying Agent or such other or additional place as a Supplemental Ordinance may provide. In the event only a designated portion of any Bond is called for redemption, upon its presentation the City shall execute and deliver to the owner, at the expense of the City, a new Bond of the same series and of the same maturity in an authorized denomination equal to the unredeemed portion of the Bond surrendered.

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

Section 309. Payment of Redeemed Bonds. Notice of redemption having been duly given, and action having been duly taken to provide for the payment of the Bonds, or designated portions thereof, so called for prior redemption, the Bonds, or designated portions thereof, so called for redemption shall become due and payable on the Redemption Date stated in such notice at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds, or designated portions thereof, shall be paid.

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

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

Section 311. Payment of Principal and Interest on Bonds. The principal of, and any premium due in connection with, the Bonds shall be payable at the principal office or offices of the Paying Agent, upon presentation and surrender of the Bonds. Payment of interest on any Bond shall be made to the owner thereof by check or draft mailed by the Paying Agent to the owner at his address as it last appears on the registration books or records kept by the Registrar at the close of business on the Regular Record Date for such interest payment date, but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner thereof at the close of business on a Regular Record Date and shall be payable to the person who is the owner on a Special Record Date for the payment of any such defaulted interest. Notice of the Special Record Date shall be given by first-class mail to owners of the Bonds as shown on the Registrar's registration books or records on the date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such

defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to by the Paying Agent and the owner. All such payments shall be made in lawful money of the United States of America.

Section 312. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. Any Registrar for any Bonds shall be specified in the related Supplemental Ordinance. The Registrar shall maintain and keep, at its principal office, books or records for the registration and transfer of the Bonds. Upon surrender for transfer of any Bond at the principal office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds for a like aggregate principal amount of the same maturity.

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

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

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

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

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

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

Section 316. Authentication of the Bonds. Except as otherwise provided by Supplemental Ordinance, no Bond of any series shall be secured hereby or entitled to the benefit hereof, nor shall any such Bond be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form as is provided by Supplemental Ordinance, has been duly executed by the Registrar; and such certificate of the Registrar upon any such Bond shall be

conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of such Bonds of any series.

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

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

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

Section 320. Other Reissuance. The provisions of § 319 hereof do not prohibit the City from reissuing, pursuant to the provisions hereof or of any Supplemental Ordinance, any Outstanding Bond which shall not have become lost, mutilated, apparently destroyed, or wrongfully taken.

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

ARTICLE IV

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

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

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

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

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

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

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

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

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

- (1) The item number of the payment,
- (2) The name of the person to whom payment is due,
- (3) The amount or amounts to be paid, and
- (4) The purpose for which the obligation to be paid was incurred in such detail as shall be satisfactory to the Auditor;



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

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

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

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

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

(5) Such other facts and estimates with respect to the expenditure of such subaccount as may be required by Supplemental Ordinance to maintain the exemption from federal income taxation of interest on such Bonds, under § 103, Tax Code;

and

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

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

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

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

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

A. Facilities. For the acquisition of Facilities (other than land), unless in an Attorney's Opinion they are located on land good and marketable title to which is owned or can be acquired by the City in fee

simple or in a sufficient lesser estate as provided in § 404 hereof; or

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

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

Section 405. Performance Bonds. In order to insure the completion of any Improvement Project, the City shall require each person with whom it may contract for labor or for labor and materials to furnish a performance bond in the full amount of any contract with a surety company approved by the Manager and the Mayor. Any such contract shall provide that payment thereunder shall not be made by the City in excess of 90% of the current estimates of the work then completed until final completion under such contract, the final acceptance thereof by the City acting by and through the Manager, and final payment to the contractor. All such retained funds shall remain with and be held by the City until final payment to the Contractor. Any sum or sums derived from such performance bond or performance bonds shall be used without unreasonable delay within two years after such receipt to complete such contract and, if not so used, shall be credited to the Capital Fund.

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

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

Section 408. Prevention of Bond Default. Subject to the prior application of the provisions of § 515 hereof, the Treasurer shall use the proceeds of any Bonds credited to any subaccount in the

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

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

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

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

Notwithstanding the foregoing provisions of this section, or any other provisions of this Instrument, any such transfers from the Project Fund shall be made so as to comply with the applicable provisions of § 103(b), Tax Code.

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

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

Section 412. Modifications of Improvement Project. The City reserves the right to make alterations of, additions to, and deletions from any Improvement Project prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with this article; but any such alterations, additions,

and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under § 901 hereof and shall not increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Principal Account. Except as otherwise provided by Supplemental Ordinance, monthly, to the Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or

commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Bonds. Moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Bonds, as they mature.

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

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

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

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

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

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

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

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

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

Section 513. Operation and Maintenance Reserve Account. Fifth, from any moneys remaining in the Revenue Fund, there shall be set aside and credited to the Operation and Maintenance Reserve Account monthly an amount equal to one-twelfth of the Minimum Operation and Maintenance Reserve, less any money available in that subaccount therefor. No payment need be made into the Operation and Maintenance Reserve Account if the moneys therein shall then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account shall be accumulated and maintained as a continuing reserve to be used only to



prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. Any moneys in the Operation and Maintenance Reserve Account exceeding the Minimum Operation and Maintenance Reserve shall be transferred as Gross Revenues to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

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

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

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

B. Extraordinary Costs. To pay the costs of extraordinary and major repairs, renewals, replacements, or maintenance items relating to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and

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

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

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

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

ARTICLE VI

GENERAL ADMINISTRATION

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

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

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

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

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

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

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

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ten years from the date of investment, and in no event later than the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

Section 604. Scheduling Disbursements. Notwithstanding the provisions of § 603 hereof, before the Treasurer invests or reinvests any moneys accounted for in the Project Fund, the Airport

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

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

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

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

Section 608. Payment of Bond Requirements. The moneys credited to any account or subaccount designated in art. V hereof for the payment of the Bond Requirements due in connection with any series of Bonds shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any

other preliminaries, to pay promptly the Bond Requirements payable from such account or subaccount as such Bond Requirements are due, except to the extent any other moneys are available therefor.

## ARTICLE VII

### BOND LIENS AND ADDITIONAL BONDS

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

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

Section 703. Authorization of Completion Bonds. Upon the issuance of one or more series of Bonds in an aggregate principal amount not exceeding the estimated maximum principal amount determined to be necessary by Supplemental Ordinance to defray, together with other moneys available therefor, including, without limitation, any investment income, the Cost of an Improvement Project, if the aggregate amount available therefor is not sufficient to pay such Cost, regardless of the reason therefor, the City may adopt a Supplemental Ordinance (i) determining the deficit in the amount available in the subaccount for such such Improvement Project, and (ii) authorizing the issuance of a series of Completion Bonds.

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

Section 704. Additional Bonds for Improvement Projects. After the first issuance of any series of Bonds hereunder, one or more series of additional Bonds (other than Completion Bonds) may be authorized and delivered for the purpose of paying the Cost of any Improvement Project. Prior to the delivery of such series of Bonds, there shall be filed with the Clerk:

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

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

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

B. Consulting Engineer's Certificate. A certificate of the Consulting Engineer setting forth (i) the estimated date of completion for the Improvement Project for which such series of Bonds is being issued and (ii) an estimate of the Cost of such Improvement Project.

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

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

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

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

In any computation required by this section, there shall be excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections A through D of this section cannot be given with the required results stated

therein, the City may not issue the proposed Bonds. Nothing contained in this section obligates the City to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

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

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

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

For purposes of this section, bonds described in preamble 3(D) hereof and Credit Facility Obligations shall be deemed to be Bonds.

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

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

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

ARTICLE VIII

SPECIAL FACILITIES AND SPECIAL FACILITIES BONDS

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

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

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

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

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



ARTICLE IX

RENTALS, RATES, FEES, AND OTHER CHARGES

Section 901. Rate Maintenance Covenant. The City covenants that it shall at all times fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with any Other Available Funds, will at all times be at least sufficient:

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

B. To provide for the larger of either:

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

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

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

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

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

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

Section 905. Collection of Charges. The City shall cause all rentals, rates, fees, and charges relating to the Airport System to be collected as soon as is reasonable and shall prescribe and enforce rules and regulations or impose contractual obligations for

the payment thereof, including without limitation the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Instrument. The rentals, rates, fees, and charges due shall be collected in any lawful manner.

ARTICLE X

MISCELLANEOUS PROTECTIVE COVENANTS

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

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

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

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

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

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

Section 1007. Governmental Approval. The City shall maintain and operate the Airport System at standards required in

order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and departure of aircraft operating in scheduled service, or otherwise, and as a terminal point of the City for the receipt and dispatch of passengers, property, and mail by aircraft.

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

Section 1009. Operation and Maintenance of Airport System. The City, insofar as it may legally do so, without any violation of other provisions of this Instrument, shall operate the Airport System in a sound and economical manner and shall maintain and preserve the Airport System, or cause the Airport System (and Special Facilities) to be maintained and preserved, in good repair, working order, and sanitary condition, free from obstructions, in a manner suitable for air transport operations, and in such manner as will qualify the Airport System to receive maximum financial aid from the Federal Government, which aid it may in its discretion seek and procure if available on fair and reasonable terms. The City also shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the Airport System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating airport facilities of like size and character.

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

Section 1011. Employment of Consultants. The City shall for the purpose of performing and carrying out the duties imposed on the Airport Consultant or the Consulting Engineer, or both, by this Instrument or any instrument or other proceedings relating to the Airport System, employ such consultants.

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

Section 1013. Disposal of Airport Prohibited. Except in the normal course of business and except as otherwise provided by §§ 1014 and 1015 hereof, neither all nor a substantial part of the

Airport System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, as to all Bond Requirements; provided, however, that the City may transfer all or a substantial part of the Airport System to another body politic and corporate (including without limitation any successor of the City) if such body politic and corporate succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City with respect to the Airport System, or such substantial part thereof, without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bonds. In the event of any such transfer and assumption, nothing herein prevents the retention by the City of any Facility of the Airport if, in an Attorney's Opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds. All easements and licenses on, over, or across the Airport shall be revocable in nature, and any instrument conveying such an interest shall require the grantee to relocate the facility covered thereby without cost to the City if such relocation is determined by the Manager to be necessary to the proper operation or development of the Airport.

Section 1014. LEASES. The City may execute leases, licenses, easements, or other agreements for the use of any part of the Airport System with the Federal Government or any other persons, if such instrument shall not, in the opinion of the Manager, materially and adversely affect the City's ability to comply with the requirements of § 901 hereof; but any such leases or other agreements, excluding presently existing leases and other existing agreements, and excluding any future Net Rent Lease relating to any Special Facilities and made in accordance with the provisions of art. VIII hereof, but including, without limitation, any other future Net Rent Leases or other future agreements negotiated on a net rent basis, or otherwise, shall contain provisions for the reestablishment of the amount of rental or other payments (without limitation as to the amount thereof) at intervals of not more than five years beginning with the date on which the term of any such leases or other agreements commences; and the rents, rates, fees, and other charges established by any such leases or other agreements shall in no event be less in the aggregate than required by the provisions of art. IX hereof.

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

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

Section 1017. Payment of Governmental Charges and Liens. The City shall pay or cause to be paid all taxes, assessments, and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Airport System, or upon any part thereof, and any Special Facilities, or upon any portion of the Gross Revenues, or revenues otherwise relating to the Airport System, when the same shall become due. The City shall duly observe and comply with all valid requirements of any municipal or governmental

authority relative to the Airport System, or any part thereof, and to any Special Facilities, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the Airport System, any part thereof, any Special Facilities, the Gross Revenues, or any other revenues relating to the Airport System. Nothing herein contained requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge, or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

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

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

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

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

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

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

Section 1024. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the

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

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

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

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

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

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

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

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

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

first-class mail, postage prepaid, as soon as practicable to each of the following:

A. Airport Consultant. The Airport Consultant, or any successor thereof known to the Manager, and

B. Owners. Each owner of any Outstanding Bond who may request the Manager in writing to furnish to the owner such quarterly reports, but no name of any such owner shall be kept on the mailing list for such reports unless his request is renewed at least once every two years.

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

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

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

- (1) The amount of the Gross Revenues,
- (2) The amount of the Operation and Maintenance Expenses,
- (3) The amount of the Net Revenues, including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with such Other Available Funds have been at least sufficient to meet the provisions of § 901 hereof, and
- (4) The amount of any capital expenditures relating to the Airport System and any Special Facilities for the audit period;

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

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

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

- (1) The amount of the policy,
- (2) The risks covered,
- (3) The name of the insurer, and



(4) The expiration date of the policy; and

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

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

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

Section 1031. Distribution of Audit Reports. The City agrees to furnish by first-class mail, postage prepaid, within ninety days from the time each audit report is filed with the City, a copy of each such report to each of the following:

A. Airport Consultant. The Airport Consultant, or any successor thereof known to the Manager, and

B. Owners. Each owner of any Outstanding Bond who may request the Manager in writing to furnish to the owner such annual audit reports, but no name of any such owner shall be kept on the mailing list for such reports unless his request is renewed at least once every two years, and

C. Others. Any other person required to receive such report by any Supplemental Ordinance or other proceedings relating to any Outstanding Bonds.

A copy of each such report shall be kept on file in the business office of the City at the Airport, and shall be available for reasonable inspection by any interested person.

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

can be procured at reasonable rates in the sole opinion of the Manager.

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

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

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

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

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

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

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

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

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

(3) If at any time the City shall be unable to obtain such insurance to the extent above required, it shall carry such insurance to the extent

reasonably obtainable at reasonable rates in the sole opinion of the Manager.

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

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

- (1) Insureds under the policy,
- (2) Individuals who sustain bodily injury or persons who sustain property damage,
- (3) Claims made or suits brought on account of bodily injury or property damage, or
- (4) Occurrences.

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

Section 1037. Tax Covenants. The City hereby covenants for the benefit of each owner of any Bonds that no use of the proceeds of any Bonds shall be made, and no other action shall be taken, which would cause any Bonds to be arbitrage bonds within the meaning of Section 103(c), Tax Code, or which would otherwise result in the

denial or loss of exemption from Federal income taxation of interest  
on any Bonds.

ARTICLE XI

MISCELLANEOUS

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

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

B. Defeasance of Bonds.

(1) Any Bonds of any one or more series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in this section if: (1) in case such Bonds are to be redeemed on any date prior to their maturity, the City shall by Supplemental Ordinance have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (2) there shall have been deposited in an Escrow Account, either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and interest on which when due, and without any reinvestment thereof, shall provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account, at the same time and available therefor, shall be sufficient to pay when due the principal of, premium if any, and interest due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be; and (3) in the event such Bonds are not by their terms subject to redemption within the next 60 days, the City by Supplemental Ordinance shall have given irrevocable instructions to effect, as soon as practicable and in the same manner as the notice of redemption is given pursuant to § 307 hereof or as otherwise provided by Supplemental Ordinance, notice to the owners of such Bonds that the deposit required by (2) above has been placed in such Escrow Account and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds. Neither such Federal Securities (or principal or interest payments received with respect thereto) nor moneys placed in such Escrow Account shall be withdrawn or used for any purpose other than the payment of the principal of, premium, if any, and interest on said Bonds and such Federal Securities or moneys shall be held in trust solely for the payment of

such principal of, premium, if any, and interest on such Bonds; provided, any cash received from the principal or interest payments on such Federal Securities if not then needed for such purpose, shall, to the extent such cash will not be required at any time for such purpose, shall be paid over to the City for any lawful purpose relating to the Airport System free and clear of any trust, lien, security interest, or otherwise under this Instrument, and to the extent such cash will be required for such purpose at a later date shall be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on such Bonds on or prior to such Redemption Date or maturity date thereof, as the case may be. Any such Bonds shall no longer be secured by or entitled to the benefits of this Instrument, except for the purpose of any payment from such moneys or Federal Securities placed in such an Escrow Account.

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

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

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

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44)(b)(i) hereof.

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

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

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

**B. Proof of Ownership.** The ownership of any fully registered Bond, the amount and numbers of such Bonds, and the date of owning the same shall be proved by the registration records of the Registrar.

but the Clerk may nevertheless in his discretion require further or other proof in cases where they deem the same advisable.

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

**Section 1104. Holidays.** If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided herein or by Supplemental Ordinance, shall be a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as

if done on the nominal date so provided, and no interest shall accrue for the period after such nominal date.

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



## ARTICLE XII

### DEFAULTS, RIGHTS AND REMEDIES OF BONDOWNERS

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

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

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

A. Nonpayment of Principal and Premium.

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

B. Nonpayment of Interest.

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

C. Incapable To Perform.

The City for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties.

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

E. Failure to Reconstruct.

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

F. Appointment of Receiver.

An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Airport System or for any Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Airport System and such moneys, or an order or decree having been entered without the consent or acquiescence of the City is not

vacated or discharged or stayed on appeal within sixty days after entry;

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

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

I. Other. Such other event of default as is set forth in any Supplemental Ordinance.

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

In addition, upon the happening and continuance of any of the events of default, as provided in § 1203 hereof, then and in every case the owner or owners of not less than 10% in principal amount of the then Outstanding Bonds may proceed, against the City and its agents, officers, and employees to protect and to enforce the

rights of any owner of the Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in this Instrument, or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of all the Bonds then Outstanding.

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

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

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

During the continuance of an event of default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City shall, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, apply all moneys, securities, funds under this Instrument, including without limitation Gross Revenues, as an express trust for the owners of the Bonds and apply the same as follows and in the following order:

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

(1) First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any

installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

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

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

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

Section 1210. Notice of Default. The City shall mail to the owners of Bonds, written notice of the occurrence of any event of default; provided that, except in the case of an event of default described in subparagraphs A and B of Section 1203, the City shall be protected in withholding of such notice is in the best interests of the owners of Bonds.

ARTICLE XIII

AMENDMENT OF INSTRUMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. Prejudicial Modification. Modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

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

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

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

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

Section 1305. Time for Amendment. Whenever at any time within one year from the date of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by the required number of owners, which instrument or instruments shall refer to the proposed Supplemental Ordinance described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Council may adopt such Supplemental Ordinance and such instrument shall become effective.

Section 1306. Binding Consent to Amendment. If the required number of owners, at the time of the adoption of such Supplemental Ordinance, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption

of such Supplemental Ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

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

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

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



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

PASSED by the Council November 26, 1984.

Robert L. Quater - President *PRO TEM*

APPROVED Idonio Pena - Mayor NOV. 28, 1984.

ATTEST: Julius [Signature] - Clerk and Recorder,  
- Ex-officio Clerk of the  
City and County of Denver

**NOTICE** PUBLISHED IN The Daily Journal NOV. 23, and Dec. 4, 1984

PREPARED BY: Sherman & Howard

REVIEWED BY: Patricia Wells - City Attorney *11/15/85*

SPONSORED BY COUNCILMEMBER(S) \_\_\_\_\_



2

**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO  
AIRPORT SYSTEM SUPPLEMENTAL ORDINANCES**

I hereby certify that:

1. I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City");

2. The Airport System Supplemental Ordinances specified below (collectively, the "Supplemental Ordinances") are on file and available for public inspection at the office of the Clerk and Recorder, weekdays (except legal holidays) between the hours of 8:00 a.m. and 4:30 p.m., in the City and County Building, 1437 Bannock Street, Room 200, Denver, Colorado 80202; and, except for Ordinance No. 375, Series of 2007, Ordinance No. 376 Series of 2007, Ordinance No. 380, Series of 2007, Ordinance No. 415, Series of 2007, and those Supplemental Ordinances specified below, there are no other Supplemental Ordinances:

a. First Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 627, Series of 1984 (the "First Supplemental Ordinance");

b. Second Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 674, Series of 1985 (the "Second Supplemental Ordinance");

c. Third Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 456, Series of 1988 (the "Third Supplemental Ordinance");

d. Fourth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 268, Series of 1990 (the "Fourth Supplemental Ordinance");

e. Fifth Second Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 278, Series of 1991 (the "Fifth Supplemental Ordinance");

f. Sixth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 726, Series of 1991 (the "Sixth Supplemental Ordinance");

g. Seventh Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 82, Series of 1992 (the "Seventh Supplemental Ordinance");

h. Eighth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 288, Series of 1992 (the "Eighth Supplemental Ordinance");

i. Ninth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 614, Series of 1992 (the "Ninth Supplemental Ordinance");

- j. Tenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 640, Series of 1992 (the "Tenth Supplemental Ordinance");
- k. Eleventh Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 641, Series of 1992 (the "Eleventh Supplemental Ordinance");
- l. Twelfth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 642, Series of 1992 (the "Twelfth Supplemental Ordinance");
- m. Thirteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 643, Series of 1992 (the "Thirteenth Supplemental Ordinance");
- n. Fourteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 644, Series of 1992 (the "Fourteenth Supplemental Ordinance");
- o. Fifteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 680, Series of 1994 (the "Fifteenth Supplemental Ordinance");
- p. Sixteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 428, Series of 1995 (the "Sixteenth Supplemental Ordinance");
- q. Seventeenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 429, Series of 1995 (the "Seventeenth Supplemental Ordinance");
- r. Eighteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 950, Series of 1995 (the "Eighteenth Supplemental Ordinance");
- s. Nineteenth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 226, Series of 1996 (the "Nineteenth Supplemental Ordinance");
- t. Twentieth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 227, Series of 1996 (the "Twentieth Supplemental Ordinance");
- u. Twenty-first Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 890, Series of 1996 (the "Twenty-first Supplemental Ordinance");
- v. Twenty-second Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 888, Series of 1996 (the "Twenty-second Supplemental Ordinance");
- w. Twenty-third Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 889, Series 1996 (the "Twenty-third Supplemental Ordinance");
- x. Twenty-fourth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 480, Series of 1997 (the "Twenty-fourth Supplemental Ordinance");

- y. Twenty-fifth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 547, Series of 1997 (the "Twenty-fifth Supplemental Ordinance");
- z. Twenty-sixth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 548, Series of 1997 (the "Twenty-sixth Supplemental Ordinance");
- aa. Twenty-seventh Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 820, Series of 1998 (the "Twenty-seventh Supplemental Ordinance");
- bb. Twenty-eighth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 821, Series of 1998 (the "Twenty-eighth Supplemental Ordinance");
- cc. Twenty-ninth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 822, Series of 1998 (the "Twenty-ninth Supplemental Ordinance");
- dd. Thirtieth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 866, Series of 1999 (the "Thirtieth Airport System Supplemental Ordinance");
- ee. Thirty-first Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 647, Series of 2000 (the "Thirty-first Airport System Supplemental Ordinance");
- ff. Thirty-second Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 648, Series of 2000 (the "Thirty-second Airport System Supplemental Ordinance");
- gg. Thirty-third Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 649, Series of 2000 (the "Thirty-third Airport System Supplemental Ordinance");
- hh. Thirty-fourth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 539, Series of 2001 (the "Thirty-fourth Airport System Supplemental Ordinance");
- ii. Thirty-fifth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 540, Series of 2001 (the "Thirty-fifth Airport System Supplemental Ordinance");
- jj. Thirty-sixth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 538, Series of 2001 (the "Thirty-sixth Airport System Supplemental Ordinance");

- kk. Thirty-seventh Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 675, Series of 2001 (the "Thirty-seventh Airport System Supplemental Ordinance");
- ll. Thirty-eighth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 716, Series of 2002 (the "Thirty-eighth Airport System Supplemental Ordinance");
- mm. Thirty-ninth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 715, Series of 2002 (the "Thirty-ninth Airport System Supplemental Ordinance");
- nn. Fortieth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 717, Series of 2002 (the "Fortieth Airport System Supplemental Ordinance");
- oo. Forty-first Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 800, Series of 2002 (the "Forty-first Airport System Supplemental Ordinance");
- pp. Forty-second Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 801, Series of 2002 (the "Forty-second Airport System Supplemental Ordinance");
- qq. Forty-third Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 802, Series of 2002 (the "Forty-third Airport System Supplemental Ordinance");
- rr. Forty-fourth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 281, Series of 2003 (the "Forty-fourth Airport System Supplemental Ordinance");
- ss. Forty-fifth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 282, Series of 2003 (the "Forty-fifth Airport System Supplemental Ordinance");
- tt. Forty-sixth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 747, Series of 2004 (the "Forty-sixth Airport System Supplemental Ordinance");
- uu. Forty-seventh Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 748, Series of 2004 (the "Forty-seventh Airport System Supplemental Ordinance");

vv. Forty-eighth Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 749, Series of 2004 (the "Forty-eighth Airport System Supplemental Ordinance");

ww. Series 2005 Airport System Supplemental Bond Ordinance enacted as Ordinance No. 470, Series of 2005 (the "Series 2005 Airport System Supplemental Ordinance");

xx. Series 2005A Airport System Supplemental Bond Ordinance enacted as Ordinance No. 559, Series of 2005 (the "Series 2005A Airport System Supplemental Ordinance");

yy. Series 2005B1-B2 Airport System Supplemental Bond Ordinance enacted as Ordinance No. 785, Series of 2005 (the "Series 2005B1-B2 Airport System Supplemental Ordinance");

zz. Series 2005C1-C2 Airport System Supplemental Bond Ordinance enacted as Ordinance No. 786, Series of 2005 (the "Series 2005C1-C2 Airport System Supplemental Ordinance");

aaa. Series 2006 Airport System Supplemental Bond Ordinance enacted as Ordinance No. 494, Series of 2006 (the "Series 2006 Airport System Supplemental Ordinance");

bbb. Series 2006A Airport System Supplemental Bond Ordinance enacted as Ordinance No. 495, Series of 2006 (the "Series 2006A Airport System Supplemental Ordinance");

ccc. Series 2006B Airport System Supplemental Bond Ordinance enacted as Ordinance No. 496, Series of 2006 (the "Series 2006B Airport System Supplemental Ordinance");

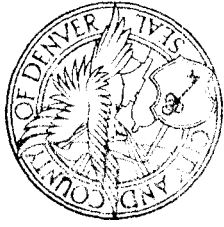
3. Each Supplemental Ordinance has been duly signed and attested, both on the original Supplemental Ordinances and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation of each Supplemental Ordinance was by the officers who at the time of such signing and attestation were authorized officers of the City.

4. Attached hereto and made a part hereof are true and correct copies of (i) all Supplemental Ordinances relating to the treatment of certain Passenger Facility Charges under the 1984 Airport System General Bond Ordinance, enacted as Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), and (ii) excerpts of the referenced Supplemental Ordinances which amend the General Bond Ordinance. Except as set forth in the attached excerpts, there have been no amendments to the General Bond Ordinance.



IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.

(SEAL)



*Stephany Murray*  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver

## **Second Supplemental Ordinance**

~~City in connection with the Series 1985 Bonds for noise abatement, fund, or other public purpose, and there is not other significant use of such funds.~~

Section 502. Amendment of General Bond Ordinance and First Supplemental Ordinance.

A. General Bond Ordinance.

(1) Definition of "Gross Revenues". Section 102A(38) of the General Bond Ordinance is hereby amended to read as follows:

(38) "Gross Revenues" means any income and revenue derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. The term does not include:

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

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

(c) Any grants, appropriations, or gifts from the State, or any other sources, the use of which is limited by the grantor or donor to the acquisition of Airport Facilities or other purposes not including the payment of Debt Service Requirements;

(d) Any passenger taxes or other passenger charges imposed for the use of the Airport System;

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

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

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

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

(2) Definition of Minimum Bond Reserve. Section 102A(47) of the General Bond Ordinance is hereby amended to read as follows:

(47) "Minimum Bond Reserve" means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (i) such series of Bonds matures over a twenty-year term from its date of issuance, (ii) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (iii) is payable on a substantially level annual debt service basis assuming the rate so determined.

(3) Investment Income. Section 605 of the General Bond Ordinance is hereby amended to read as follows:

Section 605. Accounting for Investments. Any Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a

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

B. First Supplemental Ordinance.

(1) Definition of "General Bond Ordinance".  
Section 103B(13) of the First Supplemental Ordinance is hereby amended to read as follows:

(13) "General Bond Ordinance" means the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to time by any Supplemental Ordinance.

C. Effective Dates of Amendments. Except as the amendments to the General Bond Ordinance set forth in §§ 502A(1) and 502A(3) hereof may be made effective earlier in accordance with the provisions of Art. XIII of the General Bond Ordinance, such amendments shall be effective on the first date the Series 1984 Bonds no longer remain Outstanding within the meaning of the General Bond Ordinance. The amendments to the General Bond Ordinance and the First Supplemental Ordinance set forth in §§ 502A(2) and 502B hereof, respectively, shall be effective immediately.

~~Section 503 Applicability of General Bond Ordinance.~~  
Except as otherwise provided ~~in this Ordinance,~~ the provisions of the General Bond Ordinance govern the Series 1985 Bonds and the Series 1985 Project.

## **Fourth Supplemental Ordinance**

maintain the exclusion from federal income tax of interest on the Series 1990 Bonds, the City may rely conclusively on such opinion in complying with the requirements of this Section 501B, and the covenants contained herein shall be deemed to be modified to that extent.

C. Tax Certificate. The Treasurer is hereby authorized to execute a tax certificate on behalf of the City in implementation of the covenants and agreements set forth in this Section 501, or to make any election permitted by the Tax Code and determined by the Treasurer to be to the advantage of the City; and the representations, agreements, and elections set forth therein shall be deemed the representations, agreements, and elections of the City, as if the same were set forth herein.

Section 502. No Completion Bonds for Series 1990A Project. No Completion Bonds may be issued pursuant to Section 702 of the General Bond Ordinance solely in respect of the Series 1990A Project; provided that nothing herein shall be construed to prohibit the issuance of Completion Bonds in respect of the New Airport Project as authorized by the General Bond Ordinance.

Section 503. Additional Bonds for New Airport Project. In addition to Completion Bonds, one or more series of additional Bonds, in the aggregate principal amount of not exceeding \$1,800,000,000, are hereby authorized to be issued without compliance with the requirements of Section 704 of the General Bond Ordinance for the purpose of paying Costs of the New Airport Project; provided, however, that except as the supplemental authority of this Section 503 may be made effective earlier in accordance with the provisions of Art. XIII of the General Bond Ordinance, no such Bonds may be issued as provided hereunder unless and until the Series 1984 Bonds and Series 1985 Bonds are no longer Outstanding within the meaning of the General Bond Ordinance.

Section 504. Amendment of General Bond Ordinance.

A. Amendments.

(1) Definition of Accreted Value. Section 102A of the General Bond Ordinance is hereby amended to include a new definition to read as follows:



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

(2) Definition of "Gross Revenues". Section 102A(38) of the General Bond Ordinance, as amended by Section 502A(1) of the Second Supplemental Ordinance, is hereby further amended to read as follows:

(38) "Gross Revenues" means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City's sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes or other passenger charges imposed for the use of the Airport System, to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided herein, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include:

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

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

(c) Any grants, appropriations, or gifts from the State, or any other sources, the use of which is limited by the grantor or donor to the acquisition of Airport Facilities or other purposes not including the payment of Debt Service Requirements;

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

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

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

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

(3) Definition of "Minimum Operation and Maintenance Reserve".

Section 102A(48) of the General Bond Ordinance is hereby amended to read as follows:

(48) "Minimum Operation and Maintenance Reserve" means:

(a) For any Fiscal Year commencing on or before January 1, 1993, an amount equal to the monthly average of actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year; and

(b) For any Fiscal Year commencing thereafter, an amount equal to one-sixth of the actual Operation and

Maintenance Expenses of the Airport System during the next preceding Fiscal Year.

(4) Definition of Redemption Price. Section 102A(67) of the General Bond Ordinance is hereby amended to read as follows:

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

(5) Definition of "Tax Code". Section 102A(84) of the General Bond Ordinance is hereby amended to read as follows:

(84) "Tax Code" means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters hereunder. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" shall be deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

(6) Payment of Contracts. Section 405 of the General Bond Ordinance is hereby amended to read as follows:

Section 405. Performance Bonds. In order to insure the completion of any Improvement Project, the City shall require each person with whom it may contract for labor or for labor and materials to furnish a performance bond in the full amount of any contract with a surety company approved by the Manager and the Mayor. Any such contract shall provide that payment thereunder shall not be

made by the City in excess of 95% of the current estimates of the work then completed until final completion under such contract, the final acceptance thereof by the City acting by and through the Manager, and final payment to the Contractor. All such retained funds shall remain with and be held by the City until final payment to the Contractor. Any sum or sums derived from such performance bond or performance bonds shall be used without unreasonable delay and in any event within two years after such receipt to complete such contract and, if not so used, shall be credited to the Capital Fund.

(7) Project Completion. Section 409 of the General Bond Ordinance is hereby amended to read as follows:

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

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

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

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

(8) Operation and Maintenance Reserve Account. Section 513 of the General Bond Ordinance is hereby amended to read as follows:

Section 513. Operation and Maintenance Reserve Account. Fifth, from any moneys remaining in the Revenue Fund, there shall be set aside and credited to the Operation and Maintenance Reserve Account (i) monthly prior to January 1, 1994, an amount equal at least to one-twelfth of the Minimum Operation and Maintenance Reserve, less any moneys available in that subaccount therefor, and (ii) monthly on and after January 1, 1994, an amount equal at least to 1/36 of the Minimum Operation and Maintenance Reserve, less any money available in that subaccount therefor. No payment need be made into the Operation and Maintenance Reserve Account if the moneys therein shall then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account shall be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport

System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. Any moneys in the Operation and Maintenance Reserve Account exceeding the Minimum Operation and Maintenance Reserve shall be transferred as Gross Revenues to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

(9) Investment Income. Section 605 of the General Bond Ordinance, as amended by Section 502A(3) of the Second Supplemental Ordinance, is hereby further amended to read as follows:

Section 605. Accounting for Investments. Any Investment Securities so purchased as an investment or reinvestment of moneys in any such account or subaccount shall be deemed at all times to be a part of the account or subaccount and held in trust therefor. Except as herein otherwise provided, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities, as well as any interest and other gain from the deposit of moneys in a commercial bank, shall be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit, or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund shall be credited or charged to such subaccount or account, and no interest or profit shall be transferred to the Revenue Fund from any subaccount in the Project Fund until its termination pursuant to Section 409 hereof, or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, shall at least equal the Minimum Bond Reserve. No loss or profit on Investment Securities shall be deemed to take place as a result of fluctuations in the market quotations thereof prior to the sale or maturity thereof. In the computation of the amount in any account or subaccount for any purpose hereunder, except as herein otherwise expressly provided, Investment Securities purchased as an investment of moneys therein shall be valued at the cost thereof (including any amount paid as accrued interest) or the

principal amount thereof, whichever is less; except that Investment Securities purchased at a premium may initially be valued at the cost thereof, but in each year after such purchase shall be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. Any bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain is realized by the receipt of an interest-earned notice, or otherwise. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount shall be made not less frequently than annually.

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

(10) Tax Covenants. Section 1037 of the General Bond Ordinance is hereby amended to read as follows:

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

B. Effective Dates. The amendments to the General Bond Ordinance set forth in this Section 504 shall be effective immediately.

~~Section 505. Limitations on Credit Facility in Bond Reserve Fund. So long as any Series 1990A Bonds remain rated by Moody's Investor Services, Inc. ("Moody's"), and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to Section 509 of the General Bond Ordinance, unless the then current Moody's rating on the Series 1990A Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (i) the senior unsecured debt instruments of the provider of such Credit Facility or (ii) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (a) any claims paying rating assigned by Moody's to such provider or (b) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (i) or clause (ii) above be less than "A" or "A-" as the case may be, unless Moody's otherwise agrees.~~

~~Section 506. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 1990A Bonds and the Series 1990A Project and New Airport Project.~~



## **Fifth Supplemental Ordinance**

maintain the exclusion from federal income tax of interest on the Series 1991A Bonds, the City may rely conclusively on such opinion in complying with the requirements of this Section 501B, and the covenants contained herein shall be deemed to be modified to that extent.

C. Tax Certificate. The Treasurer is hereby authorized to execute a tax certificate on behalf of the City in implementation of the covenants and agreements set forth in this Section 501, or to make any election permitted by the Tax Code and determined by the Treasurer to be to the advantage of the City; and the representations, agreements, and elections set forth therein shall be deemed the representations, agreements, and elections of the City, as if the same were set forth herein.

Section 502. No Completion Bonds for Series 1991A Project. No Completion Bonds may be issued pursuant to Section 702 of the General Bond Ordinance solely in respect of the Series 1991A Project; provided that nothing herein shall be construed to prohibit the issuance of Completion Bonds in respect of the New Airport Project as authorized by the General Bond Ordinance.

Section 503. Additional Bonds for New Airport Project. In addition to Completion Bonds, one or more series of additional Bonds, in the aggregate principal amount of not exceeding \$1,099,997,633, are hereby authorized to be issued without compliance with the requirements of Section 704 of the General Bond Ordinance for the purpose of paying Costs of the New Airport Project; provided, however, that except as the supplemental authority of this Section 503 may be made effective earlier in accordance with the provisions of Art. XIII of the General Bond Ordinance, no such Bonds may be issued as provided hereunder unless and until the Series 1984 Bonds and Series 1985 Bonds are no longer Outstanding within the meaning of the General Bond Ordinance.

Section 504. Amendment of General Bond Ordinance.

A. Amendments.

(1) Definition of Credit Enhanced Bonds. Section 102A(24) of the General Bond Ordinance is hereby amended to read as follows:

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

(2) Definition of Credit Facility Obligations. Section 102A(26) of the General Bond Ordinance is hereby amended to read as follows:

(26) "Credit Facility Obligations" means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

(3) Disposition of Bond Proceeds. Section 401 of the General Bond Ordinance is hereby amended to read as follows:

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

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

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

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

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

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

B. **Effective Dates.** The amendments to the General Bond Ordinance set forth in this Section 504 shall be effective immediately.

~~Section 505. **Limitations on Credit Facility in Bond Reserve Fund.** So long as any Series 1991A Bonds remain rated by Moody's Investors Service ("Moody's"), and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to Section 509 of the General Bond Ordinance, unless the then current Moody's rating on the Series 1991A Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (i) the senior unsecured debt instruments of the provider of such Credit Facility or (ii) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (a) any claims paying rating assigned by Moody's to such provider or (b) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (i) or clause (ii) above be less than "A2" or "A3," as the case may be, unless Moody's otherwise agrees.~~

~~Section 506. **Applicability of General Bond Ordinance.** Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 1991A Bonds and the Series 1991A Project and New Airport Project.~~

## **Ninth Supplemental Ordinance**

BY AUTHORITY

ORDINANCE NO. **614**  
SERIES OF 1992

COUNCIL BILL NO. **650**  
COMMITTEE OF REFERENCE  
Airport

A BILL

FOR AN ORDINANCE CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; PROVIDING FOR THE ADMINISTRATION OF CERTAIN PASSENGER FACILITY CHARGES RECEIVED IN CONNECTION THEREWITH; RATIFYING ACTION PREVIOUSLY TAKEN; PROVIDING OTHER MATTERS RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE THEREOF.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City (references to provisions therein being to the 1960 Compilation, as amended), and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter, and its plenary grant of powers as a home-rule city, the City has heretofore acquired and now owns, operates, and maintains certain airport facilities, and after all prerequisite action the City has heretofore issued, or simultaneously herewith is authorizing the issuance of, (i) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1984," as authorized by Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance" (as amended and supplemented from time to time, the "General Bond Ordinance") and Ordinance No. 627, Series of 1984, cited as the "1984 Airport System Supplemental Bond Ordinance," (ii) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1985," as authorized by the General Bond Ordinance and Ordinance No. 674, Series of 1985, cited as the "Series 1985 Airport System Supplemental Bond Ordinance," (iii) its "City and County of Denver, Colorado,

Airport System Revenue Bonds, Series 1990A," as authorized by the General Bond Ordinance and Ordinance No. 268, Series of 1990, cited as the "Series 1990A Airport System Supplemental Bond Ordinance," (iv) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1991A," as authorized by the General Bond Ordinance and Ordinance No. 278, Series of 1991, cited as the "Series 1991A Airport System Supplemental Bond Ordinance," (v) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1991D," as authorized by the General Bond Ordinance and Ordinance No. 726, Series of 1991, cited as the "Series 1991D Airport System Supplemental Bond Ordinance," (vi) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992A," as authorized by the General Bond Ordinance and Ordinance No. 82, Series of 1992, cited as the "Series 1992A Airport System Supplemental Bond Ordinance," (vii) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992B," as authorized by the General Bond Ordinance and Ordinance No. 288, Series of 1992, cited as the "Series 1992B Airport System Supplemental Bond Ordinance," (viii) its "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992C" (the "Series 1992C Bonds"), as authorized by the General Bond Ordinance and a related Supplemental Ordinance cited as the "Series 1992C Airport System Supplemental Bond Ordinance," and (ix) its several series of variable rate "City and County of Denver, Colorado, Airport System Revenue Bonds," as authorized by the General Bond Ordinance and related Supplemental Ordinances and to be issued contemporaneously with the Series 1992C Bonds; and

(4) WHEREAS, such Bonds are secured by an irrevocable and first lien (but not necessarily an exclusively first lien) on the Net Revenues of the Airport System on a parity with the lien thereon in favor of each other; and

(5) WHEREAS, Section 504 of Ordinance No. 268, Series of 1990, amends Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series of 1985, to read as follows:

"(38) "Gross Revenues" means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or

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

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

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

(c) Any grants, appropriations, or gifts from the State, or any other sources, the use of which is limited by the grantor or donor to the acquisition of Airport Facilities or other purposes not including the payment of Debt Service Requirements;

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

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

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



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

(6) WHEREAS, the City has imposed certain Passenger Facility Charges (defined below) for the use of its Airport System; and

(7) WHEREAS, Section 102A(27) of the 1984 Airport System General Bond Ordinance provides that for any computation relating to the issuance of additional Bonds required by Section 704 thereof and any computation required by the rate maintenance covenant in Section 901 thereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make such payments during such period; and

(8) WHEREAS, Section 501 of the 1984 Airport System General Bond Ordinance provides that subject to certain limitations (not relevant here) separate additional accounts and subaccounts may be created within the "City and County of Denver, Airport System Fund" (the "Airport System Fund") by supplemental ordinance; and

(9) WHEREAS, the Council has determined and does hereby declare that it is necessary and appropriate to provide for the administration of Passenger Facility Charges and thereby to confirm and implement the following construction of the General Bond Ordinance:

A. Gross Revenues. Except to the extent otherwise required by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series 1985, Passenger Facility Charges are not to be treated as Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

B. Debt Service Requirements. All amounts credited to the PFC Debt Service Account, which amounts are irrevocably committed to pay the Debt Service Requirements of Bonds, are not to be included in the computation of Debt Service

Requirements relating to the issuance of additional Bonds by Section 704 of the 1984 Airport System General Bond Ordinance or in any computation required by the rate maintenance covenant in Section 901 of the 1984 Airport System General Bond Ordinance; and

C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole or in part by amounts credited to the PFC Debt Service Account are to be Credit Enhanced Bonds under the General Bond Ordinance.

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

**ARTICLE I  
SHORT TITLE, DEFINITIONS, RATIFICATION, AUTHENTICATION,  
PUBLICATION AND EFFECTIVE DATE**

Section 101. Short Title. This ordinance may be cited as the "Ninth Airport System Supplemental Bond Ordinance" (the "Ninth Supplemental Ordinance").

Section 102. Supplemental Ordinance. This Ninth Supplemental Ordinance is supplemental to and is adopted in accordance with the provisions of the General Bond Ordinance.

Section 103. Meanings and Construction.

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

B. Additional Definitions. For all the purposes of this Ninth Supplemental Ordinance and of any other document relating hereto, except where the context by clear implication otherwise requires:

(1) "Passenger Facility Charges" means revenues received by the City from the passenger facility charge imposed by the City in accordance with Title 14, Code of Federal Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation Administration by letter dated April 28, 1992, net of amounts that collecting air carriers are entitled to retain for collecting, handling, and remitting such passenger facility charge revenues, as provided in the FAA Regulations.

(2) "PFC Debt Service Account" means the special subaccount created within the PFC Fund by Section 201 hereof.

(3) "PFC Fund" means the special account created within the Airport System Fund by Section 201 hereof.

(4) "PFC Project Account" means the special subaccount created within the PFC Fund by Section 201 hereof.

Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions of this Ninth Supplemental Ordinance) by the Council and the officers of the City relating to the Passenger Facility Charges be, and the same hereby is, authorized, ratified, approved and confirmed.

Section 105. Ordinance an Irrepealable Contract. This Ninth Supplemental Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City and owners of the Bonds, except as otherwise provided in the General Bond Ordinance.

Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency; but nothing herein shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other Bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 107. Severability. If any section, subsection, paragraph, clause, or other provision of this Ninth Supplemental Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Ninth Supplemental Ordinance.

Section 108. Effective Date. This Ninth Supplemental Ordinance shall take effect immediately upon its final passage and publication.

Section 109. Publications. The bill for this Ninth Supplemental Ordinance and this Ninth Supplemental Ordinance are hereby authorized and directed to be published as required by the Charter.

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

Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager, Director and other officers and employees of the City are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Ninth Supplemental Ordinance.

## ARTICLE II ADMINISTRATION OF AND ACCOUNTING FOR PASSENGER FACILITY CHARGES

Section 201. Creation of Fund. The City hereby establishes a separate account within the Airport System Fund, to be designated the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund," (the "PFC Fund") which shall be under the control of the City. The City hereby also establishes within the PFC Fund separate subaccounts to be designated the "PFC Debt Service Account" and the "PFC Project Account," respectively.

Section 202. Deposit to Fund. To the extent not otherwise required to be applied as Gross Revenues by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series of 1985, all Passenger Facility Charges, upon their receipt from time to time by the City, shall be set aside and immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the order of priority, as follows:

A. PFC Debt Service Account. First, there shall be credited to the PFC Debt Service Account the lesser of (i) all Passenger Facility Charges so received in each Fiscal Year, and (ii) such amounts in each Fiscal Year which, together with other available amounts credited thereto, will be necessary to make the payments required in such Fiscal Year by Section 203A hereof. If no such payments are required by Section 203A hereof, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account, unless otherwise directed by the Manager.

B. PFC Project Account. Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year and not otherwise required to be applied.

Section 203. Disposition of Fund. Amounts credited to the PFC Fund shall be applied as follows:

A. PFC Debt Service Account. Amounts credited to the PFC Debt Service Account are hereby irrevocably committed through December 31, 2000 to the payment of Debt Service Requirements of Bonds. Amounts credited to the PFC Debt Service Account shall be transferred to the Bond Fund in a timely manner and expended to pay Debt Service Requirements of Bonds in the following amounts and Fiscal Years:

1994 - \$39,378,000	1998 - \$39,378,000
1995 - \$39,378,000	1999 - \$39,378,000
1996 - \$39,378,000	2000 - \$39,378,000
1997 - \$39,378,000	

In addition, any amounts transferred through December 31, 2000 to the PFC Debt Service Account from the PFC Project Account by any subsequent direction of the Manager shall be expended to pay Debt Service Requirements of Bonds. Any amounts remaining in the PFC Debt Service Account on December 31, 2000, shall be credited to the PFC Project Account.

B. PFC Project Account. Amounts credited to the PFC Project Account shall be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including transfer to the PFC Debt Service Account to pay Debt Service Requirements.

Section 204. Administration of Fund. The PFC Fund and the subaccounts therein shall be maintained as book accounts and kept separate from all other accounts as trust accounts solely for the purposes herein designated. The moneys accounted for in such book accounts shall be deposited in one or more bank accounts, but nothing herein prevents the commingling of moneys accounted for in the PFC Fund with other amounts held in any account or subaccount in the Airport System Fund. Any such bank account shall be secured by the official bond or bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds, and shall be irrevocable and not withdrawable by anyone for any purpose other than the purpose or purposes designated therefor.

Section 205. Investment of Fund. Moneys held from time to time in the PFC Fund shall be deposited or invested by the Treasurer, with the approval of the Manager, substantially as provided in Section 603 of the 1984 Airport System General Bond Ordinance. Any Investment Securities purchased as an investment or reinvestment of moneys in the Committed Debt Service Account or the PFC Project Account shall be deemed at all times to be a part of the PFC Debt Service Account or PFC Project Account, respectively, and held in trust therefor. Any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities, as well as any interest and other gains from the deposit of moneys in a commercial bank, shall be credited or charged to the PFC Debt Service Account or PFC Project Account, as the case may be, as such gain or loss is realized.

Section 206. Other Administration. Except as otherwise provided herein, the PFC Fund shall otherwise be generally administered in substantially the same manner as provided in Article VI of the 1984 Airport System General Bond Ordinance.

Section 207. PFC Maintenance. So long as the imposition and use of a passenger facility charge is necessary to operate the Airport System in accordance with the requirements of the General Bond Ordinance, the City shall use its best efforts both to continue to impose and use a passenger facility charge and to comply with all valid and applicable federal laws and regulations as may be necessary to such imposition and use.

### ARTICLE III MISCELLANEOUS

Section 301. Other Passenger Taxes or Charges. Nothing in this Ninth Supplemental Ordinance shall be construed to limit the application by the City of any passenger taxes or other passenger charges not constituting the Passenger Facility Charges.

PASSED BY THE COUNCIL Sept 21, 1992

D. D. [Signature] - <sup>Acting</sup> PRESIDENT [Signature]

APPROVED: [Signature] - MAYOR, Sept 23, 1992

ATTEST: [Signature] - CLERK AND RECORDER,  
EX-OFFICIO CLERK OF THE  
CITY AND COUNTY OF DENVER

PUBLISHED IN THE DAILY JOURNAL Sept 11, 1992 AND Sept 18, 1992

PREPARED BY: DAVIS, GRAHAM & STUBBS AND TRIMBLE, TATE AND  
NULAN, P.C. - 1 / 192

REVIEWED BY: [Signature] CITY ATTORNEY 913, 1992

SPONSORED BY COUNCIL MEMBER(S) \_\_\_\_\_





## **Eleventh – Fourteenth Supplemental Ordinances**

~~Rate Commission Date Any successor Paying Agent or Registrar shall be a commercial bank with trust powers.~~

Section 1009. Amendment of General Bond Ordinance.

A. Amendments.

(1) Definition of Outstanding. Section 102A(57) of the General Bond Ordinance is hereby amended to read as follows:

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

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

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

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

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

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

B. Effective Date. The amendment to the General Bond Ordinance set forth in this Section 1009 shall be effective immediately.

**Fifteenth Supplemental Ordinance**

~~C. This Section 505 of this Fifteenth Supplemental Ordinance is a declaration of intent to reimburse under Treasury Regulation Section 1.150-2(c).~~

Section 506. Amendment of General Bond Ordinance.

A. Amendments.

(1) Definition of Director. Section 102A(28) of the General Bond Ordinance is hereby amended to read as follows:

(28) "Director" means the manager of the City's Department of Aviation, or his designee and successor in functions, if any (being the successor in function of the Deputy Manager of Public Works - Aviation).

(2) Definition of Manager. Section 102A(45) of the General Bond Ordinance is hereby amended to read as follows:

(45) "Manager" means the manager of the City's Department of Aviation, or his designee and successor in functions, if any (being the successor in function with respect to the Airport of the manager of the City's Department of Public Works).

~~Section 507. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 1994A Bonds and the Series 1994A Project and New Airport Project.~~

## **Sixteenth Supplemental Ordinance**

~~4. In the event the Insured Bonds are refunded by the City by means of a transaction utilizing a forward supply contract, such contract shall be subject to the prior written approval of the Insurer.~~

~~5. No Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to Section 509 of the 1984 Airport System General Bond Ordinance, as amended and supplemented, unless the then current rating of the provider of such Credit Facility by Moody's or by Standard & Poor's Ratings Group is in one of the two highest rating categories of such rating agency.~~

Section 506. Amendment of General Bond Ordinance.

A. Amendment.

(1) Preambles. The preambles of the General Bond Ordinance are hereby amended by deleting paragraph (5) thereof and substituting the following:

(5) WHEREAS, the Charter vests in the Department of Aviation the management and control of the Airport System (as defined herein) of the City; and

(6) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), the City designated the Department as an "enterprise" within the meaning of sec. 20, art. X, State Constitution; and

(7) WHEREAS, the Enterprise Ordinance provides that the City owns the Department; the Manager of the Department is the governing body of the Department; and the Department has the authority

to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(8) WHEREAS, this 1984 Airport System General Bond Ordinance is intended to govern the issuance of, and establish general provisions relating to, revenue bonds issued by the City, and by the City for and on behalf of the Department, payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts of the Airport System as herein provided.

(2) Definition of Airport or Airport System. Section 102A(2) of the General Bond Ordinance is hereby amended to read as follows:

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

(a) Stapleton International Airport;

(b) Denver International Airport;

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



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

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

(3) Definition of Bonds. Section 102A(12) of the General Bond Ordinance is hereby amended to read as follows:

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

(4) Definition of Department. Section 102A of the General Bond Ordinance is hereby amended by the addition of a new subsection (27.1) to read as follows:

"(27.1) "Department" means the Department of Aviation of the City and its successor in functions, if any."

(5) Conditions to Issuance. Section 303 of the General Bond Ordinance is hereby amended by the addition of a new subsection C to read as follows:

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

B. Effective Date. The amendment to the General Bond Ordinance set forth in this Section 507 shall be effective immediately.

~~Section 507. Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.~~

~~Section 508. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 1995A Bonds and the Series 1995A Refunding Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 1995A Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City, for and on behalf of the Department.~~

## **Twenty-First Supplemental Ordinance**

BY AUTHORITY

ORDINANCE NO. 890

SERIES OF 1996

COUNCIL BILL NO. 877

COMMITTEE OF REFERENCE

DIA

A BILL

FOR AN ORDINANCE CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; ADDITIONALLY PROVIDING FOR THE ADMINISTRATION OF CERTAIN PASSENGER FACILITY CHARGES RECEIVED IN CONNECTION THEREWITH; RATIFYING ACTION PREVIOUSLY TAKEN; PROVIDING OTHER MATTERS RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE THEREOF.

(1) WHEREAS, the City and County of Denver, in the State of Colorado, is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City (references to provisions therein being to the 1960 Compilation, as amended), and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter in the Department of Aviation of the City; and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance") the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution; and

(5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(6) WHEREAS, pursuant to Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance" (as amended and supplemented from time to time the "General Bond Ordinance") there have heretofore been issued in respect of the Airport System multiple series of Bonds; and

(7) WHEREAS, the City has imposed certain passenger facility charges for the use of its Airport System; and

(8) WHEREAS, Section 102A(27) of the 1984 Airport System General Bond Ordinance provides that for any computation relating to the issuance of additional Bonds required by Section 704 thereof and any computation required by the rate maintenance covenant in Section 901 thereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make such payments during such period; and

(9) WHEREAS, Section 501 of the 1984 Airport System General Bond Ordinance provides that subject to certain limitations (not relevant here) separate additional accounts and subaccounts may be created within the Airport System Fund by supplemental ordinance; and

(10) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992, cited as the "Ninth Airport System Supplemental Bond Ordinance" (the "Ninth Supplemental Ordinance") established the PFC Fund as a separate account within the Airport System Fund and the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund; and provided for the administration of and accounting for certain Passenger Facility Charges (as defined therein); and

(11) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has executed a resolution approving, authorizing and requesting additional provision for the administration of such Passenger Facility Charges; and

(12) WHEREAS, the Council has determined and does hereby declare that it is necessary and appropriate to provide additionally for the administration of such Passenger Facility Charges and thereby to confirm and implement the following construction of the General Bond Ordinance:

A. Gross Revenues. Except to the extent otherwise required by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series 1985, Passenger Facility Charges are not to be treated as Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

B. Debt Service Requirements. All amounts credited to the PFC Debt Service Account, which amounts are irrevocably committed to pay the Debt Service Requirements of Bonds, are not to be included in the computation of Debt Service Requirements relating to the issuance of additional Bonds by Section 704 of the 1984 Airport System General Bond Ordinance or in any computation required by the rate maintenance covenant in Section 901 of the 1984 Airport System General Bond Ordinance; and

C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole or in part by amounts credited to the PFC Debt Service Account are to be Credit Enhanced Bonds under the General Bond Ordinance.

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

**ARTICLE I  
SHORT TITLE, DEFINITIONS, RATIFICATION, AUTHENTICATION,  
PUBLICATION AND EFFECTIVE DATE**

Section 101. Short Title. This ordinance may be cited as the "Twenty-first Airport System Supplemental Bond Ordinance" (the "Twenty-first Supplemental Ordinance") and is adopted for and on behalf of its Department of Aviation.

Section 102. Supplemental Ordinance. This Twenty-first Supplemental Ordinance is supplemental to and is adopted in accordance with the provisions of the General Bond Ordinance.

Section 103. Meanings and Construction.

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

B. Additional Definitions. For all the purposes of this Twenty-first Supplemental Ordinance and of any other document relating hereto, except where the context by clear implication otherwise requires:

(1) "Passenger Facility Charges" means revenues received by the City from the passenger facility charge imposed by the City in accordance with Title 14, Code of Federal Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation Administration by letter dated April 28, 1992, net of amounts that collecting air carriers are entitled to retain for collecting, handling, and remitting such passenger facility charge revenues, as provided in the FAA Regulations.

(2) "PFC Debt Service Account" means the special subaccount created within the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.



(3) "PFC Fund" means the special account created within the Airport System Fund by Section 201 of the Ninth Supplemental Ordinance.

(4) "PFC Project Account" means the special subaccount created within the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions of this Twenty-first Supplemental Ordinance) by the Council and the officers of the City relating to the Passenger Facility Charges be, and the same hereby is, authorized, ratified, approved and confirmed.

Section 105. Ordinance an Irrepealable Contract. This Twenty-first Supplemental Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and owners of the Bonds, except as otherwise provided in the General Bond Ordinance.

Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency; but nothing herein shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other Bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 107. Severability. If any section, subsection, paragraph, clause, or other provision of this Twenty-first Supplemental Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Twenty-first Supplemental Ordinance.

Section 108. Effective Date. This Twenty-first Supplemental Ordinance shall take effect immediately upon its final passage and publication.

Section 109. Publications. The bill for this Twenty-first Supplemental Ordinance and this Twenty-first Supplemental Ordinance are hereby authorized and directed to be published as required by the Charter.

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

Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and other officers and employees of the City are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Twenty-first Supplemental Ordinance, including without limitation the execution by the Treasurer and Manager of a memorandum of understanding

implementing the Manager's commitment of additional amounts to the PFC Debt Service Fund, as contemplated by Section 202A hereof.

**ARTICLE II  
ADMINISTRATION OF AND ACCOUNTING  
FOR PASSENGER FACILITY CHARGES**

Section 201. Deposit to Fund. To the extent not otherwise required to be applied as Gross Revenues by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series of 1985, and in addition to the deposits required therein by the Ninth Supplemental Ordinance, all Passenger Facility Charges, upon their receipt by the City, shall be set aside and immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the order of priority, as follows:

A. PFC Debt Service Account. First, there shall be credited to the PFC Debt Service Account the lesser of (i) all Passenger Facility Charges so received in the Fiscal Year ending December 31, 2001, and (ii) such amounts in such Fiscal Year which, together with other available amounts credited thereto, will be necessary to make the payments required in the Fiscal Year ending December 31, 2001, by Section 202A hereof. Except as such payments are required by the Ninth Supplemental Ordinance or by Section 202A hereof, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account, unless otherwise directed by the Manager.

B. PFC Project Account. Second, to the PFC Project Account all Passenger Facility Charges so received by the City in such Fiscal Year and not otherwise required to be applied.

Section 202. Disposition of Fund. In addition to the requirements of Section 203 of the Ninth Supplemental Ordinance, amounts credited to the PFC Fund shall be applied as follows:

A. PFC Debt Service Account. Amounts credited to the PFC Debt Service Account are hereby irrevocably committed in the amount of \$39,378,000 to the payment of Debt Service Requirements of Bonds in the Fiscal Year ending December 31, 2001. Amounts credited to the PFC Debt Service Account shall be transferred to the Bond Fund in a timely manner and expended to pay Debt Service Requirements of Bonds in such amount and Fiscal Year. In addition, any additional amounts transferred for such purpose to the PFC Debt Service Account from the PFC Project Account by any subsequent direction of the Manager shall be expended to pay Debt Service Requirements of Bonds in the Fiscal Year ending December 31, 2001. Notwithstanding the provisions of the Ninth Supplemental Ordinance, any amounts remaining on December 31, 2000, in the PFC Debt Service Account after the payments required by Section 203 of the Ninth Supplemental Ordinance shall remain on deposit therein and be used to make the payments required by this Section 202A. Any amounts remaining in the PFC Debt Service Account on December 31, 2001, shall be credited to the PFC Project Account.

B. PFC Project Account. Amounts credited to the PFC Project Account shall be applied to any lawful purpose relating to the Airport System as the Manager may from time to

time determine, including transfer to the PFC Debt Service Account to pay Debt Service Requirements.

Section 203. Administration of Fund. Except as provided herein, the PFC Fund and the subaccounts therein shall continue to be administered and accounted for as provided in the Ninth Supplemental Ordinance.

Section 204. PFC Maintenance. So long as the imposition and use of a passenger facility charge is necessary to operate the Airport System in accordance with the requirements of the General Bond Ordinance, the City shall use its best efforts both to continue to impose and use a passenger facility charge and to comply with all valid and applicable federal laws and regulations as may be necessary to such imposition and use.

### **ARTICLE III MISCELLANEOUS**

Section 301. Other Passenger Taxes or Charges. This Twenty-first Supplemental Ordinance shall be applicable only to amounts derived from the Passenger Facility Charges (as defined herein) and the investment thereof; and nothing in this Twenty-first Supplemental Ordinance shall be construed to limit the application by the City, for itself or for and on behalf of the Department, of any other passenger facility charges authorized under the FAA Regulations or other passenger taxes or passenger charges, not constituting such Passenger Facility Charges.

PASSED BY THE COUNCIL October 15 1996

Cathy Reynolds - PRESIDENT

APPROVED: Wally Duff MAYOR OCT. 16 1996

ATTEST: Jo Anne Kemp - CLERK AND RECORDER,  
EX-OFFICIO CLERK OF THE  
CITY AND COUNTY OF DENVER  
Deputy

PUBLISHED IN THE DENVER POST Oct. 11 1996 AND Oct. 17 1996

PREPARED BY: HOGAN & HARTSON L.L.P. AND TRIMBLE AND NULAN, P.C.

REVIEWED BY: Ray Green CITY ATTORNEY 10/9 1996

SPONSORED BY COUNCIL MEMBER(S) \_\_\_\_\_

## **Twenty-Second Supplemental Ordinance**

~~B. The maximum principal amount of the bonds that the City intends to issue for the purpose of reimbursing the Capital Fund for expenditures to pay Costs of such Airport Facilities previously made and to be made after the date hereof and before such Bonds are issued is \$5,000,000. Such amounts are in addition to amounts referred to in any and all previous declarations of intent to reimburse made by the City with respect to any Improvement Project.~~

~~C. This Section 504 of this Twenty-second Supplemental Ordinance is a declaration of intent to reimburse under Treasury Regulation Section 1.150-2(e).~~

Section 505. Amendment of General Bond Ordinance.

A. Amendment. Section 1014 of the General Bond Ordinance is hereby amended to read as follows:

"Section 1014. Leases. The City may execute leases, licenses, easements, or other agreements for the use of any part of the Airport System with the Federal Government or any other persons, if such instrument shall not, in the opinion of the Manager, materially and adversely affect the City's ability to comply with the requirements of § 901 hereof; but any such lease or other agreement, excluding presently existing leases and other existing agreements, and excluding any future Net Rent Lease relating to any Special Facilities and made in accordance with the provisions of art. VIII hereof, but including any other future Net Rent Leases or other future agreements negotiated on a net rent basis, shall contain provisions for the reestablishment of the amount of rental or other payments (which, at the



discretion of the Manager, may be in a fixed amount or may be based upon an index, formula or other predetermined method) at intervals of not more than five years beginning with the effective date of any such lease or other agreement; provided that any such provisions shall in any event permit an increase in rents, rates, fees, and other charges in excess of those that would otherwise result, if necessary to comply with the provisions of art. IX hereof.

B. Effective Date. The amendment of the General Bond Ordinance set forth in this Section 505 shall be effective immediately.

~~Section 506. Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.~~

~~Section 507. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 1996C Bonds and the Series 1996C Refunding Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 1996C Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City, for and on behalf of the Department.~~

## **Twenty-Seventh Supplemental Ordinance**

BY AUTHORITY

ORDINANCE NO. 820

COUNCIL BILL NO. 836

SERIES OF 1998

COMMITTEE OF REFERENCE

SPECIAL PROJECTS & DIA

A BILL

FOR AN ORDINANCE CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; ADDITIONALLY PROVIDING FOR THE ADMINISTRATION OF CERTAIN PASSENGER FACILITY CHARGES RECEIVED IN CONNECTION THEREWITH; RATIFYING ACTION PREVIOUSLY TAKEN; PROVIDING OTHER MATTERS RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE THEREOF.

(1) WHEREAS, the City and County of Denver, in the State of Colorado, is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City (references to provisions therein being to the 1960 Compilation, as amended), and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter in the Department of Aviation of the City; and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance") the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution; and

(5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(6) WHEREAS, pursuant to Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance" (as amended and supplemented from time to time the "General Bond Ordinance") there have heretofore been issued, and will in the future be issued, in respect of the Airport System multiple series of Bonds; and

(7) WHEREAS, the City has imposed certain passenger facility charges for the use of its Airport System; and

(8) WHEREAS, Section 102A(27) of the 1984 Airport System General Bond Ordinance provides that for any computation relating to the issuance of additional Bonds required by Section 704 thereof and any computation required by the rate maintenance covenant in Section 901 thereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make such payments during such period; and

(9) WHEREAS, Section 501 of the 1984 Airport System General Bond Ordinance provides that subject to certain limitations (not relevant here) separate additional accounts and subaccounts may be created within the Airport System Fund by supplemental ordinance; and

(10) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992, cited as the "Ninth Airport System Supplemental Bond Ordinance" (the "Ninth Supplemental Ordinance") established the PFC Fund as a separate account within the Airport System Fund and the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund; and provided for the administration of and accounting for certain Passenger Facility Charges (as defined therein); and

(11) WHEREAS, Ordinance No. 890, Series of 1996, cited as the "Twenty-first Airport System Supplemental Bond Ordinance" (the "Twenty-first Supplemental Ordinance") provided additionally for the administration of such Passenger Facility Charges; and

(12) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has executed a resolution approving, authorizing and requesting additional provision for the administration of such Passenger Facility Charges; and

(13) WHEREAS, the Council has determined and does hereby declare that it is necessary and appropriate to provide additionally for the administration of such Passenger Facility Charges and thereby to confirm and implement the following construction of the General Bond Ordinance:

A. Gross Revenues. Except to the extent otherwise required by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series 1985, Passenger Facility Charges are not to be treated as Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

B. Debt Service Requirements. All amounts credited to the PFC Debt Service Account, which amounts are irrevocably committed to pay the Debt Service Requirements of Bonds, are not to be included in the computation of Debt Service Requirements relating to the issuance of additional Bonds by Section 704 of the 1984 Airport System General Bond Ordinance or in any computation required by the rate maintenance covenant in Section 901 of the 1984 Airport System General Bond Ordinance; and

C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole or in part by amounts credited to the PFC Debt Service Account are to be Credit Enhanced Bonds under the General Bond Ordinance.

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

**ARTICLE I**  
**SHORT TITLE, DEFINITIONS, RATIFICATION, AUTHENTICATION,**  
**PUBLICATION AND EFFECTIVE DATE**

Section 101. Short Title. This ordinance may be cited as the "Twenty-seventh Airport System Supplemental Bond Ordinance" (the "Twenty-seventh Supplemental Ordinance") and is adopted for and on behalf of its Department of Aviation.

Section 102. Supplemental Ordinance. This Twenty-seventh Supplemental Ordinance is supplemental to and is adopted in accordance with the provisions of the General Bond Ordinance.

Section 103. Meanings and Construction.

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

B. Additional Definitions. For all the purposes of this Twenty-seventh Supplemental Ordinance and of any other document relating hereto, except where the context by clear implication otherwise requires:

(1) "Passenger Facility Charges" means revenues received by the City from the passenger facility charge imposed by the City in accordance with Title 14, Code of Federal Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation

Administration by letter dated April 28, 1992, net of amounts that collecting air carriers are entitled to retain for collecting, handling, and remitting such passenger facility charge revenues, as provided in the FAA Regulations.

(2) "PFC Debt Service Account" means the special subaccount created within the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

(3) "PFC Fund" means the special account created within the Airport System Fund by Section 201 of the Ninth Supplemental Ordinance.

(4) "PFC Project Account" means the special subaccount created within the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions of this Twenty-seventh Supplemental Ordinance) by the Council and the officers of the City relating to the Passenger Facility Charges be, and the same hereby is, authorized, ratified, approved and confirmed.

Section 105. Ordinance an Irrepealable Contract. This Twenty-seventh Supplemental Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and owners of the Bonds, except as otherwise provided in the General Bond Ordinance.



Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency; but nothing herein shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other Bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 107. Severability. If any section, subsection, paragraph, clause, or other provision of this Twenty-seventh Supplemental Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Twenty-seventh Supplemental Ordinance.

Section 108. Effective Date. This Twenty-seventh Supplemental Ordinance shall take effect immediately upon its final passage and publication.

Section 109. Publications. The bill for this Twenty-seventh Supplemental Ordinance and this Twenty-seventh Supplemental Ordinance are hereby authorized and directed to be published as required by the Charter.

Section 110. Recordation and Authentication. This Twenty-seventh Supplemental Ordinance shall be recorded after its passage in a Book of Ordinances of the City, kept for that

purpose, and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.

Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and other officers and employees of the City are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Twenty-seventh Supplemental Ordinance, including without limitation the execution by the Treasurer and Manager of a memorandum of understanding implementing the Manager's commitment of additional amounts to the PFC Debt Service Fund, as contemplated by Section 202A hereof.

**ARTICLE II  
ADMINISTRATION OF AND ACCOUNTING  
FOR PASSENGER FACILITY CHARGES**

Section 201. Deposit to Fund. To the extent not otherwise required to be applied as Gross Revenues by Section 102A(38) of the 1984 Airport System General Bond Ordinance, as amended by Section 502A(1) of Ordinance No. 674, Series of 1985, and in addition to the deposits required therein by the Ninth Supplemental Ordinance and the Twenty-first Supplemental Ordinance, all Passenger Facility Charges, upon their receipt by the City, shall be set aside and immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the order of priority, as follows:

A. PFC Debt Service Account. First, there shall be credited to the PFC Debt Service Account the lesser of (i) all Passenger Facility Charges so received in each of the Fiscal

Years ending December 31, 2002 and December 31, 2003, and (ii) such amounts in each such Fiscal Year which, together with other available amounts credited thereto, will be necessary to make the payments required in each of the Fiscal Years ending December 31, 2002 and December 31, 2003, by Section 202A hereof. Except as such payments are required by the Ninth Supplemental Ordinance, by the Twenty-first Supplemental Ordinance or by Section 202A hereof, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account, unless otherwise directed by the Manager.

B. PFC Project Account. Second, to the PFC Project Account all Passenger Facility Charges so received by the City in such Fiscal Year and not otherwise required to be applied.

Section 202. Disposition of Fund. In addition to the requirements of Section 203 of the Ninth Supplemental Ordinance and Section 202A of the Twenty-first Supplemental Ordinance, amounts credited to the PFC Fund shall be applied as follows:

A. PFC Debt Service Account. Amounts credited to the PFC Debt Service Account are hereby irrevocably committed in the amount of \$39,378,000 to the payment of Debt Service Requirements of Bonds in each of the Fiscal Years ending December 31, 2002 and December 31, 2003. Amounts credited to the PFC Debt Service Account shall be transferred to the Bond Fund in a timely manner and expended to pay Debt Service Requirements of Bonds in such amount and Fiscal Years. In addition, any additional amounts transferred for such purpose to the PFC Debt Service Account from the PFC Project Account by any subsequent direction of the

Manager shall be expended to pay Debt Service Requirements of Bonds in the Fiscal Years ending December 31, 1998 through December 31, 2003. Notwithstanding the provisions of the Twenty-first Supplemental Ordinance, any amounts remaining on December 31, 2001, in the PFC Debt Service Account after the payments required by Section 202A of the Twenty-first Supplemental Ordinance shall remain on deposit therein and be used to make the payments required by this Section 202A. Any amounts remaining in the PFC Debt Service Account on December 31, 2003, shall be credited to the PFC Project Account.

B. PFC Project Account. Amounts credited to the PFC Project Account shall be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including transfer to the PFC Debt Service Account to pay Debt Service Requirements.

Section 203. Administration of Fund. Except as provided herein, the PFC Fund and the subaccounts therein shall continue to be administered and accounted for as provided in the Ninth Supplemental Ordinance and the Twenty-first Supplemental Ordinance.

Section 204. PFC Maintenance. So long as the imposition and use of a passenger facility charge is necessary to operate the Airport System in accordance with the requirements of the General Bond Ordinance, the City shall use its best efforts both to continue to impose and use a passenger facility charge and to comply with all valid and applicable federal laws and regulations as may be necessary to such imposition and use.

**ARTICLE III  
MISCELLANEOUS**

Section 301. Other Passenger Taxes or Charges. This Twenty-seventh Supplemental Ordinance shall be applicable only to amounts derived from the Passenger Facility Charges (as defined herein) and the investment thereof; and nothing in this Twenty-seventh Supplemental Ordinance shall be construed to limit the application by the City, for itself or for and on behalf of the Department, of any other passenger facility charges authorized under the FAA Regulations or other passenger taxes or passenger charges, not constituting such Passenger Facility Charges.

PASSED BY THE COUNCIL November 23 1998

Hogay Hayms -PRESIDENT

APPROVED: Fred Wong **ACTING MAYOR** -MAYOR Nov 24 1998

ATTEST: Guerrante Godoy -CLERK AND RECORDER,  
EX-OFFICIO CLERK OF THE  
CITY AND COUNTY OF DENVER

PUBLISHED IN THE ROCKY MOUNTAIN NEWS Nov. 20, 1998 AND Nov. 27, 1998

PREPARED BY: HOGAN & HARTSON L.L.P. AND TRIMBLE AND NULAN, P.C.

REVIEWED BY: Don Wilson asst-CITY ATTORNEY \_\_\_\_\_ 1998

SPONSORED BY COUNCIL MEMBER(S) \_\_\_\_\_

## **Thirty-Sixth Supplemental Ordinance**

1 BY AUTHORITY

2 ORDINANCE NO. 538

COUNCIL BILL NO. 499

3 SERIES OF 2001

COMMITTEE OF REFERENCE

4 DIA & STAPLETON

5 A BILL

6 For an ordinance concerning the Airport Facilities of the City and County of  
7 Denver; providing for the administration of certain passenger facility charges  
8 received in connection therewith; ratifying action previously taken relating thereto;  
9 providing other matters relating thereto; and providing the effective date thereof.

10 (1) WHEREAS, the City and County of Denver, in the State of Colorado, is a  
11 municipal corporation duly organized and existing as a home-rule city under Article XX, State  
12 Constitution, and under the Charter of the City (references to provisions therein being to the  
13 1960 Compilation, as amended), and is a political subdivision of the State; and

14 (2) WHEREAS, subject to certain exceptions, all legislative powers possessed by  
15 the City, conferred by Article XX, State Constitution, or contained in the Charter, as either has  
16 from time to time been amended, or otherwise existing by operation of law, are vested in the  
17 city council of the City; and

18 (3) WHEREAS, pursuant to Article XX, State Constitution, the Charter, and the  
19 plenary grant of powers as a home-rule city, the City has acquired certain airport facilities  
20 constituting its Airport System, the management, operation, and control of which is vested by  
21 the Charter in the Department of Aviation of the City; and

22 (4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
23 the City designated the Department as an "enterprise" within the meaning of Section 20,  
24 Article X, State Constitution; and

25 (5) WHEREAS, the Enterprise Ordinance provides that, the City owns the  
26 Department; the Manager of the Department of Aviation is the governing body of the  
27 Department; and the Department has the authority to issue its own bonds or other financial  
28 obligations in the name of the City, payable solely from revenues derived or to be derived from  
29 the functions, services, benefits or facilities of the Department or from any other available  
30 funds, as authorized by ordinance after approval and authorization by the Manager; and



1 (6) WHEREAS, pursuant to Ordinance No. 626, Series of 1984, cited as the "1984  
2 Airport System General Bond Ordinance" (as amended and supplemented from time to time  
3 the "General Bond Ordinance") there have heretofore been issued, and will in the future be  
4 issued, multiple series of Bonds in respect of the Airport System and

5 (7) WHEREAS, the City has imposed certain passenger facility charges for the use of  
6 the Airport System; and

7 (8) WHEREAS, Section 102A(27) of the General Bond Ordinance provides that for  
8 any computation relating to the issuance of additional Bonds required by Section 704 thereof  
9 and any computation required by the rate maintenance covenant in Section 901 thereof there  
10 shall be excluded from the computation of Debt Service Requirements amounts which are  
11 irrevocably committed to make such payments during such period; and

12 (9) WHEREAS, Section 501 of the General Bond Ordinance provides that subject to  
13 certain limitations (not relevant here) separate additional accounts and subaccounts may be  
14 created within the Airport System Fund by supplemental ordinance; and

15 (10) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992, cited as the "Ninth  
16 Airport System Supplemental Bond Ordinance" (the "Ninth Supplemental Ordinance")  
17 established the PFC Fund as a separate account within the Airport System Fund and the PFC  
18 Debt Service Account and the PFC Project Account as separate subaccounts within the PFC  
19 Fund; and provided for the administration of and accounting for certain Passenger Facility  
20 Charges (as defined herein); and

21 (11) WHEREAS, Ordinance No. 890, Series of 1996, cited as the "Twenty-first Airport  
22 System Supplemental Bond Ordinance" (the "Twenty-first Supplemental Ordinance") and  
23 Ordinance No. 820, Series of 1998, cited as the "Twenty-seventh Airport System Supplemental  
24 Bond Ordinance" (the "Twenty-seventh Supplemental Ordinance") provided further for the  
25 administration of certain Passenger Facility Charges; and

26 (12) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has  
27 executed a resolution approving, authorizing and requesting further provision for the  
28 administration of Passenger Facility Charges; and

29 (13) WHEREAS, the Council has determined and does hereby declare that it is  
30 necessary and appropriate to provide further for the administration of Passenger Facility

1 Charges and thereby to confirm and implement the following construction of the General Bond Ordinance:

3 A. Gross Revenues. Passenger Facility Charges are not to be treated as  
4 Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

5 B. Debt Service Requirements. All amounts credited to the PFC Debt Service  
6 Account that are irrevocably committed to pay the Debt Service Requirements of Bonds are  
7 excluded from the computation of Debt Service Requirements relating to the issuance of  
8 additional Bonds by Section 704 of the General Bond Ordinance or in any computation required  
9 by the rate maintenance covenant in Section 901 of the General Bond Ordinance; and

10 C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole  
11 or in part by amounts credited to the PFC Debt Service Account are Credit Enhanced Bonds  
12 under the General Bond Ordinance.

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

15 **ARTICLE I**  
16 **SHORT TITLE, DEFINITIONS, RATIFICATION, AUTHENTICATION,**  
17 **PUBLICATION AND EFFECTIVE DATE**

18 Section 101. Short Title. This ordinance may be cited as the "Thirty-sixth Airport System  
19 Supplemental Bond Ordinance" (the "Thirty-sixth Supplemental Ordinance") and is adopted for  
20 and on behalf of its Department of Aviation.

21 Section 102. Supplemental Ordinance. This Thirty-sixth Supplemental Ordinance is  
22 supplemental to and is adopted in accordance with the provisions of the General Bond  
23 Ordinance.

24 Section 103. Meanings and Construction.

25 A. General Bond Ordinance Definitions. All defined terms in this Thirty-sixth  
26 Supplemental Ordinance have the meanings set forth in the General Bond Ordinance, except as  
27 otherwise expressly provided herein.

28 B. Additional Definitions. For all the purposes of this Thirty-sixth Supplemental  
29 Ordinance and of any other document relating hereto, except where the context by clear  
30 implication otherwise requires:

1           (1)    "Committed Passenger Facility Charges" means two-thirds (2/3) of the  
2 Passenger Facility Charges received by the City from time to time.

3           (2)    "Passenger Facility Charges" means amounts received by the City from the  
4 passenger facility charges imposed by the City pursuant to Title 14, Code of Federal  
5 Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation  
6 Administration by letters dated April 28, 1992, October \_\_, 2000 and January \_\_, 2001  
7 net of amounts that collecting air carriers are entitled to retain for collecting, handling, and  
8 remitting such passenger facility charge revenues, as provided in the FAA Regulations.

9           (3)    "PFC Debt Service Account" means the special subaccount created within  
10 the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

11          (4)    "PFC Fund" means the special account created within the Airport System  
12 Fund by Section 201 of the Ninth Supplemental Ordinance.

13          (5)    "PFC Project Account" means the special subaccount created within the  
14 PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

15          Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions  
16 of this Thirty-sixth Supplemental Ordinance) by the Council and the officers of the City relating to  
17 the Passenger Facility Charges be, and the same hereby is, authorized, ratified, approved and  
18 confirmed.

19          Section 105. Ordinance an Irrepealable Contract. This Thirty-sixth Supplemental  
20 Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the  
21 City, for and on behalf of the Department, and owners of the Bonds, except as otherwise  
22 provided in the General Bond Ordinance.

23          Section 106. Repealer. All ordinances, resolutions, bylaws, orders, interdepartmental  
24 memoranda of understanding and other instruments, or parts thereof, inconsistent herewith are  
25 hereby repealed to the extent only of such inconsistency, it being intended that the procedure for  
26 the administration of Passenger Facilities Charges set forth herein replace and supercede the  
27 requirements of the Ninth Supplemental Ordinance, the Twenty-first Supplemental Ordinance  
28 and the Twenty-seventh Supplemental Ordinance, and the interdepartmental memoranda of  
29 understanding executed pursuant thereto. This repealer shall not be construed to revive any  
30 ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

1 Section 107. Severability. If any section, subsection, paragraph, clause, or other  
2 provision of this Thirty-sixth Supplemental Ordinance shall for any reason be held to be invalid or  
3 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
4 or other provision shall not affect any of the remaining provisions of this Thirty-sixth  
5 Supplemental Ordinance.

6 Section 108. Effective Date. This Thirty-sixth Supplemental Ordinance shall take effect  
7 immediately upon its final passage and publication.

8 Section 109. Publications. The bill for this Thirty-sixth Supplemental Ordinance and this  
9 Thirty-sixth Supplemental Ordinance are hereby authorized and directed to be published as  
10 required by the Charter.

11 Section 110. Recordation and Authentication. This Thirty-sixth Supplemental Ordinance  
12 shall be recorded after its passage in a Book of Ordinances of the City, kept for that purpose,  
13 and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.

14 Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and  
15 other officers and employees of the City are hereby authorized and directed to take all action  
16 necessary or appropriate to effect the provisions of this Thirty-sixth Supplemental Ordinance.

17 **ARTICLE II**  
18 **ADMINISTRATION OF AND ACCOUNTING**  
19 **FOR PASSENGER FACILITY CHARGES**

20 Section 201. Deposit to Fund. In lieu of the deposits required therein by the Ninth  
21 Supplemental Ordinance, the Twenty-first Supplemental Ordinance, and the Twenty-seventh  
22 Supplemental Ordinance, and all interdepartmental memoranda of understanding executed  
23 pursuant thereto, all Passenger Facility Charges, upon their receipt by the City, shall be set  
24 aside and immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the  
25 order of priority, as follows:

26 A. PFC Debt Service Account. First, to the PFC Debt Service Account in each  
27 of the Fiscal Years 2001 through 2006, inclusive, the lesser of (i) all Committed Passenger  
28 Facility Charges so received in each such Fiscal Year, and (ii) that portion of Committed  
29 Passenger Facility Charges so received in each such Fiscal Year which, together with other  
30 available amounts credited thereto, will be sufficient to make the payments from the PFC Debt  
31 Service Account required in each such Fiscal Year by Section 202A hereof. Except as such

1 payments are required by this Section 201A, no Passenger Facility Charges are required to be  
2 deposited to the credit of the PFC Debt Service Account.

3 B. PFC Project Account. Second, to the PFC Project Account all Passenger  
4 Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied  
5 by Section 201A hereof.

6 Section 202. Disposition of Fund. Amounts credited to the PFC Fund shall be applied as  
7 follows:

8 A. PFC Debt Service Account. The following amounts, to the extent credited  
9 to the PFC Debt Service Account, are hereby irrevocably committed to the payment of Debt  
10 Service Requirements of Bonds in each of the Fiscal Years 2001 through 2006, inclusive:

11	<u>Amount</u>	<u>Year</u>
12	\$54,441,000	2001
13	56,286,000	2002
14	58,316,000	2003
15	60,536,000	2004
16	62,851,000	2005
17	65,180,000	2006

18 Such amounts shall be transferred to the Bond Fund in a timely manner and expended to pay  
19 Debt Service Requirements of Bonds in such Fiscal Years. Any amounts remaining in the PFC  
20 Debt Service Account on December 31, 2006, shall be credited to the PFC Project Account.

21 B. PFC Project Account. Amounts credited to the PFC Project Account may  
22 be applied to any lawful purpose relating to the Airport System as the Manager may from time to  
23 time determine, including transfer to the PFC Debt Service Account to pay Debt Service  
24 Requirements.

25 Section 203. Administration of Fund. The PFC Fund and the subaccounts therein shall  
26 be maintained as book accounts and kept separate from all other accounts as trust accounts  
27 solely for the purposes herein designated. The moneys accounted for in such book accounts  
28 shall be deposited in one or more bank accounts, but nothing herein prevents the commingling  
29 of moneys accounted for in the PFC Fund with other amounts held in any account or subaccount  
30 in the Airport System Fund. Any such bank account shall be secured by the official bond or  
31 bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted  
32 by the laws of the State for the securing of public funds, and shall be irrevocable and not

1 withdrawable by anyone for any purpose other than the purpose or purposes designated  
therefor.

3 Section 204. Investment of Fund. Moneys held from time to time in the PFC Fund shall  
4 be deposited or invested by the Treasurer, with the approval of the Manager, substantially as  
5 provided in Section 603 of the General Bond Ordinance. Any Investment Securities purchased  
6 as an investment or reinvestment of moneys in the PFC Debt Service Account or the PFC  
7 Project Account shall be deemed at all times to be a part of the PFC Debt Service Account or  
8 PFC Project Account, respectively, and held in trust therefor. Any interest earned on, or any  
9 profit or loss realized from the liquidation of, such Investment Securities, as well as any interest  
10 and other gains from the deposit of such moneys in a commercial bank, shall be credit or  
11 charged to the PFC Debt Service Account or PFC Project Account, as the case may be, as such  
12 gain or loss is realized.

13 Section 205. Other Administration. Except as otherwise provided herein, the PFC Fund  
14 shall otherwise be generally administered in substantially the same manner as provided in  
15 Article VI of the General Bond Ordinance.

16 Section 206. PFC Maintenance. So long as the imposition and use of a passenger  
17 facility charge is necessary to operate the Airport System in accordance with the requirements of  
18 the General Bond Ordinance, the City shall use its best efforts both to continue to impose and  
19 use a passenger facility charge and to comply with all valid and applicable federal laws and  
20 regulations as may be necessary to such imposition and use.

21 **ARTICLE III**  
22 **MISCELLANEOUS**

23 Section 301. Other Passenger Taxes or Charges. This Thirty-sixth Supplemental  
24 Ordinance shall be applicable only to amounts derived from the Passenger Facility Charges and  
25 the investment thereof; and nothing in this Thirty-sixth Supplemental Ordinance shall be  
26 construed to limit the application by the City, for itself or for and on behalf of the Department, of  
27 any other passenger facility charges authorized under the FAA Regulations or other passenger  
28 taxes or passenger charges, not constituting Passenger Facility Charges.

1 PASSED BY THE COUNCIL July 2 2001

2 Jane C. Los PRESIDENT **PRO-TEM**

3 APPROVED: [Signature] **ACTING MAJOR** July 3 2001

4 ATTEST: [Signature] CLERK AND RECORDER,  
5 EX-OFFICIO CLERK OF THE  
6 CITY AND COUNTY OF DENVER

7 PUBLISHED IN THE DAILY JOURNAL JUNE 29, 2001 AND JULY 6, 2001

8 PREPARED BY: HOGAN & HARTSON L.L.P. and TRIMBLE, TATE & NULAN, P.C.

9 REVIEWED BY: [Signature] CITY ATTORNEY 6/21 2001

10 SPONSORED BY COUNCIL MEMBER(S) \_\_\_\_\_



**Thirty-Eighth Supplemental Ordinance**



1 BY AUTHORITY

2 ORDINANCE NO. 716

COUNCIL BILL NO. 715

3 SERIES OF 2002

COMMITTEE OF REFERENCE

4 SPECIAL PROJECTS/DIA COMMITTEE

5 A BILL

6 For an ordinance concerning the Airport Facilities of the City and County of  
7 Denver; providing for the administration of certain passenger facility charges  
8 received in connection therewith; ratifying action previously taken relating thereto;  
9 providing other matters relating thereto; and providing the effective date thereof.

10 (1) WHEREAS, the City and County of Denver, in the State of Colorado, is a  
11 municipal corporation duly organized and existing as a home-rule city under Article XX, State  
12 Constitution, and under the Charter of the City (references to provisions therein being to the  
13 1960 Compilation, as amended), and is a political subdivision of the State; and

14 (2) WHEREAS, pursuant to Article XX, State Constitution, the Charter, and the  
15 plenary grant of powers as a home-rule city, the City has acquired certain airport facilities  
16 constituting its Airport System, the management, operation, and control of which is vested by  
17 the Charter in the Department of Aviation; and

18 (3) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
19 the City designated the Department as an "enterprise" within the meaning of Section 20,  
20 Article X, State Constitution; and

21 (4) WHEREAS, pursuant to Ordinance No. 626, Series of 1984 (as amended and  
22 supplemented from time to time the "General Bond Ordinance") there have heretofore been  
23 issued, and will in the future be issued, multiple series of Bonds in respect of the Airport  
24 System and

25 (5) WHEREAS, the City has imposed certain passenger facility charges for the use of  
26 the Airport System; and

27 (6) WHEREAS, Section 102A(27) of the General Bond Ordinance provides that for  
28 any computation relating to the issuance of additional Bonds required by Section 704 thereof  
29 and any computation required by the rate maintenance covenant in Section 901 thereof there

1 shall be excluded from the computation of Debt Service Requirements amounts which are  
2 irrevocably committed to make such payments during such period; and

3 (7) WHEREAS, Section 501 of the General Bond Ordinance provides that subject to  
4 certain limitations (not relevant here) separate additional accounts and subaccounts may be  
5 created within the Airport System Fund by Supplemental Ordinance; and

6 (8) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992, established the  
7 PFC Fund as a separate account within the Airport System Fund and the PFC Debt Service  
8 Account and the PFC Project Account as separate subaccounts within the PFC Fund; and  
9 provided for the administration of and accounting for Passenger Facility Charges (as defined  
10 herein); and

11 (9) WHEREAS, Ordinance No. 890, Series of 1996, Ordinance No. 820, Series of  
12 1998, and Ordinance No. 540, Series of 2001 (together with Ordinance No. 614, Series of 1992,  
13 the "Prior PFC Ordinances") enacted additional provisions for the administration of Passenger  
14 Facility Charges; and

15 (10) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has  
16 requested additional provision for the administration of Passenger Facility Charges; and

17 (11) WHEREAS, the Council has determined and does hereby declare that it is  
18 necessary and appropriate to so provide for the administration of Passenger Facility Charges  
19 and thereby to confirm and implement the following construction of the General Bond Ordinance:

20 A. Gross Revenues. Passenger Facility Charges are not to be treated as  
21 Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

22 B. Debt Service Requirements. All amounts credited to the PFC Debt Service  
23 Account that are irrevocably committed to pay the Debt Service Requirements of Bonds are  
24 excluded from the computation of Debt Service Requirements relating to the issuance of  
25 additional Bonds by Section 704 of the General Bond Ordinance or in any computation required  
26 by the rate maintenance covenant in Section 901 of the General Bond Ordinance; and

27 C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole  
28 or in part by amounts credited to the PFC Debt Service Account are Credit Enhanced Bonds  
29 under the General Bond Ordinance.

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



1 Passenger Facility Charges be, and the same hereby is, authorized, ratified, approved and  
2 confirmed.

3 Section 105. Ordinance an Irrepealable Contract. This Supplemental Ordinance and the  
4 General Bond Ordinance shall constitute an irrevocable contract between the City, for and on  
5 behalf of the Department, and owners of the Bonds, except as otherwise provided in the General  
6 Bond Ordinance.

7 Section 106. Repealer. All ordinances, resolutions, bylaws, orders, interdepartmental  
8 memoranda of understanding and other instruments, or parts thereof, inconsistent herewith are  
9 hereby repealed to the extent only of such inconsistency, it being intended that the procedure for  
10 the administration of Passenger Facilities Charges set forth herein replace and supercede the  
11 requirements of the Prior PFC Ordinances, and the interdepartmental memoranda of  
12 understanding executed pursuant thereto, only with respect to the current and future Fiscal  
13 Years. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or  
14 other instrument, or part thereof, heretofore repealed.

15 Section 107. Severability. If any section, subsection, paragraph, clause, or other  
16 provision of this Thirty-sixth Supplemental Ordinance shall for any reason be held to be invalid or  
17 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
18 or other provision shall not affect any of the remaining provisions of this Supplemental  
19 Ordinance.

20 Section 108. Effective Date. This Supplemental Ordinance shall take effect immediately  
21 upon its final passage and publication.

22 Section 109. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and  
23 other officers and employees of the City are hereby authorized and directed to take all action  
24 necessary or appropriate to effect the provisions of this Thirty-sixth Supplemental Ordinance.

25 **ARTICLE II**  
26 **ADMINISTRATION OF AND ACCOUNTING**  
27 **FOR PASSENGER FACILITY CHARGES**

28 Section 201. Deposit to Fund. In lieu of the deposits required therein by the Prior PFC  
29 Ordinances, and all interdepartmental memoranda of understanding executed pursuant thereto,  
30 all Passenger Facility Charges, upon their receipt by the City and in a timely manner to make the

1 transfers contemplated by Section 202A hereof, shall be set aside and immediately deposited  
2 directly to the credit of the subaccounts in the PFC Fund, in the order of priority, as follows:

3           A.   PFC Debt Service Account. First, to the PFC Debt Service Account (1) in  
4 Fiscal Year 2002 an amount, which together with other available amounts credited thereto, will  
5 equal \$63,186,000, and (2) in each of the Fiscal Years 2003 through 2007, inclusive, the lesser  
6 of (i) all Committed Passenger Facility Charges so received in each such Fiscal Year, and  
7 (ii) that portion of Committed Passenger Facility Charges so received in each such Fiscal Year  
8 which, together with other available amounts credited thereto, will be sufficient to make the  
9 payments from the PFC Debt Service Account required in each such Fiscal Year by  
10 Section 202A hereof. Except as such payments are required by this Section 201A, no  
11 Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service  
12 Account.

13           B.   PFC Project Account. Second, to the PFC Project Account all Passenger  
14 Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied  
15 by Section 201A hereof.

16           Section 202. Disposition of Fund. Amounts credited to the PFC Fund shall be applied as  
17 follows:

18           A.   PFC Debt Service Account. The following amounts, to the extent credited  
19 to the PFC Debt Service Account, are hereby irrevocably committed to the payment of Debt  
20 Service Requirements of Bonds in each of the Fiscal Years 2002 through 2007, inclusive:

21	<u>Amount:</u>	<u>Year</u>
22	\$63,186,000	2002
23	58,316,000	2003
24	60,536,000	2004
25	62,851,000	2005
26	65,180,000	2006
27	67,657,000	2007

28 Such amounts shall be transferred to the Bond Fund in a timely manner and expended to pay  
29 Debt Service Requirements of Bonds in such Fiscal Years. Any amounts remaining in the PFC  
30 Debt Service Account on December 31, 2007, shall be credited to the PFC Project Account.

31           B.   PFC Project Account. Amounts credited to the PFC Project Account may  
32 be applied to any lawful purpose relating to the Airport System as the Manager may from time to

1 time determine, including transfer to the PFC Debt Service Account to pay Debt Service  
2 Requirements.

3       Section 203. Administration of Fund. The PFC Fund and the subaccounts therein shall  
4 be maintained as book accounts and kept separate from all other accounts as trust accounts  
5 solely for the purposes herein designated. The moneys accounted for in such book accounts  
6 shall be deposited in one or more bank accounts, but nothing herein prevents the commingling  
7 of moneys accounted for in the PFC Fund with other amounts held in any account or subaccount  
8 in the Airport System Fund. Any such bank account shall be secured by the official bond or  
9 bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted  
10 by the laws of the State for the securing of public funds, and shall be irrevocable and not  
11 withdrawable by anyone for any purpose other than the purpose or purposes designated  
12 therefor.

13       Section 204. Investment of Fund. Moneys held from time to time in the PFC Fund shall  
14 be deposited or invested by the Treasurer, with the approval of the Manager, substantially as  
15 provided in Section 603 of the General Bond Ordinance. Any Investment Securities purchased  
16 as an investment or reinvestment of moneys in the PFC Debt Service Account or the PFC  
17 Project Account shall be deemed at all times to be a part of the PFC Debt Service Account or  
18 PFC Project Account, respectively, and held in trust therefor. Any interest earned on, or any  
19 profit or loss realized from the liquidation of, such Investment Securities, as well as any interest  
20 and other gains from the deposit of such moneys in a commercial bank, shall be credit or  
21 charged to the PFC Debt Service Account or PFC Project Account, as the case may be, as such  
22 gain or loss is realized.

23       Section 205. Other Administration. Except as otherwise provided herein, the PFC Fund  
24 shall otherwise be generally administered in substantially the same manner as provided in  
25 Article VI of the General Bond Ordinance.

26       Section 206. PFC Maintenance. So long as the imposition and use of a passenger  
27 facility charge is necessary to operate the Airport System in accordance with the requirements of  
28 the General Bond Ordinance, the City shall use its best efforts both to continue to impose and  
29 use a passenger facility charge and to comply with all valid and applicable federal laws and  
30 regulations as may be necessary to such imposition and use.

**ARTICLE III  
MISCELLANEOUS**

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Section 301. Other Passenger Taxes or Charges. This Supplemental Ordinance shall be applicable only to amounts derived from the Passenger Facility Charges and the investment thereof; and nothing in this Supplemental Ordinance shall be construed to limit the application by the City, for itself or for and on behalf of the Department, of any other passenger facility charges authorized under the FAA Regulations or other passenger taxes or passenger charges, not constituting Passenger Facility Charges.

1 PASSED BY THE COUNCIL September 9 2002

2 Cathy Bennett PRESIDENT

3 APPROVED: 9/10/02 MAYOR Willie E. Mitchell 2002

4 ATTEST Sherry Jackson CLERK AND RECORDER,  
5 EX-OFFICIO CLERK OF THE  
6 CITY AND COUNTY OF DENVER,

7 NOTICE PUBLISHED IN THE DAILY JOURNAL Sept. 6, 2002 AND Sept. 11, 2002

8 PREPARED BY: HOGAN & HARTSON L.L.P. and TRIMBLE, TATE, NULAN & EVANS, P.C.

9 REVIEWED BY: W. E. [Signature] CITY ATTORNEY 9/29 2002

10 SPONSORED BY COUNCIL MEMBER(S) \_\_\_\_\_





**Thirty-Ninth Supplemental Ordinance**

1 Proposed Amendments: "By the purchase and acceptance of this Bond from time to  
2 time, the owners (including without limitation Participants in the Securities Depository  
3 and beneficial owners) hereof and the Bond Insurer are deemed to have irrevocably  
4 (i) consented to the adoption by this Supplemental Ordinance of amendments to the  
5 General Bond Ordinance in substantially the form of the Proposed Amendments set  
6 forth as Exhibit E to the Official Statement relating to the Series 2002A1-A3 Refunding  
7 Bonds and (ii) appointed The Bank of Cherry Creek, a Branch of Western National Bank,  
8 and its successors, as their agent, with irrevocable instructions to file a written consent  
9 to that effect at the time and place and otherwise in the manner provided by the General  
10 Bond Ordinance."

11 In addition, copies of this notation, together with copies of the Proposed  
12 Amendments, shall be filed in one or more Nationally Recognized Municipal Securities  
13 Information Repository.

14 Section 1011. Notice to Auction Agent. While the Series 2002A1-A3  
15 Refunding Bonds of any Subseries bear interest at an Auction Rate, the City shall notify  
16 the Auction Agent regarding any amendments to the General Bond Ordinance and to  
17 this Supplemental Ordinance.

18 Section 1012. Amendments to General Bond Ordinance Without Consent.

19 A. Minimum Operation and Maintenance Reserve. Section 102(A)(48) of the  
20 General Bond Ordinance is hereby amended with immediate effect to read as follows:

21 "(48) 'Minimum Operation and Maintenance Reserve' means an amount  
22 equal to not less than one-sixth and not more than one-third of the actual  
23 Operation and Maintenance Expenses of the Airport System during the next  
24 preceding Fiscal Year, as determined by the Manager not more often than once  
25 in each Fiscal Year."

26 B. Operation and Maintenance Reserve Account. Section 513 of the  
27 General Bond Ordinance is hereby amended with immediate effect to read as follows:

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

17           Section 1013.       Authorization to Execute, Extend, Modify or Replace Certain  
18 Agreements. The Treasurer is hereby authorized without further approval of the Council  
19 to (i) extend or modify the terms of any Liquidity Facility, Credit Facility, Remarketing  
20 Agreement, Auction Agreement, Broker-Dealer Agreement, or other agreement  
21 approved hereby; and (ii) execute and deliver any additional or substitute Liquidity  
22 Facility, Credit Facility, Remarketing Agreement, Auction Agreement, Broker-Dealer  
23 Agreement, or other agreement approved hereby or required in connection with the  
24 Series 2002A1-A3 Refunding Bonds; provided that any such modified, extended,  
25 additional, or substitute agreement (i) shall be entered into for and on behalf of the  
26 Department, (ii) shall obligate only Airport System funds, (iii) shall be with existing  
27 parties or parties selected in accordance with City policies, and (iv) shall, in the  
28 judgment of the Treasurer, be in commercially customary form.

**Ordinance No. 470, Series of 2005**

BY AUTHORITY

1  
2 ORDINANCE NO. 470  
3 SERIES OF 2005  
4

COUNCIL BILL NO. 451  
COMMITTEE OF REFERENCE:  
ECONOMIC DEVELOPMENT COMMITTEE

5 A BILL

6 For an ordinance concerning the Airport Facilities of the City and County of  
7 Denver; authorizing certain amendments to the 1984 Airport System General  
8 Bond Ordinance, Ordinance No. 626, Series of 1984, as amended; ratifying  
9 action previously taken; providing for other related matters; and providing the  
10 effective date of the ordinance.

11 (1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City"  
12 and the "State," respectively), is a municipal corporation duly organized and existing as a  
13 home rule city under Article XX, State Constitution, and under the Charter of the City, and is a  
14 political subdivision of the State; and

15 (2) WHEREAS, subject to certain exceptions, all legislative powers possessed by  
16 the City, conferred by Article XX, State Constitution, or contained in the Charter of the City, as  
17 either has from time to time been amended, or otherwise existing by operation of law, are  
18 vested in the city council of the City; and

19 (3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City,  
20 and the plenary grant of powers as a home-rule city, the City has acquired certain airport  
21 facilities constituting its Airport System, the management, operation, and control of which is  
22 vested by the Charter of the City in the Department of Aviation of the City (the "Department");  
23 and

24 (4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
25 the City designated the Department as an "enterprise" within the meaning of Section 20,  
26 Article X, State Constitution; and

27 (5) WHEREAS, the Enterprise Ordinance provides that, the City owns the  
28 Department; the Manager of the Department of Aviation (the "Manager") is the governing body

1 of the Department; and the Department has the authority to issue its own bonds or other  
2 financial obligations in the name of the City, payable solely from revenues derived or to be  
3 derived from the functions, services, benefits or facilities of the Department or from any other  
4 available funds, as authorized by ordinance after approval and authorization by the Manager;  
5 and

6 (6) WHEREAS, pursuant to Ordinance No. 626, Series of 1984 (as amended and  
7 supplemented from time to time, the "General Bond Ordinance") there have heretofore been  
8 issued, and will in the future be issued, multiple series of Bonds and other obligations in  
9 respect of the Airport System; and

10 (7) WHEREAS, Section 1301 of the General Bond Ordinance provides that the City  
11 may adopt a Supplemental Ordinance amending or supplementing the General Bond  
12 Ordinance, without the consent of or notice to the owners of the Bonds, for certain purposes  
13 as described therein; and

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

21 (9) WHEREAS, Section 1304 of the General Bond Ordinance provides that notice,  
22 as described therein, of any proposed amendment under the provisions of Section 1302  
23 thereof shall be mailed to the owners of all Bonds then Outstanding and to the Purchaser, or  
24 any successor thereof known to the Clerk, of the Bonds then Outstanding; and

25 (10) WHEREAS, Section 1305 of the General Bond Ordinance provides that  
26 whenever, within one year from the date of a notice under the provisions of Section 1304  
27 thereof, there shall be filed in the office of the Clerk an instrument or instruments executed by  
28 the required number of owners, which instrument or instruments shall refer to the proposed

1 Supplemental Ordinance described in such notice and shall specifically consent to and  
2 approve the adoption of such Supplemental Ordinance, thereupon, the Council may adopt  
3 such Supplemental Ordinance and such Supplemental Ordinance shall become effective; and

4 (11) WHEREAS, the provisions of certain agreements entered into by the City, or by  
5 the City, for and on behalf of the Department, in connection with the Bonds or the Airport  
6 System, including but not limited to certain agreements with credit enhancement providers,  
7 hedge facility providers and equipment vendors, establish certain limitations on the ability of  
8 the City to amend the General Bond Ordinance or require the consent of the other parties to  
9 such agreements in connection with amendments to the General Bond Ordinance; and

10 (12) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has  
11 requested that the General Bond Ordinance be amended and supplemented in the manner set  
12 forth in this Supplemental Ordinance; and

13 (13) WHEREAS, the Council has determined and does hereby declare that it is  
14 necessary and appropriate that the General Bond Ordinance be amended and supplemented  
15 as provided in this Supplemental Ordinance and that:

16 A. Notice of all such amendments and supplements to the General Bond  
17 Ordinance under the provisions of Section 1302 have been given in accordance with  
18 Section 1304 of the General Bond Ordinance; and

19 B. There has been filed in the office of the Clerk as City Clerk File No.  
20 05-527 an instrument executed by the required number of owners, referring to this  
21 Supplemental Ordinance and specifically consenting to and approving the adoption  
22 hereof, all as provided in Section 1305 of the General Bond Ordinance; and

23 C. All consents of parties to agreements entered into by the City, or by the  
24 City, for and on behalf of the Department, in connection with the Bonds or the Airport  
25 System, which are required with respect to the amendments and supplements to the  
26 General Bond Ordinance set forth herein, have been or will be obtained; and

1 D. The amendments and supplements to the General Bond Ordinance set  
2 forth herein do not materially and prejudicially affect the right of the owners of the  
3 Subordinate Bonds or beneficiaries of any Subordinate Obligations.

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

5 **ARTICLE I**  
6 **DEFINITIONS, RATIFICATION, AUTHENTICATION,**  
7 **PUBLICATION, EFFECTIVE DATE AND AUTHORIZATION**

8 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
9 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
10 Department of Aviation in accordance with the provisions of, the General Bond Ordinance.

11 Section 102. Meanings and Construction. All defined terms in this Supplemental  
12 Ordinance have the meanings set forth in the General Bond Ordinance, except as otherwise  
13 expressly provided herein.

14 Section 103. Ratification. All action heretofore taken (not inconsistent with the  
15 provisions of this Supplemental Ordinance) by the Council, the Manager, and the officers of  
16 the City relating to the amendments and supplements to the General Bond Ordinance as  
17 provided herein be, and the same hereby is, authorized, ratified, approved and confirmed,  
18 including the giving of a notice as provided in Section 1304 of the General Bond Ordinance.

19 Section 104. Ordinance an Irrepealable Contract. This Supplemental Ordinance and  
20 the General Bond Ordinance shall constitute an irrevocable contract between the City, for and  
21 on behalf of the Department of Aviation, and the owners of the Bonds, except as otherwise  
22 provided in the General Bond Ordinance.

23 Section 105. Repealer. All ordinances, resolutions, bylaws, orders, and other  
24 instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of  
25 such inconsistency. This repealer shall not be construed to revive any ordinance, resolution,  
26 bylaw, order or other instrument, or part thereof, heretofore repealed.



1           Section 106. Severability. If any section, subsection, paragraph, clause, or other  
2 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
3 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause  
4 or other provision shall not affect any of the remaining provisions of this Supplemental  
5 Ordinance.

6           Section 107. Effective Date. This Supplemental Ordinance shall take effect  
7 immediately upon its final passage and publication and the amendments set forth herein shall  
8 take effect upon the receipt of all necessary approvals and consents.

9           Section 108. Publication. The bill for this Supplemental Ordinance and this  
10 Supplemental Ordinance are hereby authorized and directed to be published as required by  
11 the Charter.

12           Section 109. Recordation and Authentication. This Supplemental Ordinance shall be  
13 recorded after its passage in the office of the Clerk, and authenticated by the signature of the  
14 Mayor and attested and countersigned by the Clerk.

15           Section 110. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager, and  
16 other officers and employees of the City are hereby authorized and directed to take all action  
17 necessary or appropriate to effect the provisions of this Supplemental Ordinance.

18           Section 111. Authority for this Ordinance. This Supplemental Ordinance is executed  
19 pursuant to the City's powers as a home-rule city organized and operating under the Charter  
20 and Article XX of the State Constitution and pursuant to the Supplemental Public Securities  
21 Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of  
22 which are hereby elected, to the extent not inconsistent herewith), and the General Bond  
23 Ordinance; and the City hereby determines that each and every matter and thing as to which  
24 provision is made herein is necessary in order to carry out and to effect the purposes hereof.

ARTICLE II  
AMENDMENTS TO GENERAL BOND ORDINANCE

Section 201. Amendments to Definitions. The definition set forth in Section 102(A)(22) of the General Bond Ordinance, entitled "Consulting Engineer," is hereby deleted in its entirety and the corresponding number designation is reserved. The definitions set forth in Section 102(A)(10), (12), (27), (38) and (44) of the General Bond Ordinance are hereby amended to read as follows:

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

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

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

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

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

1 of any other circumstance which will, with certainty, occur during such  
2 period; and

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

7 in each case computed as follows:

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

16 (b) Except for any historical period for which the actual rate or rates  
17 are determinable and except as otherwise provided herein, Variable Rate Bonds,  
18 and Obligations which bear interest at a variable rate, shall be deemed to bear  
19 interest at a fixed annual rate equal to the prevailing rate of such Variable Rate  
20 Bonds or Obligations on the date of computation; provided that in any  
21 computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of  
22 additional Bonds required by § 704B hereof; or (iii) required by the rate  
23 maintenance covenant of § 901 hereof, Variable Rate Bonds shall be deemed to  
24 bear interest at a fixed annual rate equal to (y) the average of the daily rates of  
25 such Bonds during the 365 consecutive days (or any lesser period such Bonds  
26 have been Outstanding) next preceding the date of computation; or (z) with  
27 respect to any Variable Rate Bonds which are being issued on the date of  
28 computation, the initial rate of such Bonds upon issuance.

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

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

20 (38) "Gross Revenues" means any income and revenue lawfully derived  
21 directly or indirectly by the City from the operation and use of, or otherwise relating to,  
22 the Airport System, whether resulting from an Improvement Project or otherwise. The  
23 term includes, without limitation, all rentals, rates, fees, and other charges for the use of  
24 the Airport System, or for any service rendered by the City in the operation thereof; on  
25 and after January 1, 1994, the revenues from the City's sales and use taxes raised at  
26 the rate of two cents for each gallon of fuel purchased for use in the generation of  
27 power for propulsion or drawing of aircraft; any passenger taxes, passenger facility  
28 charges, or other passenger charges imposed for the use of the Airport System, but  
29 only to the extent included as Gross Revenues by the terms of any Supplemental  
30 Ordinance; and, except as otherwise provided herein, interest and other realized gain

1 from any investment of moneys accounted for in the various accounts of the Airport  
2 System Fund. The term does not include:

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

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

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

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

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

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

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

19 (h) Any Hedge Termination Payments received by the City.

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

23 (a) Federal Securities; and

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

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

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

26 (iii) Bonds, debentures, notes, or other evidences of  
27 indebtedness issued or guaranteed by any of the following agencies:  
28 Federal Farm Credit Banks; the Export-Import Bank of the United States;  
29 Federal Land Banks; the Federal National Mortgage Association; the

1 Tennessee Valley Authority; the Government National Mortgage  
2 Association; the Federal Financing Bank; the Farmers Home  
3 Administration; the Federal Home Loan Bank; or any agency or  
4 instrumentality of the Federal Government which shall be established for  
5 the purposes of acquiring the obligations of any of the foregoing or  
6 otherwise providing financing therefor;

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

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

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

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

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

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

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

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

22 (B) As to which the following apply:

23 (1) such bonds or other obligations are fully  
24 secured as to principal, interest and any redemption  
25 premium by an escrow consisting only of cash or direct  
26 obligations of the United States of America, which escrow  
27 may be applied only to the payment of the principal, interest  
28 and any redemption premium on those bonds or other



1 obligations on their maturity date or dates or the specified  
2 redemption date or dates in accordance with those  
3 irrevocable instructions, as appropriate; and

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

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

17 (xii) Investment Agreements with:

18 (A) A Broker/Dealer (or its parent) either (1) having  
19 uninsured, unsecured and unguaranteed debt rated, at the time of  
20 investment, investment grade by, or is otherwise approved by, the  
21 Rating Agencies (in which case the agreement must provide that, if  
22 the provider is downgraded below investment grade by at least two  
23 of the Rating Agencies, the City may terminate the agreement) or  
24 (2) providing an investment agreement which is fully secured by  
25 Federal Securities which are (a) valued not less frequently than  
26 monthly and have a fair market value, exclusive of accrued interest,  
27 at all times at least equal to 103% of the principal amount of the  
28 investment, together with the interest accrued and unpaid thereon,  
29 (b) held by any Federal Reserve Bank or a depository acceptable

1 to the City, (c) subject to a perfected first lien on behalf of owners  
2 of the Bonds, and (d) free and clear from all third-party liens;

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

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

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

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

1           Section 202. Additional Definitions. Section 102(A) of the General Bond Ordinance is  
2 hereby amended by the addition of the following definitions, to be inserted in numerical order  
3 therein:

4           (37.1)    "Fitch" means Fitch, Inc. and its successors.

5           (38.1)    "Hedge Facility" means any rate swap transaction, basis swap  
6 transaction, cap transaction, floor transaction, collar transaction, or similar transaction  
7 entered into by the City, for and on behalf of the Department, and a Hedge Provider,  
8 which is intended to be integrated with and to convert or limit the interest rate on any  
9 Bonds.

10          (38.2)    "Hedge Facility Obligations" means payment obligations of the City in  
11 respect of Hedge Facilities, which are payable from all or any designated portion of the  
12 Net Revenues of the Airport System and secured under this Instrument; but only if such  
13 obligations have a lien on the Net Revenues of the Airport System on the same priority  
14 as the lien thereon of Bonds; provided that Hedge Termination Payments to be made  
15 by the City shall not be secured under this Instrument on a parity with the Bonds.

16          (38.3)    "Hedge Provider" means a financial institution whose senior long-term  
17 debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a  
18 financial institution, or subsidiary of a financial institution, whose senior long-term debt  
19 obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P,  
20 or the equivalent thereto in the case of any successor thereto, or (b) fully secured by  
21 obligations described in items (a) or (b) of the definition of Permitted Investments which  
22 are (i) valued not less frequently than monthly and have a fair market value, exclusive  
23 of accrued interest, at all times at least equal to 105% (or such lower percentage as  
24 shall be acceptable to the Rating Agencies) of the principal amount of the investment,  
25 together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve  
26 Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on  
27 behalf of the Bonds, and (iv) free and clear from all third-party liens.

1 (38.4) "Hedge Termination Payment" means any amount payable to the City  
2 or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is  
3 terminated prior to its scheduled termination date.

4 (48.1) "Moody's" means Moody's Investors Service, Inc. and its successors.

5 (51.1) "Obligations" means Credit Facility Obligations and Hedge Facility  
6 Obligations.

7 (63.1) "Purchase Price" means that amount due an owner of any Bond  
8 purchased or deemed purchased pursuant to and as provided in the Supplemental  
9 Ordinance authorizing such Bond.

10 (64.3) "Rating Agencies" means any of Moody's, S&P, or Fitch, then  
11 maintaining ratings on any of the Bonds at the request of the City.

12 (71.1) "Regularly Scheduled Hedge Payments" means the regularly  
13 scheduled payments under the terms of a Hedge Facility which are due absent any  
14 termination, default or dispute in connection with such Hedge Facility.

15 (72.1) "S&P" means Standard & Poor's Ratings Service, Inc. and its  
16 successors.

17 Section 203. Pledge Securing Bonds. Section 203 of the General Bond Ordinance is  
18 hereby amended to read as follows:

19 Section 203. Pledge Securing Bonds. Subject only to the right of the City to pay  
20 Operation and Maintenance Expenses of the Airport System, the Gross Revenues and  
21 all moneys and securities paid or to be paid to, or held or to be held in, any fund or  
22 account under this Instrument (except moneys and securities held in any Escrow  
23 Account and except as otherwise provided herein) are hereby irrevocably pledged to  
24 secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations  
25 and Hedge Facility Obligations. This pledge shall be valid and binding from and after  
26 the date of first issuance of any Bonds and, in the case of Credit Facility Obligations

1 and Hedge Facility Obligations, the effective date of such Obligations; and the moneys  
2 and securities, as received by the City and hereby pledged, shall immediately be  
3 subject to the lien of this pledge without any physical delivery, filing, or further act. The  
4 lien of this pledge and the contractual obligations hereby made shall have priority over  
5 any or all other liabilities and obligations of the City; and the lien of this pledge shall be  
6 valid and binding against all persons having claims of any kind in tort, contract, or  
7 otherwise against the City (except as herein otherwise provided) whether or not such  
8 persons have notice thereof.

9 Section 204. General Provisions of Airport Bonds and Obligations. Section 302 of the  
10 General Bond Ordinance is hereby amended to read as follows:

11 Section 302. General Provisions of Airport Bonds and Obligations. Each series  
12 of Bonds and Obligations in respect of each facility or contract shall be authorized by a  
13 separate Supplemental Ordinance and shall bear such designation as the City deems  
14 appropriate; however, to the extent permitted by law, Bonds authorized to be issued at  
15 the same time may be authorized by a single Supplemental Ordinance and Obligations  
16 relating to a series of Bonds may be authorized in the Supplemental Ordinance  
17 authorizing the related Bonds. Bonds and Obligations shall be subject to such terms  
18 and conditions as are provided herein or by, or pursuant to, Supplemental Ordinance.

19 Section 205. Funds for Redemption of Bonds. Section 306 of the General Bond  
20 Ordinance is hereby amended to read as follows:

21 Section 306. Funds for Redemption of Bonds. If a Supplemental Ordinance  
22 provides for the mandatory redemption of any Term Bonds, money sufficient to pay the  
23 Redemption Price of such Term Bonds shall be accumulated as Sinking Fund  
24 Requirements. Money sufficient to provide for the Redemption Price due in connection  
25 with any optional redemption of Bonds shall be credited to the Redemption Account or  
26 to an Escrow Account for such purpose at least one business day prior to the  
27 redemption date for such Bonds. The interest on any such Bonds, or designated  
28 portions thereof, shall continue to be paid from the Interest Account within the Bond

1 Fund as provided in § 508 A hereof (except for any interest to be paid from an Escrow  
2 Account). All such moneys shall be transferred to the appropriate Paying Agent on or  
3 before the applicable Redemption Date.

4 Section 206. Payment of Redeemed Bonds. Section 309 of the General Bond  
5 Ordinance is hereby amended to read as follows:

6 Section 309. Payment of Redeemed Bonds. Notice of redemption having been  
7 duly given, and action having been duly taken to provide for the payment of the Bonds,  
8 or designated portions thereof, so called for prior redemption, the Bonds, or designated  
9 portions thereof, so called for redemption shall become due and payable on the  
10 Redemption Date stated in such notice at the applicable Redemption Price, plus  
11 interest accrued to the Redemption Date; and upon presentation and surrender thereof,  
12 together with a written instrument of transfer duly executed by the owner or by his duly  
13 authorized attorney, such Bonds, or designated portions thereof, shall be paid; provided  
14 that if at the time of notice of any optional redemption of the Bonds there have not been  
15 deposited moneys in the Redemption Account or to an Escrow Account available for  
16 payment pursuant to this Instrument and sufficient to redeem all of the Bonds called for  
17 redemption, the notice may state that it is conditional in that it is subject to the deposit  
18 of sufficient moneys by not later than one business day prior to the redemption date,  
19 and if the deposit is not timely made the notice shall be of no effect.

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

1           Section 207. Authorization of Completion Bonds. The second paragraph of Section  
2 703 of the General Bond Ordinance is hereby amended by deleting the term "Consulting  
3 Engineer" in two places and replacing it in each instance with the term "Manager."

4           Section 208. Additional Bonds for Improvement Projects. Section 704 of the General  
5 Bond Ordinance is hereby amended to read as follows:

6           Section 704. Additional Bonds for Improvement Projects. After the first issuance  
7 of any series of Bonds hereunder, one or more series of additional Bonds (other than  
8 Completion Bonds) may be authorized and delivered for the purpose of paying the Cost  
9 of any Improvement Project. Prior to the delivery of such series of Bonds, there shall  
10 be filed with the Clerk:

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

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

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

24           B. Airport Consultant's Report. A report of the Airport Consultant  
25 estimating, for each of the three Fiscal Years commencing with the earlier of either the  
26 Fiscal Year following the Fiscal Year in which the Manager estimates such  
27 Improvement Project will be completed, or the first Fiscal Year in which there are Debt

1 Service Requirements with respect to the Bonds to be issued for such Improvement  
2 Project, (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and  
3 other amounts required to be deposited in each of the subaccounts (other than the  
4 Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation  
5 and Maintenance Reserve Account; and demonstrating that the Net Revenues in each  
6 such Fiscal Year, together with any Other Available Funds, are projected to be at least  
7 equal the larger of either:

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

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

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

26 In any computation required by this section, there shall be excluded from Gross  
27 Revenues any capital gain resulting from any sale or revaluation of Investment  
28 Securities or bank deposits, or both. If any one or more of the documents required by  
29 subsections A through C of this section cannot be given with the required results stated



1           therein, the City may not issue the proposed Bonds. Nothing contained in this section  
2           obligates the City to take any action in violation of any applicable requirements imposed  
3           by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

4           Section 209. Contractual Obligations. Section 1003 of the General Bond Ordinance is  
5 hereby amended to read as follows:

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

11          Section 210. Employment of Consultant. Section 1011 of the General Bond  
12 Ordinance is hereby amended to read as follows:

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

17          Section 211. Time for Amendment. Section 1305 of the General Bond Ordinance is  
18 hereby amended to read as follows:

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

1           Section 212. Time Consent Binding. Section 1307 of the General Bond Ordinance is  
2 hereby amended to read as follows:

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

1 COMMITTEE APPROVAL DATE: June 24, 2005

2 MAYOR-COUNCIL DATE: June 28, 2005

3 PASSED BY THE COUNCIL July 11 2005

4 [Signature] - PRESIDENT

5 APPROVED: [Signature] MAYOR 7/13 2005

6 ATTEST: [Signature] - CLERK AND RECORDER,  
7 EX-OFFICIO CLERK OF THE  
8 CITY AND COUNTY OF DENVER

9 NOTICE PUBLISHED IN THE DAILY JOURNAL July 8, 2005 AND July 15, 2005

10 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: \_\_\_\_\_

11 Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office  
12 of the City Attorney. We find no irregularity as to form, and have no legal objection to the  
13 proposed ordinance. not submitted pursuant to 3.2.6 of the Charter.

14 Cole Finegan, City Attorney [Signature]

15 BY: [Signature], Asst City Attorney

16 DATE: June 30, 2005



1 CITY AND COUNTY OF DENVER, COLORADO  
2 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
3 AIRPORT SYSTEM REVENUE BONDS  
4

5 AIRPORT SYSTEM SUPPLEMENTAL BOND ORDINANCE  
6

7  
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**Ordinance No. 494, Series of 2006**

**BY AUTHORITY**

ORDINANCE NO. 494

COUNCIL BILL NO. 473

SERIES OF 2006

COMMITTEE OF REFERENCE

ECONOMIC DEVELOPMENT COMMITTEE

**A BILL**

**For an ordinance concerning the Airport Facilities of the City and County of Denver; providing for the administration of certain passenger facility charges; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.**

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State", respectively), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

(2) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the "Department"); and

(3) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance") the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution; and

(4) WHEREAS, pursuant to Ordinance No. 626, Series of 1984 (as amended and supplemented from time to time the "General Bond Ordinance") there have heretofore been issued, and will in the future be issued, multiple series of Bonds in respect of the Airport System and

(5) WHEREAS, the City has imposed certain passenger facility charges for the use of the Airport System; and

(6) WHEREAS, Section 102A(27) of the General Bond Ordinance provides that for any computation relating to the issuance of additional Bonds required by Section 704 thereof and any computation required by the rate maintenance covenant in Section 901 thereof there

1 shall be excluded from the computation of Debt Service Requirements amounts which are  
2 irrevocably committed to make such payments during the applicable period; and

3 (7) WHEREAS, Section 501 of the General Bond Ordinance provides that subject to  
4 certain limitations (not relevant here) separate additional accounts and subaccounts may be  
5 created within the Airport System Fund by Supplemental Ordinance; and

6 (8) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992 (the "Ninth  
7 Supplemental Ordinance"), established the PFC Fund as a separate account within the Airport  
8 System Fund and the PFC Debt Service Account and the PFC Project Account as separate  
9 subaccounts within the PFC Fund; and provided for the administration of and accounting for  
10 Passenger Facility Charges (as defined herein); and

11 (9) WHEREAS, Ordinance No. 890, Series of 1996, Ordinance No. 820, Series of  
12 1998, Ordinance No. 538, Series of 2001, Ordinance No. 716, Series of 2002, and Ordinance  
13 No. 747, Series of 2004 (together with the Ninth Supplemental Ordinance, the "Prior PFC  
14 Ordinances") enacted additional provisions for the administration of Passenger Facility Charges;  
15 and

16 (10) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager of the  
17 Department of Aviation (the "Manager") has requested additional provision for the administration  
18 of Passenger Facility Charges; and

19 (11) WHEREAS, the Council has determined and does hereby declare that it is  
20 necessary and appropriate to so provide for the administration of Passenger Facility Charges  
21 and thereby to confirm and implement the following construction of the General Bond Ordinance:

22 A. Gross Revenues. Passenger Facility Charges are not to be treated as  
23 Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

24 B. Debt Service Requirements. All amounts credited to the PFC Debt Service  
25 Account that are irrevocably committed to pay the Debt Service Requirements of Bonds during  
26 the applicable period are excluded from the computation of Debt Service Requirements relating  
27 to the issuance of additional Bonds by Section 704 of the General Bond Ordinance or in any  
28 computation required by the rate maintenance covenant in Section 901 of the General Bond  
29 Ordinance; and

1 C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole  
2 or in part by amounts credited to the PFC Debt Service Account are Credit Enhanced Bonds  
3 under the General Bond Ordinance.

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

5 **ARTICLE I**  
6 **DEFINITIONS, RATIFICATION, AUTHENTICATION,**  
7 **PUBLICATION AND EFFECTIVE DATE**

8 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
9 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
10 Department in accordance with the provisions of, the General Bond Ordinance.

11 Section 102. Meanings and Construction.

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

15 B. Additional Definitions. For all the purposes of this Supplemental Ordinance  
16 and of any other document relating hereto, except where the context by clear implication  
17 otherwise requires:

18 (1) "Committed Passenger Facility Charges" means two-thirds (2/3) of the  
19 Passenger Facility Charges received by the City from time to time.

20 (2) "Passenger Facility Charges" means amounts received by the City from the  
21 passenger facility charges imposed by the City pursuant to Title 14, Code of Federal  
22 Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation  
23 Administration by letters dated April 28, 1992, October 20, 2000 and January 30, 2001,  
24 net of amounts that collecting air carriers are entitled to retain for collecting, handling, and  
25 remitting such passenger facility charge revenues, as provided in the FAA Regulations.

26 (3) "PFC Debt Service Account" means the special subaccount created within  
27 the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

28 (4) "PFC Fund" means the special account created within the Airport System  
29 Fund by Section 201 of the Ninth Supplemental Ordinance.

30 (5) "PFC Project Account" means the special subaccount created within the  
31 PFC Fund by Section 201 of the Ninth Supplemental Ordinance.



1 Section 103. Ratification. All action heretofore taken (not inconsistent with the provisions  
2 of this Supplemental Ordinance) by the Council, the Manager, the Manager of Revenue (the  
3 "Treasurer"), and the officers of the City relating to the Passenger Facility Charges be, and the  
4 same hereby is, authorized, ratified, approved and confirmed.

5 Section 104. Ordinance an Irrepealable Contract. This Supplemental Ordinance and the  
6 General Bond Ordinance shall constitute an irrevocable contract between the City, for and on  
7 behalf of the Department, and owners of the Bonds, except as otherwise provided in the General  
8 Bond Ordinance.

9 Section 105. Repealer. All ordinances, resolutions, bylaws, orders, interdepartmental  
10 memoranda of understanding and other instruments, or parts thereof, inconsistent herewith are  
11 hereby repealed to the extent only of such inconsistency, it being intended that the provisions for  
12 the administration of Passenger Facilities Charges set forth herein replace and supercede the  
13 provisions of the Prior PFC Ordinances, and any interdepartmental memorandum of  
14 understanding executed pursuant thereto, only with respect to any Fiscal Year commencing after  
15 December 31, 2005. This repealer shall not be construed to revive any ordinance, resolution,  
16 bylaw, order, or other instrument, or part thereof, heretofore repealed.

17 Section 106. Severability. If any section, subsection, paragraph, clause, or other  
18 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
19 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
20 or other provision shall not affect any of the remaining provisions of this Supplemental  
21 Ordinance.

22 Section 107. Effective Date. This Supplemental Ordinance shall take effect immediately  
23 upon its final passage and publication.

24 Section 108. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and  
25 other officers and employees of the City are hereby authorized and directed to take all action  
26 necessary or appropriate to effect the provisions of this Supplemental Ordinance.

27 **ARTICLE II**  
28 **ADMINISTRATION OF AND ACCOUNTING**  
29 **FOR PASSENGER FACILITY CHARGES**

30 Section 201. Deposit to Fund. In lieu of the deposits required for and after Fiscal Year  
31 2006 by the Prior PFC Ordinances, and any interdepartmental memorandum of understanding

1 executed pursuant thereto, all Passenger Facility Charges, upon their receipt by the City and in  
2 time to make the transfers contemplated by Section 202A hereof, shall be set aside and  
3 immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the order of  
4 priority:

5           A.     PFC Debt Service Account. First, to the PFC Debt Service Account, in  
6 each of the Fiscal Years 2006 through 2011, inclusive, the lesser of (i) all Committed Passenger  
7 Facility Charges so received in each such Fiscal Year, and (ii) that portion of Committed  
8 Passenger Facility Charges so received in each such Fiscal Year which, together with other  
9 available amounts credited thereto, will be sufficient to make the payments from the PFC Debt  
10 Service Account required in each such Fiscal Year by Section 202A hereof. Except as such  
11 payments are required by this Section 201A, no Passenger Facility Charges are required to be  
12 deposited to the credit of the PFC Debt Service Account.

13           B.     PFC Project Account. Second, to the PFC Project Account all Passenger  
14 Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied  
15 by Section 201A hereof.

16           Section 202. Disposition of Fund. Amounts credited to the PFC Fund shall be applied as  
17 follows:

18           A.     PFC Debt Service Account. The following amounts, to the extent credited  
19 to the PFC Debt Service Account, are hereby irrevocably committed to the payment of Debt  
20 Service Requirements of Bonds in each of the Fiscal Years 2006 through 2011, inclusive:

	<u>Amount</u>	<u>Year</u>
21		
22	\$74,702,000	2006
23	82,264,000	2007
24	83,639,000	2008
25	84,995,000	2009
26	86,376,000	2010
27	87,116,000	2011

28 Such amounts shall be transferred to the Bond Fund in a timely manner and expended to pay  
29 Debt Service Requirements of Bonds in such Fiscal Years. Any amounts remaining in the PFC  
30 Debt Service Account on December 31, 2011, shall be credited to the PFC Project Account.

31           B.     PFC Project Account. Amounts credited to the PFC Project Account may  
32 be applied to any lawful purpose relating to the Airport System as the Manager may from time to

1 time determine, including transfer to the PFC Debt Service Account to pay Debt Service  
2 Requirements. In that connection, and without limitation, the Manager is authorized to create  
3 sub-subaccounts within the PFC Project Account to be applied, among other lawful purposes, to  
4 the payment of Debt Service Requirements of any designated Bonds, Subordinate Bonds, or  
5 other obligations, upon such terms as the Manager may determine, and from time to time enter  
6 into escrow or similar agreements with any commercial banking institution pursuant to which  
7 amounts to be so applied may be irrevocably committed. To the extent any amounts credited to  
8 the PFC Project Account are not used for Debt Service Requirements, the Manager will request  
9 a supplemental appropriation authorizing the proposed use.

10       Section 203. Administration of Fund. The PFC Fund and the subaccounts therein shall  
11 be maintained as book accounts and kept separate from all other accounts as trust accounts  
12 solely for the purposes herein designated. The moneys accounted for in such book accounts  
13 shall be deposited in one or more bank accounts, but nothing herein prevents the commingling  
14 of moneys accounted for in the PFC Fund with other amounts held in any account or subaccount  
15 in the Airport System Fund. Any such bank account shall be secured by the official bond or  
16 bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted  
17 by the laws of the State for the securing of public funds, and shall be irrevocable and not  
18 withdrawable by anyone for any purpose other than the purpose or purposes designated  
19 therefor.

20       Section 204. Investment of Fund. Moneys held from time to time in the PFC Fund shall  
21 be deposited or invested by the Treasurer, with the approval of the Manager, substantially as  
22 provided in Section 603 of the General Bond Ordinance. Any Investment Securities purchased  
23 as an investment or reinvestment of moneys in the PFC Debt Service Account or the PFC  
24 Project Account shall be deemed at all times to be a part of the PFC Debt Service Account or  
25 PFC Project Account, respectively, and held in trust therefor. Any interest earned on, or any  
26 profit or loss realized from the liquidation of, such Investment Securities, as well as any interest  
27 and other gains from the deposit of such moneys in a commercial bank, shall be credit or  
28 charged to the PFC Debt Service Account or PFC Project Account, as the case may be, as such  
29 gain or loss is realized.

1           Section 205. Other Administration. Except as otherwise provided herein, the PFC Fund  
2 shall otherwise be generally administered in substantially the same manner as provided in  
3 Article VI of the General Bond Ordinance.

4           Section 206. PFC Maintenance. So long as the imposition and use of a passenger  
5 facility charge is necessary to operate the Airport System in accordance with the requirements of  
6 the General Bond Ordinance, the City shall use its best efforts both to continue to impose and  
7 use a passenger facility charge and to comply with all valid and applicable federal laws and  
8 regulations as may be necessary to such imposition and use.

9   **ARTICLE III**  
10    **MISCELLANEOUS**

11           Section 301. Other Passenger Taxes or Charges. This Supplemental Ordinance shall be  
12 applicable only to amounts derived from the Passenger Facility Charges and the investment  
13 thereof; and nothing in this Supplemental Ordinance shall be construed to limit the application by  
14 the City, for itself or for and on behalf of the Department, of any other passenger facility charges  
15 authorized under the FAA Regulations or other passenger taxes or passenger charges, not  
16 constituting Passenger Facility Charges.

1 COMMITTEE APPROVAL DATE: \_\_\_\_\_

2 MAYOR-COUNCIL DATE: \_\_\_\_\_

3 PASSED BY THE COUNCIL July 24 \_\_\_\_\_ 2006

4 [Signature] \_\_\_\_\_ - PRESIDENT

5 APPROVED: [Signature] \_\_\_\_\_ - MAYOR July 25  
6 2006 **ACTING MAYOR**

7 ATTEST: [Signature] \_\_\_\_\_ - CLERK AND RECORDER,  
8 EX-OFFICIO CLERK OF THE  
9 CITY AND COUNTY OF DENVER

10 NOTICE PUBLISHED IN THE DAILY JOURNAL July 21, 2006 AND July 21, 2006

11 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: 7/13, 2006

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

16 Cole Finegan, City Attorney

17 BY: [Signature], Asst City Attorney

18 DATE: 13 July 06

19



3

**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO THE PASSENGER FACILITY  
CHARGES ORDINANCE,  
ORDINANCE NO. 380, SERIES OF 2007**

I hereby certify that I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City"), and that with respect to the Passenger Facility Charges Ordinance, enacted as Ordinance No. 380, Series of 2007 (the "Passenger Facility Charges Ordinance"):

1. Attached hereto as Exhibit A are true and correct extracts from the minutes of the meetings of the City Council of the City held on July 23, 2007 and July 30, 2007 insofar as the same relate to the adoption of the Passenger Facility Charges Ordinance.

2. Attached hereto as Exhibit B is proof of publication of the title and summary of the Council bill for the Passenger Facility Charges Ordinance; and attached hereto as Exhibit C is proof of publication of the title and summary of the Passenger Facility Charges Ordinance, as enacted.

3. Original counterparts of the Passenger Facility Charges Ordinance and the minutes above-mentioned are in my custody and control as Clerk and Recorder.

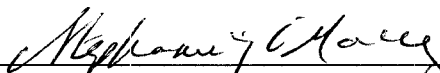
4. The certified copy of the Passenger Facility Charges Ordinance, attached hereto as Exhibit D, is a true, full and correct copy of the Passenger Facility Charges Ordinance, as enacted and approved (except that the cover thereto attached and the table of contents therein contained were not a part of the Passenger Facility Charges Ordinance, as enacted); the same has been duly signed and attested, both on the original Passenger Facility Charges Ordinance and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation were by the officers who at the time of such signing and attestation were the President of City Council, the Mayor, and the Clerk and Recorder, respectively, of the City.

5. The Passenger Facility Charges Ordinance has not been repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.

(SEAL)



  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 23, 2007

in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wesley Vincent*  
Deputy



**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 24, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 23, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember Linkhart led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Nevitt, Robb, President Hancock (12)  
Late: Montero (1)  
Absent: None (Roll Call Serial #251)

**Minutes**

The minutes of meeting date, Monday, July 16, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 43, Series of 2007, A proclamation announcing the fifth Mayoral Conference on Valuing Diversity “Breaking Boundaries”** was read in its entirety by Councilmember Robb. A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **Proc. 43, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #252)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

**Proc. 44, Series of 2007, A proclamation in honor of Wayne Jakino, Citizen of the New West** was read in its entirety by Councilmember Madison.

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that **Proc. 44, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #253)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

**Resolutions – (Series of 2007)**

**Res. 89, Series of 2007**, A resolution approving the Mayor's Appointment to the Commission on Aging. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**Res. 90, Series of 2007**, A resolution revoking the existing revocable permit originally granted by Resolution No. 67, Series of 2006, to University & Evans, LLC to encroach into East Evans Avenue. (PUBLIC WORKS)

**Res. 91, Series of 2007**, A resolution granting a revocable permit to University & Evans, LLC to encroach into the right-of-way with a private storm water line and a grease interceptor at 2351 East Evans Avenue. (PUBLIC WORKS)

**Res. 92, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain real property as part of an unnamed public right-of-way by dedicating as public right-of-way an irregular shape parcel of land that abuts the northeasterly side of the Cherry Creek Channel between Delgany Street and the Consolidated Main Line (CML) Tracks. (PUBLIC WORKS)

**Res. 93, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain parcels of land as part of Cherokee Street. (PUBLIC WORKS)

**Res. 94, Series of 2007**, A resolution authorizing and approving the expenditure and payment from the appropriation account designated "liability claims", the sum of Eighteen Thousand and Five Hundred Dollars (\$18,500.00), payable to Valerie Rodriguez and the American Civil Liberties Union Foundation of Colorado in full payment and satisfaction of all claims in Civil Action No. 07-cv-00303-RPM-CBS. (SAFETY)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 369, Series of 2007**, A bill for an ordinance approving a proposed development agreement between the City and County of Denver and SDC Speer Development Company, LLC, for development of the project at 1000 Speer Boulevard. (BLUEPRINT DENVER)

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

**C.B. 371, Series of 2007**, A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)

**C.B. 372, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 2000 South Colorado Boulevard. (BLUEPRINT DENVER)

**C.B. 373, Series of 2007**, A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the B-5-T zone district and making conforming changes. (BLUEPRINT DENVER)

**C.B. 376, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum principal amount of \$325,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum principal amount of \$32,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 377, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the maximum principal amount of \$245,000,000 for the purpose of defraying a portion of the Cost of refunding certain outstanding airport system revenue bonds; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 378, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; providing for the administration of certain passenger facility charges; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 379, Series of 2007**, A bill for an ordinance approving a proposed Agreement between the City and County of Denver and Randall Funding and Development, Inc., for professional grant writing services. (FINANCE)

**C.B. 380, Series of 2007**, A bill for an ordinance amending certain provisions of the Code of Ethics in Chapter 2, Article IV of the Denver Revised Municipal Code. (GENERAL GOVERNMENT)

**C.B. 381, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and the Regents of the University of Colorado for addiction treatment services for pregnant women and their children through the Haven Mother's House and Addiction Research and Treatment Services (ARTS). (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 382, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Catholic Charities and Community Services of the Archdiocese of Denver, Inc., to provide mental health counseling and case management services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 383, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Community College of Denver for employment and training services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 384, Series of 2007**, A bill for an ordinance approving and authorizing execution of a Waiver of Provisions of Regulatory Agreement, an Escrow Agreement and an Agreement for Waiver of Affordable Restrictions and any documents and certificates with respect to the City's Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan-Garden Court Community) Series 1998; and repealing all action

**C.B. 386, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Sprint/Nextel Property Services, Spring Nextel. (PUBLIC AMENITIES)

**C.B. 387, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and T-Mobile USA, Inc. (PUBLIC AMENITIES)

**C.B. 388, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Cingular Wireless PCS, LLC. (PUBLIC AMENITIES)

**C.B. 389, Series of 2007**, A bill for an ordinance vacating a portion of the right-of-way bounded by Speer Boulevard, Cherokee Street, and West 10th Avenue subject to certain reservations. (PUBLIC WORKS)

**C.B. 390, Series of 2007**, A bill for an ordinance approving a proposed amendment to the Construction Contract by and between the City and County of Denver and Keene Concrete, Inc., for the 2006 Block Beautification Project. (PUBLIC WORKS)

**C.B. 391, Series of 2007**, A bill for an ordinance approving a proposed First Ammendatory Agreement between the City and County of Denver and Century Helicopters, Inc., for scheduled and non-scheduled maintenance of the Denver Police Department's helicopters. (SAFETY)

**C.B. 392, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)

**C.B. 393, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and RRK Enterprises, Inc. (SAFETY)

\*\*\*\*\*

### **Report of Standing Committees**

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 370, Series of 2007**, be ordered published, **carried** by the following vote: (Roll Call Serial #254)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that final consideration of **C.B. 370, Series of 2007**, with a courtesy public hearing be postponed to Monday, August 13, 2007, **carried** by the following vote: (Roll Call Serial #255)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

## Final Consideration

**C.B. 368, Series of 2007, A bill for an ordinance approving a First Amendatory Agreement to the Public Access Management Agreement between the City and County of Denver and Deproduction: The [Denverevolution] Production Group. (TECHNOLOGY SERVICES)**

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 368, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #256)

Ayes: Boigon, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb (10)  
 Nays: Brown, Faatz, President Hancock (3)  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **Resolutions 88, 89, 90, 91, 92, 93, and 94, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #257)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Montero, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, and 367, Series of 2007**, **carried** by the following vote: (Roll Call Serial #258)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

**C.B. 307, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 7180 East Hampden Avenue. (BLUEPRINT DENVER)**

A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 307, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:40 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. John Kohler and Rich Wells signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Caryn Wenzara of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #259)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, López, Madison, Montero, Nevitt, Robb, President Hancock (12)  
 Nays: None  
 Abstain: None

**C.B. 309, Series of 2007, A bill for an ordinance legislatively rezoning various parcels in specifically described areas generally between 14th Avenue and 16th Avenue and Colorado Boulevard and Yosemite Street, to MS-1 and MS-2, in order to implement the East Colfax Corridor Plan. (BLUEPRINT DENVER)**

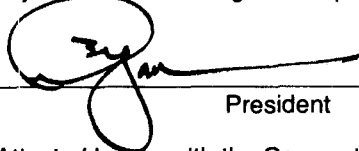
A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 309, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:48 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Shawne Ahlenius signed up to speak in favor of the bill. Nicole Ament signed up to speak against the bill. Chris Gleissner of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion

**Announcement**

Council President Hancock announced there will be public hearings on C.B.s 371, 372, and 373, Series of 2007, on Monday, August 20, 2007. Any protests against C.B. 371 or 372, Series of 2007, must be filed in the Council Office no later than Monday, August 13, 2007.

**Adjourn**

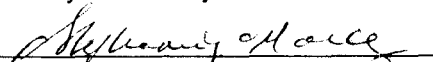
There being no further business before the City Council, Council President Hancock adjourned the meeting at 7:19 p.m.



---

President

Attested by me with the Corporate Seal  
of the City and County of Denver



---

Clerk and Recorder, Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats: Braille, large print, computer disk. Please allow adequate time for the preparation of your request.

Prepared by Kelly Velez

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 30, 2007

in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wesley Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 31, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 30, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember López led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Late: None

Absent: None (Roll Call Serial #261)

**Minutes**

The minutes of meeting date, Monday, July 23, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 45, Series of 2007, A proclamation honoring Juan Gutierrez on his retirement from the Fire Department** was read in its entirety by Councilmember Garcia.

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **Proc. 45, Series of 2007**, be adopted, carried by the following vote: (Roll Call Serial #262)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**Resolutions – (Series of 2007)**

The Council Secretary read the following resolutions by titles. The Council President referred the resolutions to the committees shown in parentheses after the resolution titles.

**Res. 95, Series of 2007, A resolution re-appointing Steven Reiquam to the Denver County Cultural Council. (PUBLIC AMENITIES)**

**Res. 96, Series of 2007, A resolution accepting and approving the plat of Bellevue Station Filing No. 1. (PUBLIC WORKS)**



**Res. 99, Series of 2007**, A resolution laying out, opening and establishing portions of an alley lying between Madison Street, Monroe Street, Colfax Avenue, and 14th Avenue. (PUBLIC WORKS)

**Res. 100, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Broadway. (PUBLIC WORKS)

**Res. 101, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Colorado Boulevard. (PUBLIC WORKS)

**Res. 102, Series of 2007**, A resolution granting a revocable permit to Urban -1547 Blake Street LLC, encroach under the alley right-of-way with secondary electrical lines at 1555 Blake Street. (PUBLIC WORKS)

#### **Bills for Introduction – Held in Committee (Series of 2007)**

**C.B. 308, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 645 Wolff Street. (BLUEPRINT DENVER)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 394, Series of 2007**, A bill for an ordinance approving a proposed Purchase Order between the City and County of Denver and Oshkosh Truck Corporation for the purchase of one Oshkosh Striker Aircraft Rescue and Firefighting Vehicle for Denver International Airport. (ECONOMIC DEVELOPMENT)

**C.B. 395, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the execution of certain Reimbursement Agreements and the substitution of letters of credit relating to the City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992F and Series 1992G; amending certain supplemental bond ordinances; ratifying action previously taken; and providing for other related matters. (ECONOMIC DEVELOPMENT)

**C.B. 396, Series of 2007**, A bill for an ordinance making a rescission and appropriation in the General Fund to transfer funding from the Auditor's Office to the Office of the Controller. (FINANCE)

**C.B. 397, Series of 2007**, A bill for an ordinance amending Ordinance No. 793, Series of 2006, the annual appropriating ordinance, to increase revenue to the General Fund to reflect additional revenues from the Department of General Services, Purchasing Division and to increase the General Contingency appropriation. (FINANCE)

**C.B. 398, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant agreement between the City and County of Denver and the National Center for Civic Innovation concerning the "NCCI Trailblazer FY07-08" program and the funding therefor. (FINANCE)

**C.B. 399, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant between the City and County of Denver and the United States of America concerning the "Homeless Veterans Reintegration FY07-08" program and the funding therefor. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 401, Series of 2007, A bill for an Ordinance approving a proposed Amendatory Agreement between the City and County of Denver, Bottling Group, LLC and Proxy Partners, LLC. (PUBLIC AMENITIES)**

**C.B. 402, Series of 2007, A bill for an ordinance approving a proposed First Amendatory Agreement to allow for the reimbursement of actual expenditures of community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)**

\*\*\*\*\*

### Report of Standing Committees

None

There being no objections from members of Council, Council President Hancock ordered the following bills published: **C.B.s 394, 395, 396, 397, 398, 399, 400, 401, and 402, Series of 2007**. Council President Hancock announced that **C.B. 308, Series of 2007**, would be held in committee to Monday, August 20, 2007.

### Final Consideration

**C.B. 306, Series of 2007, A bill for an ordinance adding language to Section 10-60 (Ruby Hill Park View Plane) of the Denver Revised Municipal Code. (BLUEPRINT DENVER)**

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that **C.B. 306, Series of 2007**, be placed upon final consideration and do pass, was followed by a motion offered by Councilmember Brown, duly seconded by Councilmember Johnson, that final consideration of **C.B. 306, Series of 2007**, be postponed to Monday, September 10, 2007, **carried** by the following vote: (Roll Call Serial #264)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Montero, that **Resolutions 95, 96, 97, 98, 99, 100, 101, and 102, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #265)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 369, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, and 393, Series of 2007**, **carried** by the following vote: (Roll Call Serial #266)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None


Abstain: None

### Announcement


None

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 6:05 p.m.

  
\_\_\_\_\_  
President

Attested by me with the Corporate Seal  
of the City and County of Denver

  
\_\_\_\_\_  
Clerk and Recorder; Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements," which said Act took effect on and after the first day of January, 1932 and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning 'Rates for Legal Publications,' 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day; that the publication of said legal notice and advertisement appeared in the regular edition of said newspaper on the 27th day of July, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for the purpose within the meaning of said above mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado,

John Rhoades, Notary Public, this 28th day of July, A.D. 2007.

Witness my hand and official seal.

*John Rhoades*  
Notary Public

My Commission Expires May 2011

STATE OF COLORADO

My Commission Expires 07-09-2011

## PUBLIC NOTICE City and County of Denver City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on **Monday, July 23, 2007**, as follows:

- Bills 369 through 388, Series 2007, were ordered published on first reading.
- Bills 307, 309, 354 through 365, Series 2007, were placed on final consideration, passed, and are hereby published as:

### Ordinances 358 through 374, Series of 2007, respectively.

The title, description and full text of these bills and ordinances are available in electronic form on the City's official website, [www.denvergov.org](http://www.denvergov.org) at the following address:

<http://denvergov.org/LegalNotices/tabid/380884/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website.  
<http://www.denvergov.org/CityCouncil/Meetings/tabid/423805/Default.aspx>

### **NOTICE OF PUBLIC HEARING COUNCIL BILL 370, SERIES OF 2007 MONDAY, AUGUST 13, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance:

#### **C.B. 370, Series of 2007**

**A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)**

Adopts the Uptown Healthcare District Plan, including the area generally bounded by Park, E. 22nd and E. 17th avenues, High and Clarkson streets, as a supplement to Comprehensive Plan 2000.

### **NOTICE OF PUBLIC HEARING COUNCIL BILL 371, SERIES OF 2007 MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

#### **C.B. 371, Series of 2007**

**A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)**

Appl. 4911. Changes the zoning of the 11.5-acre parcel at 717 Yosemite from PUD #400, O-1 and B-1 with waivers to B-3 with waivers to allow the continuation, renovation and expansion of the Bonfils Blood Center at the Lowry Education Campus in Council District 5.

### **NOTICE OF PUBLIC HEARING COUNCIL BILL 372, SERIES OF 2007 MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

#### **C.B. 372, Series of 2007**

**A bill for an ordinance changing the zoning classification for approximately 8000 South Colorado Boulevard. (BLUEPRINT DENVER)**

Appl. 4913. Changes the zoning of the 14.8-acre parcel at 2000 S. Colorado from PUD #257 to T-MU-30, adding residential to office and commercial as an allowed uses to facility transit-oriented development at the Colorado Station in Council District 6.

### **NOTICE OF PUBLIC HEARING COUNCIL BILL 373, SERIES OF 2007 MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

#### **C.B. 373, Series of 2007**

**A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the B-5-T zone district and making conforming changes. (BLUEPRINT DENVER)**

Appl. L-1161. Adopts language creating a new B-5-T zone district and establishing zoning requirements, which are the same as for the current Downtown B-5 district except that B-5-T allows off-premise signs and banners and provides for a comprehensive sign program within the zone district. It is anticipated that B-5-T zoning will be adopted for the "theatre district" around the Denver Performing Arts Center and Curtis and 14th streets, which is currently zoned the B-5. This bill does not change the zoning of any property.

A Publication Of The McGraw-Hill Companies

Publisher's Affidavit STATE OF COLORADO City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act', approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932 and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning Rates for Legal Publications," 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular

edition of said newspaper on the 3rd day of August, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for the purpose within the meaning of said above-mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado, before me, Notary Public, this 24th day of August, A.D. 2007.

Witness my hand and Notary Seal: [Signature] My Commission Expires July 2, 2011 111 West 1st Avenue, Suite 1000 Denver, Colorado 80202 My Commission Expires 07-09-2011

PUBLIC NOTICE City and County of Denver City Council Agenda

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PUBLIC NOTICE is hereby given of the disposition of the City Council Agenda on Monday, July 30, 2007, as follows:

- Bills 394 through 402, Series 2007, were ordered published on first reading.
• Bills 369, 374, 375, 376 through 393, Series 2007, were placed on final consideration, passed, and are hereby published as:

Ordinances 377 through 395, Series of 2007, respectively.

The title, description and full text of these bills and ordinances are available in electronic form on the City's official website, www.denvergov.org at the following address: http://denvergov.org/LegalNotices/tabid/380984/Default.aspx

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website, http://www.denvergov.org/CityCouncil/Meetings/tabid/423605/Default.aspx

Published in The Daily Journal - August 3, 2007

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CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Ordinance No. 380, Series of 2007

I hereunto have set my hand  
and affixed the Seal of the  
City and County of Denver,  
State of Colorado.  
This 20th day of August,  
A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wesley Vincent*  
Deputy

1 BY AUTHORITY

2 ORDINANCE NO. 380

COUNCIL BILL NO. 378

3 SERIES OF 2007

COMMITTEE OF REFERENCE

4 ECONOMIC DEVELOPMENT COMMITTEE

5 A BILL

6 **For an ordinance concerning the Airport Facilities of the City and County of**  
7 **Denver; providing for the administration of certain passenger facility**  
8 **charges; ratifying action previously taken; providing for other related**  
9 **matters; and providing the effective date of this ordinance.**

10 (1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City"  
11 and the "State", respectively), is a municipal corporation duly organized and existing as a  
12 home rule city under Article XX, State Constitution, and under the Charter of the City, and is a  
13 political subdivision of the State; and

14 (2) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City,  
15 and the plenary grant of powers as a home rule city, the City has acquired certain airport  
16 facilities constituting its Airport System, the management, operation, and control of which is  
17 vested by the Charter of the City in the Department of Aviation of the City (the "Department");  
18 and

19 (3) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
20 the City designated the Department as an "enterprise" within the meaning of Section 20,  
21 Article X, State Constitution; and

22 (4) WHEREAS, pursuant to Ordinance No. 626, Series of 1984 (as amended and  
23 supplemented from time to time the "General Bond Ordinance") there have heretofore been  
24 issued, and will in the future be issued, multiple series of Bonds in respect of the Airport  
25 System; and

26 (5) WHEREAS, the City has imposed certain passenger facility charges for the use of  
27 the Airport System; and

28 (6) WHEREAS, Section 102A(27) of the General Bond Ordinance provides that for  
29 any computation relating to the issuance of additional Bonds required by Section 704 thereof  
30 and any computation required by the rate maintenance covenant in Section 901 thereof there

1 shall be excluded from the computation of Debt Service Requirements amounts which are  
2 irrevocably committed to make such payments during the applicable period; and

3 (7) WHEREAS, Section 501 of the General Bond Ordinance provides that subject to  
4 certain limitations (not relevant here) separate additional accounts and subaccounts may be  
5 created within the Airport System Fund by Supplemental Ordinance; and

6 (8) WHEREAS, Section 201 of Ordinance No. 614, Series of 1992 (the "Ninth  
7 Supplemental Ordinance"), established the PFC Fund as a separate account within the Airport  
8 System Fund and the PFC Debt Service Account and the PFC Project Account as separate  
9 subaccounts within the PFC Fund; and provided for the administration of and accounting for  
10 Passenger Facility Charges (as defined herein); and

11 (9) WHEREAS, Ordinance No. 890, Series of 1996, Ordinance No. 820, Series of  
12 1998, Ordinance No. 538, Series of 2001, Ordinance No. 716, Series of 2002, Ordinance No.  
13 747, Series of 2004, and Ordinance No. 494, Series of 2006 (together with the Ninth  
14 Supplemental Ordinance, the "Prior PFC Ordinances") enacted additional provisions for the  
15 administration of Passenger Facility Charges; and

16 (10) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager of the  
17 Department of Aviation (the "Manager") has requested additional provision for the administration  
18 of Passenger Facility Charges; and

19 (11) WHEREAS, the Council has determined and does hereby declare that it is  
20 necessary and appropriate to so provide for the administration of Passenger Facility Charges  
21 and thereby to confirm and implement the following construction of the General Bond Ordinance:

22 A. Gross Revenues. Passenger Facility Charges are not to be treated as  
23 Gross Revenues of the Airport System for purposes of the General Bond Ordinance;

24 B. Debt Service Requirements. All amounts credited to the PFC Debt Service  
25 Account that are irrevocably committed to pay the Debt Service Requirements of Bonds during  
26 the applicable period are excluded from the computation of Debt Service Requirements relating  
27 to the issuance of additional Bonds by Section 704 of the General Bond Ordinance or in any  
28 computation required by the rate maintenance covenant in Section 901 of the General Bond  
29 Ordinance; and



1 C. Credit Enhanced Bonds. Bonds the payment of which are secured in whole  
2 or in part by amounts credited to the PFC Debt Service Account are Credit Enhanced Bonds  
3 under the General Bond Ordinance.

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

5 **ARTICLE I**  
6 **DEFINITIONS, RATIFICATION, AUTHENTICATION,**  
7 **PUBLICATION AND EFFECTIVE DATE**

8 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
9 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
10 Department in accordance with the provisions of, the General Bond Ordinance.

11 Section 102. Meanings and Construction.

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

15 B. Additional Definitions. For all the purposes of this Supplemental Ordinance  
16 and of any other document relating hereto, except where the context by clear implication  
17 otherwise requires:

18 (1) "Committed Passenger Facility Charges" means two-thirds (2/3) of the  
19 Passenger Facility Charges received by the City from time to time.

20 (2) "Passenger Facility Charges" means amounts received by the City from the  
21 passenger facility charges imposed by the City pursuant to Title 14, Code of Federal  
22 Regulations, Part 158 (the "FAA Regulations"), as approved by the Federal Aviation  
23 Administration by letters dated April 28, 1992, October 20, 2000 and January 30, 2001,  
24 net of amounts that collecting air carriers are entitled to retain for collecting, handling, and  
25 remitting such passenger facility charge revenues, as provided in the FAA Regulations.

26 (3) "PFC Debt Service Account" means the special subaccount created within  
27 the PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

28 (4) "PFC Fund" means the special account created within the Airport System  
29 Fund by Section 201 of the Ninth Supplemental Ordinance.

30 (5) "PFC Project Account" means the special subaccount created within the  
31 PFC Fund by Section 201 of the Ninth Supplemental Ordinance.

1 Section 103. Ratification. All action heretofore taken (not inconsistent with the provisions  
2 of this Supplemental Ordinance) by the Council, the Manager, the Manager of Revenue (the  
3 "Treasurer"), and the officers of the City relating to the Passenger Facility Charges be, and the  
4 same hereby is, authorized, ratified, approved and confirmed.

5 Section 104. Ordinance an Irrepealable Contract. This Supplemental Ordinance and the  
6 General Bond Ordinance shall constitute an irrevocable contract between the City, for and on  
7 behalf of the Department, and owners of the Bonds, except as otherwise provided in the General  
8 Bond Ordinance.

9 Section 105. Repealer. All ordinances, resolutions, bylaws, orders, interdepartmental  
10 memoranda of understanding and other instruments, or parts thereof, inconsistent herewith are  
11 hereby repealed to the extent only of such inconsistency, it being intended that the provisions for  
12 the administration of Passenger Facilities Charges set forth herein replace and supercede the  
13 provisions of the Prior PFC Ordinances, and any interdepartmental memorandum of  
14 understanding executed pursuant thereto, only with respect to any Fiscal Year commencing after  
15 December 31, 2006. This repealer shall not be construed to revive any ordinance, resolution,  
16 bylaw, order, or other instrument, or part thereof, heretofore repealed.

17 Section 106. Severability. If any section, subsection, paragraph, clause, or other  
18 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
19 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
20 or other provision shall not affect any of the remaining provisions of this Supplemental  
21 Ordinance.

22 Section 107. Effective Date. This Supplemental Ordinance shall take effect immediately  
23 upon its final passage and publication.

24 Section 108. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer, Manager and  
25 other officers and employees of the City are hereby authorized and directed to take all action  
26 necessary or appropriate to effect the provisions of this Supplemental Ordinance.

27 **ARTICLE II**  
28 **ADMINISTRATION OF AND ACCOUNTING**  
29 **FOR PASSENGER FACILITY CHARGES**

30 Section 201. Deposit to Fund. In lieu of the deposits required for and after Fiscal Year  
31 2007 by the Prior PFC Ordinances, and any interdepartmental memorandum of understanding

1 executed pursuant thereto, all Passenger Facility Charges, upon their receipt by the City and in  
2 time to make the transfers contemplated by Section 202A hereof, shall be set aside and  
3 immediately deposited directly to the credit of the subaccounts in the PFC Fund, in the order of  
4 priority:

5           A.     PFC Debt Service Account. First, to the PFC Debt Service Account, in  
6 each of the Fiscal Years 2007 through 2013, inclusive, the lesser of (i) all Committed Passenger  
7 Facility Charges so received in each such Fiscal Year, and (ii) that portion of Committed  
8 Passenger Facility Charges so received in each such Fiscal Year which, together with other  
9 available amounts credited thereto, will be sufficient to make the payments from the PFC Debt  
10 Service Account required in each such Fiscal Year by Section 202A hereof. Except as such  
11 payments are required by this Section 201A, no Passenger Facility Charges are required to be  
12 deposited to the credit of the PFC Debt Service Account.

13           B.     PFC Project Account. Second, to the PFC Project Account all Passenger  
14 Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied  
15 by Section 201A hereof.

16           Section 202. Disposition of Fund. Amounts credited to the PFC Fund shall be applied as  
17 follows:

18           A.     PFC Debt Service Account. The following amounts, to the extent credited  
19 to the PFC Debt Service Account, are hereby irrevocably committed to the payment of Debt  
20 Service Requirements of Bonds in each of the Fiscal Years 2007 through 2013, inclusive:

21	<u>Amount</u>	<u>Year</u>
22	\$107,930,000	2007
23	111,707,000	2008
24	115,617,000	2009
25	119,664,000	2010
26	123,852,000	2011
27	128,188,000	2012
28	132,673,000	2013
29		

30 Such amounts shall be transferred to the Bond Fund in a timely manner and expended to pay  
31 Debt Service Requirements of Bonds in such Fiscal Years. Any amounts remaining in the PFC  
32 Debt Service Account on December 31, 2013, shall be credited to the PFC Project Account.

1           B.     PFC Project Account. Amounts credited to the PFC Project Account may  
2 be applied to any lawful purpose relating to the Airport System as the Manager may from time to  
3 time determine, including transfer to the PFC Debt Service Account to pay Debt Service  
4 Requirements. In that connection, and without limitation, the Manager is authorized to create  
5 sub-subaccounts within the PFC Project Account to be applied, among other lawful purposes, to  
6 the payment of Debt Service Requirements of any designated Bonds, Subordinate Bonds, or  
7 other obligations, upon such terms as the Manager may determine, and from time to time enter  
8 into escrow or similar agreements with any commercial banking institution pursuant to which  
9 amounts to be so applied may be irrevocably committed. To the extent any amounts credited to  
10 the PFC Project Account are not used for Debt Service Requirements, the Manager will request  
11 a supplemental appropriation authorizing the proposed use.

12           Section 203. Administration of Fund. The PFC Fund and the subaccounts therein shall  
13 be maintained as book accounts and kept separate from all other accounts as trust accounts  
14 solely for the purposes herein designated. The moneys accounted for in such book accounts  
15 shall be deposited in one or more bank accounts, but nothing herein prevents the commingling  
16 of moneys accounted for in the PFC Fund with other amounts held in any account or subaccount  
17 in the Airport System Fund. Any such bank account shall be secured by the official bond or  
18 bonds of the Treasurer, shall be continuously secured to the fullest extent required or permitted  
19 by the laws of the State for the securing of public funds, and shall be irrevocable and not  
20 withdrawable by anyone for any purpose other than the purpose or purposes designated  
21 therefor.

22           Section 204. Investment of Fund. Moneys held from time to time in the PFC Fund shall  
23 be deposited or invested by the Treasurer, with the approval of the Manager, substantially as  
24 provided in Section 603 of the General Bond Ordinance. Any Investment Securities purchased  
25 as an investment or reinvestment of moneys in the PFC Debt Service Account or the PFC  
26 Project Account shall be deemed at all times to be a part of the PFC Debt Service Account or  
27 PFC Project Account, respectively, and held in trust therefor. Any interest earned on, or any  
28 profit or loss realized from the liquidation of, such Investment Securities, as well as any interest  
29 and other gains from the deposit of such moneys in a commercial bank, shall be credited or  
30 charged to the PFC Debt Service Account or PFC Project Account, as the case may be, as such  
31 gain or loss is realized.

1 Section 205. Other Administration. Except as otherwise provided herein, the PFC Fund  
2 shall otherwise be generally administered in substantially the same manner as provided in  
3 Article VI of the General Bond Ordinance.

4 Section 206. PFC Maintenance. So long as the imposition and use of a passenger  
5 facility charge is necessary to operate the Airport System in accordance with the requirements of  
6 the General Bond Ordinance, the City shall use its best efforts both to continue to impose and  
7 use a passenger facility charge and to comply with all valid and applicable federal laws and  
8 regulations as may be necessary to such imposition and use.

9 **ARTICLE III**  
10 **MISCELLANEOUS**

11 Section 301. Other Passenger Taxes or Charges. This Supplemental Ordinance shall be  
12 applicable only to amounts derived from the Passenger Facility Charges and the investment  
13 thereof; and nothing in this Supplemental Ordinance shall be construed to limit the application by  
14 the City, for itself or for and on behalf of the Department, of any other passenger facility charges  
15 authorized under the FAA Regulations or other passenger taxes or passenger charges, not  
16 constituting Passenger Facility Charges.

1 COMMITTEE APPROVAL DATE: June 22, 2007

2 MAYOR-COUNCIL DATE: June 26, 2007

3 PASSED BY THE COUNCIL July 30 2007

4 [Signature] - PRESIDENT

5 APPROVED: [Signature] - MAYOR July 31, 2007  
6 2007

7 ATTEST: [Signature] - CLERK AND RECORDER,  
8 EX-OFFICIO CLERK OF THE  
9 CITY AND COUNTY OF DENVER

10 NOTICE PUBLISHED IN THE DAILY JOURNAL July 27, 2007 AND Aug 3, 2007

11 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: July 18, 2007

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

16 Arlene V. Dykstra, City Attorney

17 BY: [Signature], Asst City Attorney

18 DATE: July 19, 2007

19



4

**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO THE 2007A-B AIRPORT SYSTEM  
SUPPLEMENTAL BOND ORDINANCE,  
ORDINANCE NO. 375, SERIES OF 2007**

I hereby certify that I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City"), and that with respect to the Series 2007A-B Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 375, Series of 2007 (the "Series 2007A-B Supplemental Ordinance"):

1. Attached hereto as Exhibit A are true and correct extracts from the minutes of the meetings of the City Council of the City held on July 23, 2007 and July 30, 2007 insofar as the same relate to the adoption of the Series 2007A-B Supplemental Ordinance.

2. Attached hereto as Exhibit B is proof of publication of the title and summary of the Council bill for the Series 2007A-B Supplemental Ordinance; and attached hereto as Exhibit C is proof of publication of the title and summary of the Series 2007A-B Supplemental Ordinance, as enacted.

3. Original counterparts of the Series 2007A-B Supplemental Ordinance and the minutes above-mentioned are in my custody and control as Clerk and Recorder.

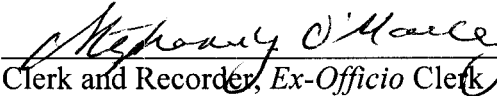
4. The certified copy of the Series 2007A-B Supplemental Ordinance, attached hereto as Exhibit D, is a true, full and correct copy of the Series 2007A-B Supplemental Ordinance, as enacted and approved (except that the cover thereto attached and the table of contents therein contained were not a part of the Series 2007A-B Supplemental Ordinance, as enacted); the same has been duly signed and attested, both on the original Series 2007A-B Supplemental Ordinance and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation were by the officers who at the time of such signing and attestation were the President of City Council, the Mayor, and the Clerk and Recorder, respectively, of the City.

5. The Series 2007A-B Supplemental Ordinance has not been repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.

(SEAL)



  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver



CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 23, 2007  
in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Angela Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 24, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 23, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember Linkhart led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Nevitt, Robb, President Hancock (12)  
Late: Montero (1)  
Absent: None (Roll Call Serial #251)

**Minutes**

The minutes of meeting date, Monday, July 16, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 43, Series of 2007**, A proclamation announcing the fifth Mayoral Conference on Valuing Diversity “**Breaking Boundaries**” was read in its entirety by Councilmember Robb. A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **Proc. 43, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #252)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**Proc. 44, Series of 2007**, A proclamation in honor of Wayne Jakino, Citizen of the New West was read in its entirety by Councilmember Madison.

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that **Proc. 44, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #253)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**Resolutions – (Series of 2007)**

**Res. 89, Series of 2007**, A resolution approving the Mayor's Appointment to the Commission on Aging. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**Res. 90, Series of 2007**, A resolution revoking the existing revocable permit originally granted by Resolution No. 67, Series of 2006, to University & Evans, LLC to encroach into East Evans Avenue. (PUBLIC WORKS)

**Res. 91, Series of 2007**, A resolution granting a revocable permit to University & Evans, LLC to encroach into the right-of-way with a private storm water line and a grease interceptor at 2351 East Evans Avenue. (PUBLIC WORKS)

**Res. 92, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain real property as part of an unnamed public right-of-way by dedicating as public right-of-way an irregular shape parcel of land that abuts the northeasterly side of the Cherry Creek Channel between Delgany Street and the Consolidated Main Line (CML) Tracks. (PUBLIC WORKS)

**Res. 93, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain parcels of land as part of Cherokee Street. (PUBLIC WORKS)

**Res. 94, Series of 2007**, A resolution authorizing and approving the expenditure and payment from the appropriation account designated "liability claims", the sum of Eighteen Thousand and Five Hundred Dollars (\$18,500.00), payable to Valerie Rodriguez and the American Civil Liberties Union Foundation of Colorado in full payment and satisfaction of all claims in Civil Action No. 07-cv-00303-RPM-CBS. (SAFETY)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 369, Series of 2007**, A bill for an ordinance approving a proposed development agreement between the City and County of Denver and SDC Speer Development Company, LLC, for development of the project at 1000 Speer Boulevard. (BLUEPRINT DENVER)

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

**C.B. 371, Series of 2007**, A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)

**C.B. 372, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 2000 South Colorado Boulevard. (BLUEPRINT DENVER)

**C.B. 373, Series of 2007**, A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the B-5-T zone district and making conforming changes. (BLUEPRINT DENVER)

**C.B. 376, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum principal amount of \$325,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum principal amount of \$32,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 377, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the maximum principal amount of \$245,000,000 for the purpose of defraying a portion of the Cost of refunding certain outstanding airport system revenue bonds; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 378, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; providing for the administration of certain passenger facility charges; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 379, Series of 2007**, A bill for an ordinance approving a proposed Agreement between the City and County of Denver and Randall Funding and Development, Inc., for professional grant writing services. (FINANCE)

**C.B. 380, Series of 2007**, A bill for an ordinance amending certain provisions of the Code of Ethics in Chapter 2, Article IV of the Denver Revised Municipal Code. (GENERAL GOVERNMENT)

**C.B. 381, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and the Regents of the University of Colorado for addiction treatment services for pregnant women and their children through the Haven Mother's House and Addiction Research and Treatment Services (ARTS). (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 382, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Catholic Charities and Community Services of the Archdiocese of Denver, Inc., to provide mental health counseling and case management services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 383, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Community College of Denver for employment and training services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 384, Series of 2007**, A bill for an ordinance approving and authorizing execution of a Waiver of Provisions of Regulatory Agreement, an Escrow Agreement and an Agreement for Waiver of Affordable Restrictions and any documents and certificates with respect to the City's Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan-Garden Court Community) Series 1998; and repealing all action

**C.B. 386, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Sprint/Nextel Property Services, Spring Nextel. (PUBLIC AMENITIES)

**C.B. 387, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and T-Mobile USA, Inc. (PUBLIC AMENITIES)

**C.B. 388, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Cingular Wireless PCS, LLC. (PUBLIC AMENITIES)

**C.B. 389, Series of 2007**, A bill for an ordinance vacating a portion of the right-of-way bounded by Speer Boulevard, Cherokee Street, and West 10th Avenue subject to certain reservations. (PUBLIC WORKS)

**C.B. 390, Series of 2007**, A bill for an ordinance approving a proposed amendment to the Construction Contract by and between the City and County of Denver and Keene Concrete, Inc., for the 2006 Block Beautification Project. (PUBLIC WORKS)

**C.B. 391, Series of 2007**, A bill for an ordinance approving a proposed First Ammendatory Agreement between the City and County of Denver and Century Helicopters, Inc., for scheduled and non-scheduled maintenance of the Denver Police Department's helicopters. (SAFETY)

**C.B. 392, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)

**C.B. 393, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and RRK Enterprises, Inc. (SAFETY)

\*\*\*\*\*

### Report of Standing Committees

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 370, Series of 2007**, be ordered published, **carried** by the following vote: (Roll Call Serial #254)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that final consideration of **C.B. 370, Series of 2007**, with a courtesy public hearing be postponed to Monday, August 13, 2007, **carried** by the following vote: (Roll Call Serial #255)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

## Final Consideration

**C.B. 368, Series of 2007, A bill for an ordinance approving a First Amendatory Agreement to the Public Access Management Agreement between the City and County of Denver and Deproduction: The [Denverevolution] Production Group. (TECHNOLOGY SERVICES)**

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 368, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #256)

Ayes: Boigon, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb (10)  
 Nays: Brown, Faatz, President Hancock (3)  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **Resolutions 88, 89, 90, 91, 92, 93, and 94, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #257)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Montero, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, and 367, Series of 2007**, **carried** by the following vote: (Roll Call Serial #258)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

**C.B. 307, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 7180 East Hampden Avenue. (BLUEPRINT DENVER)**

A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 307, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:40 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. John Kohler and Rich Wells signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Caryn Wenzara of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #259)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, López, Madison, Montero, Nevitt, Robb, President Hancock (12)  
 Nays: None  
 Abstain: None

**C.B. 309, Series of 2007, A bill for an ordinance legislatively rezoning various parcels in specifically described areas generally between 14th Avenue and 16th Avenue and Colorado Boulevard and Yosemite Street, to MS-1 and MS-2, in order to implement the East Colfax Corridor Plan. (BLUEPRINT DENVER)**

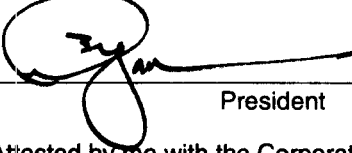
A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 309, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:48 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Shawne Ahlenius signed up to speak in favor of the bill. Nicole Ament signed up to speak against the bill. Chris Gleissner of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion

**Announcement**

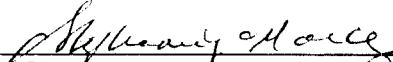
Council President Hancock announced there will be public hearings on C.B.s 371, 372, and 373, Series of 2007, on Monday, August 20, 2007. Any protests against C.B. 371 or 372, Series of 2007, must be filed in the Council Office no later than Monday, August 13, 2007.

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 7:19 p.m.

  
\_\_\_\_\_  
President

Attested by me with the Corporate Seal  
of the City and County of Denver

  
\_\_\_\_\_  
Clerk and Recorder, Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 30, 2007

in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wesley Vincent*  
Deputy



**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 31, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 30, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember López led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Late: None

Absent: None

(Roll Call Serial #261)

**Minutes**

The minutes of meeting date, Monday, July 23, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 45, Series of 2007, A proclamation honoring Juan Gutierrez on his retirement from the Fire Department** was read in its entirety by Councilmember Garcia.

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **Proc. 45, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #262)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**Resolutions – (Series of 2007)**

The Council Secretary read the following resolutions by titles. The Council President referred the resolutions to the committees shown in parentheses after the resolution titles.

**Res. 95, Series of 2007, A resolution re-appointing Steven Reiquam to the Denver County Cultural Council.** (PUBLIC AMENITIES)

**Res. 96, Series of 2007, A resolution accepting and approving the plat of Bellevue Station Filing No. 1.** (PUBLIC WORKS)

**Res. 99, Series of 2007**, A resolution laying out, opening and establishing portions of an alley lying between Madison Street, Monroe Street, Colfax Avenue, and 14th Avenue. (PUBLIC WORKS)

**Res. 100, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Broadway. (PUBLIC WORKS)

**Res. 101, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Colorado Boulevard. (PUBLIC WORKS)

**Res. 102, Series of 2007**, A resolution granting a revocable permit to Urban -1547 Blake Street LLC, encroach under the alley right-of-way with secondary electrical lines at 1555 Blake Street. (PUBLIC WORKS)

#### **Bills for Introduction – Held in Committee (Series of 2007)**

**C.B. 308, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 645 Wolff Street. (BLUEPRINT DENVER)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 394, Series of 2007**, A bill for an ordinance approving a proposed Purchase Order between the City and County of Denver and Oshkosh Truck Corporation for the purchase of one Oshkosh Striker Aircraft Rescue and Firefighting Vehicle for Denver International Airport. (ECONOMIC DEVELOPMENT)

**C.B. 395, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the execution of certain Reimbursement Agreements and the substitution of letters of credit relating to the City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992F and Series 1992G; amending certain supplemental bond ordinances; ratifying action previously taken; and providing for other related matters. (ECONOMIC DEVELOPMENT)

**C.B. 396, Series of 2007**, A bill for an ordinance making a rescission and appropriation in the General Fund to transfer funding from the Auditor's Office to the Office of the Controller. (FINANCE)

**C.B. 397, Series of 2007**, A bill for an ordinance amending Ordinance No. 793, Series of 2006, the annual appropriating ordinance, to increase revenue to the General Fund to reflect additional revenues from the Department of General Services, Purchasing Division and to increase the General Contingency appropriation. (FINANCE)

**C.B. 398, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant agreement between the City and County of Denver and the National Center for Civic Innovation concerning the "NCCI Trailblazer FY07-08" program and the funding therefor. (FINANCE)

**C.B. 399, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant between the City and County of Denver and the United States of America concerning the "Homeless Veterans Reintegration FY07-08" program and the funding therefor. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 401, Series of 2007, A bill for an Ordinance approving a proposed Amendatory Agreement between the City and County of Denver, Bottling Group, LLC and Proxy Partners, LLC. (PUBLIC AMENITIES)**

**C.B. 402, Series of 2007, A bill for an ordinance approving a proposed First Amendatory Agreement to allow for the reimbursement of actual expenditures of community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)**

\*\*\*\*\*

### Report of Standing Committees

None

There being no objections from members of Council, Council President Hancock ordered the following bills published: **C.B.s 394, 395, 396, 397, 398, 399, 400, 401, and 402, Series of 2007**. Council President Hancock announced that **C.B. 308, Series of 2007**, would be held in committee to Monday, August 20, 2007.

### Final Consideration

**C.B. 306, Series of 2007, A bill for an ordinance adding language to Section 10-60 (Ruby Hill Park View Plane) of the Denver Revised Municipal Code. (BLUEPRINT DENVER)**

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that **C.B. 306, Series of 2007**, be placed upon final consideration and do pass, was followed by a motion offered by Councilmember Brown, duly seconded by Councilmember Johnson, that final consideration of **C.B. 306, Series of 2007**, be postponed to Monday, September 10, 2007, **carried** by the following vote: (Roll Call Serial #264)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Montero, that **Resolutions 95, 96, 97, 98, 99, 100, 101, and 102, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #265)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 369, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, and 393, Series of 2007**, **carried** by the following vote: (Roll Call Serial #266)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

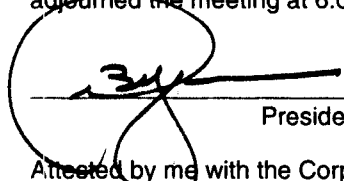
Abstain: None

### Announcement

None

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 6:05 p.m.

  
\_\_\_\_\_  
President

Attested by me with the Corporate Seal  
of the City and County of Denver

  
\_\_\_\_\_  
Clerk and Recorder; Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit

STATE OF COLORADO

City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend an Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements, to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning 'Rates for Legal Publications,' 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day; that the publication of said legal notice and advertisement appeared in the regular edition of said newspaper on the 27th day

of July, A.D. 2007, and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for that purpose within the meaning of the provisions of the acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado,

before me, a Notary Public, this 27th day of August, A.D. 2007.

Witness my hand and Notary seal.

Notary Public

My Commission Expires July 9, 2011

1144 West 7th Avenue, Suite 100  
Denver, Colorado 80202-4455

## PUBLIC NOTICE

City and County of Denver  
City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on Monday, July 23, 2007, as follows:

- **Bills 369 through 393, Series 2007**, were ordered published on first reading.
- **Bills 307, 309, 354 through 365, Series 2007**, were placed on final consideration, passed, and are hereby published as:

**Ordinances 359 through 374, Series of 2007, respectively.**

The title, description and full text of these bills and ordinances are available in electronic form on the City's official website, [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/380864/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website, <http://www.denvergov.org/CityCouncil/Meetings/tabid/423605/Default.aspx>

### NOTICE OF PUBLIC HEARING

**COUNCIL BILL 370, SERIES OF 2007**  
**MONDAY, AUGUST 13, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance:

**C.B. 370, Series of 2007**

A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-81 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

Adopts the Uptown Healthcare District Plan, including the area generally bounded by Park, E. 22nd and E. 17th avenues, High and Clarkson streets, as a supplement to Comprehensive Plan 2000.

### NOTICE OF PUBLIC HEARING

**COUNCIL BILL 371, SERIES OF 2007**  
**MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 371, Series of 2007**

A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)

Appl. 4911. Changes the zoning of the 11.5-acre parcel at 717 Yosemite from PUD #400, O-1 and B-1 with waivers to B-3 with waivers to allow the continuation, renovation and expansion of the Bonfils Blood Center at the Lowry Education Campus in Council District 5.

### NOTICE OF PUBLIC HEARING

**COUNCIL BILL 372, SERIES OF 2007**  
**MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 372, Series of 2007**

A bill for an ordinance changing the zoning classification for approximately 2000 South Colorado Boulevard. (BLUEPRINT DENVER)

Appl. 4913. Changes the zoning of the 14.6-acre parcel at 2000 S. Colorado from PUD #257 to T-MU-30, adding residential to office and commercial as an allowed uses to facility transit-oriented development at the Colorado Station in Council District 6.

### NOTICE OF PUBLIC HEARING

**COUNCIL BILL 373, SERIES OF 2007**  
**MONDAY, AUGUST 20, 2007**

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 373, Series of 2007**

A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the E-5-T zone district and making conforming changes. (BLUEPRINT DENVER)

Appl. L-1161. Adopts language creating a new B-5-T zone district and establishing zoning requirements, which are the same as for the current Downtown B-5 district except that B-5-T allows off-premise signs and banners and provides for a comprehensive sign program within the zone district. It is anticipated that B-5-T zoning will be adopted for the "theatre district" around the Denver Performing Arts Center and Curtis and 14th streets, which is currently zoned the B-5. This bill does not change the zoning of any property.

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO

City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend an Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements," which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning Rates for Legal Publications," 109-17 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular

edition of said newspaper on the 1st day of August, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for the purpose within the meaning of said above-mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado, before me, a Notary Public, this 1st day of August, A.D. 2007.

My Commission Expires July 9, 2011  
 1114 West 7th Avenue, Suite 100  
 Denver, Colorado 80202  
 NOTARY PUBLIC  
 My Commission Expires 07-09-2011

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## PUBLIC NOTICE City and County of Denver City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on **Monday, July 30, 2007**, as follows:

- **Bill 376, Series of 2007**, was placed upon final consideration, passed, and is hereby published as:

### Ordinance 375, Series of 2007

The title, description and full text of this bill and ordinance are available in electronic forms on the City's official website [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/380964/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website: <http://www.denvergov.org/CityCouncil/Meetings/tabid/423605/Default.aspx>

### C.B. 378, Series of 2007

**A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum principal amount of \$325,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum principal amount of \$32,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)**  
Authorizes issuance of Airport System Revenue Bonds Series 2007A in an amount not to exceed \$325,000,000 and Series 2007B in the maximum amount of \$32,000,000 consistent with the airport's 2007 Finance Plan.

Published in The Daily Journal - August 1, 2007

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CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Ordinance No. 375, Series of 2007

I hereunto have set my hand  
and affixed the Seal of the  
City and County of Denver,  
State of Colorado.  
This 20th day of August,  
A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wala Vincent*  
Deputy

BY AUTHORITY

ORDINANCE NO. 375  
SERIES OF 2007

COUNCIL BILL NO. 376  
COMMITTEE OF REFERENCE:

ECONOMIC DEVELOPMENT COMMITTEE

A BILL

For an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum principal amount of \$325,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum principal amount of \$32,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the "Department"); and



1 (4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise  
2 Ordinance") the City designated the Department as an "enterprise" within the meaning of  
3 Section 20, Article X, State Constitution; and

4 (5) WHEREAS, the Enterprise Ordinance provides that, the City owns the  
5 Department; the Manager of the Department of Aviation (the "Manager") is the governing body  
6 of the Department; and the Department has the authority to issue its own bonds or other  
7 financial obligations in the name of the City, payable solely from revenues derived or to be  
8 derived from the functions, services, benefits or facilities of the Department or from any other  
9 available funds, as authorized by ordinance after approval and authorization by the Manager;  
10 and

11 (6) WHEREAS, there have heretofore been issued in respect of the Airport  
12 System:

13 (i) the "City and County of Denver, Colorado, Airport System Revenue  
14 Bonds, Series 1984," as authorized by Ordinance No. 626, Series of 1984, cited as the  
15 "1984 Airport System General Bond Ordinance," and Ordinance No. 627, Series of  
16 1984;

17 (ii) the "City and County of Denver, Colorado, Airport System Revenue  
18 Bonds, Series 1985," as authorized by the General Bond Ordinance and Ordinance No.  
19 674, Series of 1985;

20 (iii) the "City and County of Denver, Colorado, Airport System Revenue  
21 Bonds, Series 1990A," as authorized by the General Bond Ordinance and Ordinance  
22 No. 268, Series of 1990;

23 (iv) the "City and County of Denver, Colorado, Airport System Revenue  
24 Bonds, Series 1991A," as authorized by the General Bond Ordinance and Ordinance  
25 No. 278, Series of 1991;

26 (v) the "City and County of Denver, Colorado, Airport System Revenue  
27 Bonds, Series 1991D," as authorized by the General Bond Ordinance and Ordinance  
28 No. 726, Series of 1991;

1 (vi) the "City and County of Denver, Colorado, Airport System Revenue  
2 Bonds, Series 1992A," as authorized by the General Bond Ordinance and Ordinance  
3 No. 82, Series of 1992;

4 (vii) the "City and County of Denver, Colorado, Airport System Revenue  
5 Bonds, Series 1992B," as authorized by the General Bond Ordinance and Ordinance  
6 No. 288, Series of 1992;

7 (viii) the "City and County of Denver, Colorado, Airport System Revenue  
8 Bonds, Series 1992C," as authorized by the General Bond Ordinance and Ordinance  
9 No. 640, Series of 1992;

10 (ix) the "City and County of Denver, Colorado, Airport System Revenue  
11 Bonds, Series 1992D," as authorized by the General Bond Ordinance and Ordinance  
12 No. 641, Series of 1992;

13 (x) the "City and County of Denver, Colorado, Airport System Revenue  
14 Bonds, Series 1992E," as authorized by the General Bond Ordinance and Ordinance  
15 No. 642, Series of 1992;

16 (xi) the "City and County of Denver, Colorado, Airport System Revenue  
17 Bonds, Series 1992F," as authorized by the General Bond Ordinance and Ordinance  
18 No. 643, Series of 1992;

19 (xii) the "City and County of Denver, Colorado, Airport System Revenue  
20 Bonds, Series 1992G," as authorized by the General Bond Ordinance and Ordinance  
21 No. 644, Series of 1992;

22 (xiii) the "City and County of Denver, Colorado, Airport System Revenue  
23 Bonds, Series 1994A," as authorized by the General Bond Ordinance and Ordinance  
24 No. 680, Series of 1994;

25 (xiv) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1995A," as authorized  
27 by the General Bond Ordinance and Ordinance No. 428, Series of 1995;

1 (xv) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 1995B," as authorized  
3 by the General Bond Ordinance and Ordinance No. 429, Series of 1995;

4 (xvi) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 1995C," as authorized  
6 by the General Bond Ordinance and Ordinance No. 950, Series of 1995;

7 (xvii) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 1996A," as authorized  
9 by the General Bond Ordinance and Ordinance No. 226, Series of 1996;

10 (xviii) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 1996B," as authorized  
12 by the General Bond Ordinance and Ordinance No. 227, Series of 1996;

13 (xix) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 1996C," as authorized  
15 by the General Bond Ordinance and Ordinance No. 888, Series of 1996;

16 (xx) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 1996D," as authorized  
18 by the General Bond Ordinance and Ordinance No. 889, Series of 1996;

19 (xxi) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Bonds, Series 1997D," as authorized  
21 by the General Bond Ordinance and Ordinance No. 547, Series of 1997;

22 (xxii) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Bonds, Series 1997E," as authorized  
24 by the General Bond Ordinance and Ordinance No. 548, Series of 1997;

25 (xxiii) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1998A," as authorized  
27 by the General Bond Ordinance and Ordinance No. 821, Series of 1998;

1 (xxiv) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 1998B," as authorized  
3 by the General Bond Ordinance and Ordinance No. 822, Series of 1998;

4 (xxv) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000A," as  
6 authorized by the General Bond Ordinance and Ordinance No. 647, Series of 2000;

7 (xxvi) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000B," as  
9 authorized by the General Bond Ordinance and Ordinance No. 648, Series of 2000;

10 (xxvii) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000C," as  
12 authorized by the General Bond Ordinance and Ordinance No. 649, Series of 2000;

13 (xxviii) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001A," as  
15 authorized by the General Bond Ordinance and Ordinance No. 539, Series of 2001;

16 (xxix) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001B," as  
18 authorized by the General Bond Ordinance and Ordinance No. 540, Series of 2001;

19 (xxx) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001D," as  
21 authorized by the General Bond Ordinance and Ordinance No. 675, Series of 2001;

22 (xxxii) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002A1-A3,"  
24 as authorized by the General Bond Ordinance and Ordinance No. 715, Series of 2002;

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

1 (xxxiii) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002D," as  
3 authorized by the General Bond Ordinance and Ordinance No. 801, Series of 2002;

4 (xxxiv) "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002E," as  
6 authorized by the General Bond Ordinance and Ordinance No. 802, Series of 2002;

7 (xxxv) "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 2003A," as authorized  
9 by the General Bond Ordinance and Ordinance No. 298, Series of 2003;

10 (xxxvi) "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 2003B," as authorized  
12 by the General Bond Ordinance and Ordinance No. 299, Series of 2003;

13 (xxxvii) "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 2004A," as authorized  
15 by the General Bond Ordinance and Ordinance No. 748, Series of 2004;

16 (xxxviii) "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 2004B," as authorized  
18 by the General Bond Ordinance and Ordinance No. 749, Series of 2004;

19 (xxxix) "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Bonds, Series 2005A," as authorized  
21 by the General Bond Ordinance and Ordinance No. 559, Series of 2005;

22 (xl) "City and County of Denver, Colorado, for and on behalf of its Department  
23 of Aviation, Airport System Revenue Bonds, Series 2005B1-B2," as authorized by the  
24 General Bond Ordinance and Ordinance No. 785, Series of 2005;

25 (xli) "City and County of Denver, Colorado, for and on behalf of its Department  
26 of Aviation, Airport System Revenue Bonds, Series 2005C1-C2," as authorized by the  
27 General Bond Ordinance and Ordinance No. 786, Series of 2005;

1 (xlii) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 2006A," as authorized  
3 by the General Bond Ordinance and Ordinance No. 495, Series of 2006; and

4 (xliii) "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 2006B," as authorized  
6 by the General Bond Ordinances and Ordinance No. 496, Series of 2006;

7 (collectively the "Senior Bonds"); and

8 (7) WHEREAS, certain of the Senior Bonds have been paid at maturity or  
9 upon prior redemption, have been defeased and therefore are deemed to have been paid  
10 pursuant to the General Bond Ordinance, or have been purchased and retired in advance of  
11 their respective maturities, with the consequence that such Senior Bonds are no longer  
12 Outstanding under the General Bond Ordinance; and

13 (8) WHEREAS, the Senior Bonds that remain Outstanding are secured by an  
14 irrevocable and first lien (but not necessarily an exclusively first lien) on the Net Revenues of  
15 the Airport System, on a parity with the lien thereon in favor of each other; and

16 (9) WHEREAS, pursuant to the General Bond Ordinance, which authorizes  
17 the issuance of bonds payable from the Net Revenues of the Airport System and having a lien  
18 thereon subordinate to the lien thereon of the Senior Bonds and any additional bonds on a  
19 parity therewith, there have also been issued: (i) the "City and County of Denver, Colorado,  
20 Airport System Subordinate Revenue Bonds, Series 1990B," as authorized by Ordinance No.  
21 568, Series of 1990, cited as the "1990 Airport System General Subordinate Bond Ordinance"  
22 (the "1990 Subordinate Bond Ordinance"), and Ordinance No. 569, Series of 1990; (ii) the  
23 "City and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series  
24 1990C," as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 570,  
25 Series of 1990; (iii) the "City and County of Denver, Colorado, Airport System Subordinate  
26 Revenue Bonds, Series 1990D," as authorized by the 1990 Subordinate Bond Ordinance and  
27 Ordinance No. 571, Series of 1990; (iv) the "City and County of Denver, Colorado, Airport  
28 System Subordinate Revenue Bonds, Series 1990E," as authorized by the 1990 Subordinate  
29 Bond Ordinance and Ordinance No. 572, Series of 1990; (v) the "City and County of Denver,  
30 Colorado, Airport System Subordinate Revenue Bonds, Series 1991B," as authorized by the

1 1990 Subordinate Bond Ordinance and Ordinance No. 443, Series of 1991; and (vi) the "City  
2 and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series 1991C,"  
3 as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 444, Series of  
4 1991 (collectively, the "Series 1990-91 Subordinate Bonds"); and

5 (10) WHEREAS, all of the Outstanding Series 1990-91 Subordinate Bonds  
6 were purchased and retired with the proceeds of:

7 (i) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997A," as  
9 authorized by Ordinance No. 549, Series of 1997, cited as the "1997 Airport System  
10 Subordinate Bond Ordinance" (the "Subordinate Bond Ordinance"), and Ordinance No.  
11 550, Series of 1997;

12 (ii) the "City and County of Denver, Colorado, for and on behalf of its  
13 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997B," as  
14 authorized by the Subordinate Bond Ordinance and Ordinance No. 551, Series of 1997;  
15 and

16 (iii) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997C," as  
18 authorized by the Subordinate Bond Ordinance and Ordinance No. 552, Series of 1997  
19 (collectively the "Series 1997 Subordinate Bonds"); and

20 (11) WHEREAS, the Series 1997A Subordinate Bonds, the Series 1997B  
21 Subordinate Bonds and the Series 1997C Subordinate Bonds have previously been defeased  
22 and are deemed to have been paid under Section 1101 of the Subordinate Bond Ordinance,  
23 and the Series 1997 Subordinate Bonds are no longer Outstanding under the Subordinate  
24 Bond Ordinance; and

25 (12) WHEREAS, the City has also issued the "City and County of Denver,  
26 Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
27 Revenue Refunding Bonds, Series 2001C1-C4," as authorized by the Subordinate Bond  
28 Ordinance and Ordinance No. 814, Series of 2001, and such Subordinate Bonds remain  
29 Outstanding under the Subordinate Bond Ordinance; and

1 (13) WHEREAS, the City has also authorized to be issued (i) the "City and  
2 County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System  
3 Subordinate Commercial Paper Notes, Series 2000A," by the Subordinate Bond Ordinance  
4 and Ordinance No. 344, Series of 2000; and (ii) the "City and County of Denver, Colorado, for  
5 and on behalf of its Department of Aviation, Airport System Subordinate Taxable Commercial  
6 Paper Notes, Series 2000B," by the Subordinate Bond Ordinance and Ordinance No. 345,  
7 Series of 2000, which notes (collectively the "Series 2000 Commercial Paper Notes")  
8 constitute Subordinate Bonds under the Subordinate Bond Ordinance; and

9 (14) WHEREAS, none of the Series 2000 Commercial Paper Notes remain  
10 authorized to be issued or are Outstanding under the Subordinate Bond Ordinance; and

11 (15) WHEREAS, the City has also authorized to be issued (i) the "City and  
12 County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System  
13 Subordinate Commercial Paper Notes, Series A," and (ii) the "City and County of Denver,  
14 Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
15 Commercial Paper Notes, Series B," which notes (collectively the "Series A-B Commercial  
16 Paper Notes") remain authorized to be issued as Subordinate Bonds under the Subordinate  
17 Bond Ordinance; and

18 (16) WHEREAS, the Council has also adopted in supplementation of the  
19 General Bond Ordinance: (i) Ordinance No. 456, Series of 1988, authorizing the payment of  
20 additional interest on certain Airport System revenue bonds from the proceeds thereof; (ii)  
21 Ordinance No. 614, Series of 1992, providing for the administration of certain passenger  
22 facility charges; (iii) Ordinance No. 890, Series of 1996, additionally providing for the  
23 administration of certain passenger facility charges; (iv) Ordinance No. 820, Series of 1998,  
24 additionally providing for the administration of certain passenger facility charges; (v) Ordinance  
25 No. 538, Series of 2001, additionally providing for the administration of certain passenger  
26 facility charges; (vi) Ordinance No 716, Series of 2002, additionally providing for the  
27 administration of certain passenger facility charges; (vii) Ordinance No. 747, Series of 2004,  
28 additionally providing for the administration of certain passenger facility charges;  
29 (viii) Ordinance No. 470, Series of 2005, adopting certain amendments to the General Bond  
30 Ordinance; (ix) Ordinance No. 494, Series of 2006, providing for the administration of certain  
31 passenger facility charges; and (x) the Passenger Facility Charges Ordinance, Series of 2007,



1 filed simultaneously herewith and additionally providing for the administration of certain  
2 passenger facility charges; and

3 (17) WHEREAS, none of the Net Revenues of the Airport System have been  
4 pledged to any outstanding bonds or other obligations, except in respect of the Senior Bonds  
5 (and certain Obligations relating thereto), the Subordinate Bonds (and certain Subordinate  
6 Credit Facility Obligations relating thereto), the Series A-B Commercial Paper Notes, and of  
7 certain Subordinate Hedge Facility Obligations incurred under the Subordinate Bond  
8 Ordinance; and

9 (18) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager of  
10 the Department has executed a resolution (the "Series 2007A-B Manager's Resolution")  
11 approving, authorizing and requesting the issuance by the City, for and on behalf of the  
12 Department, of the "City and County of Denver, Colorado, for and on behalf of its Department  
13 of Aviation, Airport System Revenue Bonds, Series 2007A" and "City and County of Denver,  
14 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds,  
15 Series 2007B" as set forth herein, for the purposes of (i) defraying the Cost of acquiring,  
16 improving, and equipping Airport Facilities, and (ii) paying certain Costs relating thereto; and

17 (19) WHEREAS, the Council has determined and does hereby declare:

18 A. The procedures and requirements of Article V, Chapter 20 of the Revised  
19 Municipal Code of the City and County of Denver have been completely and timely met in  
20 respect of the negotiated sale of the Series 2007A-B Bonds to the respective Underwriters;

21 B. The Series 2007A-B Bonds are to be issued pursuant to the Series 2007A-B  
22 Manager's Resolution and the provisions of the General Bond Ordinance (as supplemented  
23 hereby); and the Series 2007A-B Bonds constitute "Bonds" as defined therein; and

24 C. All acts, conditions and things required by law and by the General Bond  
25 Ordinance to exist, have happened and have been performed as a condition to the issuance of  
26 the Series 2007A-B Bonds, do or will exist, have happened or will happen, and have been or  
27 will have been performed in regular and due time, form and manner as required by law,  
28 including without limitation the approval, following a public hearing, of a plan of financing

1 pursuant to which the Series 2007A-B Bonds are to be issued, all in accordance with and to  
2 the extent required by Section 147(f) of the Tax Code.

3 (20) WHEREAS, simultaneously with the issuance of the Series 2007A-B  
4 Bonds, there is also expected to be issued the "City and County of Denver, Colorado, for and  
5 on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C;"

6 (21) WHEREAS, there have been filed with the City's Clerk and Recorder:

7 A. the proposed form of the Series 2007A-B Bond Purchase Agreement, City  
8 Clerk File No. 07-611;

9 B. the Preliminary Official Statement, City Clerk File No. 07-611-A

10 C. the proposed form of the Series 2007A-B Bonds Continuing Disclosure  
11 Undertaking, City Clerk File No. 07-611-B

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

13 **ARTICLE I**  
14 **DEFINITIONS, RATIFICATION, EFFECTIVE DATE,**  
15 **PUBLICATION AND AUTHENTICATION**

16  
17 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
18 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
19 Department in accordance with the provisions of, the General Bond Ordinance.

20 Section 102. Meanings and Construction.

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

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

26 (1) "Bond Insurer" means collectively the Series 2007A Bond Insurer  
27 and the Series 2007B Bond Insurer.

1           (2) "Consent Agent" means American National Bank (formerly The  
2 Bank of Cherry Creek N.A.), and any successor thereof, as provided in Section  
3 506 hereof.

4           (3) "General Bond Ordinance" means the "1984 Airport System  
5 General Bond Ordinance," as amended and supplemented from time to time by  
6 any Supplemental Ordinance.

7           (4) "Official Statement" means a final Official Statement relating to the  
8 Series 2007A-B Bonds, in substantially the form of the Preliminary Official  
9 Statement, with such omissions, insertions, endorsements and variations as may  
10 be required by the circumstances and as are not inconsistent with the provisions  
11 of this Supplemental Ordinance.

12           (5) "Preliminary Official Statement" means the Preliminary Official  
13 Statement relating to the Series 2007A-B Bonds, as filed with the Clerk.

14           (6) "Pricing Certificate" means, with respect to the Series 2007A-B  
15 Bonds, a certificate executed by the Treasurer and evidencing the determinations  
16 made pursuant to Section 302B of this Supplemental Ordinance.

17           (7) "Securities Depository" means The Depository Trust Company,  
18 hereby designated as the depository for the Series 2007A-B Bonds, and includes  
19 any nominee or successor thereof.

20           (8) "Series 2007A Bond Insurance Policy" means the municipal bond  
21 new issue insurance policy issued by the Series 2007A Bond Insurer that  
22 guarantees payment of the principal of and interest on the Series 2007A Bonds.

23           (9) "Series 2007A Bond Insurer" means any bond insurer issuing the  
24 Series 2007A Bond Insurance Policy, or any successor thereto or assignee  
25 thereof.

26           (10) "Series 2007A-B Bond Purchase Agreement" means the contract  
27 between the City, for and on behalf of the Department, and the Series 2007A  
28 Underwriters and the Series 2007B Underwriters for the purchase of the Series

1 2007A Bonds and Series 2007B Bonds, respectively, in substantially the form  
2 filed with the Clerk.

3 (11) "Series 2007A Bonds" means those securities issued hereunder  
4 and designated as the "City and County of Denver, Colorado, for and on behalf of  
5 its Department of Aviation, Airport System Revenue Bonds, Series 2007A."

6 (12) "Series 2007A Improvement Project" means the project to be  
7 financed with the proceeds of the Series 2007A Bonds used to acquire, improve,  
8 and equip certain Airport Facilities. The Series 2007A Improvement Project  
9 constitutes an Improvement Project within the meaning of the General Bond  
10 Ordinance.

11 (13) "Series 2007A-B Paying Agent" means, with respect to the Series  
12 2007A Bonds and the Series 2007B Bonds, the Treasurer, and includes any  
13 successor thereof.

14 (14) "Series 2007A Underwriters" means Goldman, Sachs & Co.,  
15 Harvestons Securities, Inc., J. P. Morgan Securities Inc., and RBC Capital  
16 Markets.

17 (15) "Series 2007A-B Bonds" means together the Series 2007A Bonds  
18 and the Series 2007B Bonds.

19 (16) "Series 2007A-B Bonds Continuing Disclosure Undertaking" means  
20 the Continuing Disclosure Undertaking relating to the Series 2007A-B Bonds (in  
21 addition to the Series 2007C Bonds), in substantially the form filed with the Clerk.

22 (17) "Series 2007A-B Bonds Registrar" means the Treasurer, and  
23 includes any successor thereof.

24 (18) "Series 2007B Bond Insurance Policy" means the municipal bond  
25 new issue insurance policy issued by the Series 2007B Bond Insurer that  
26 guarantees payment of the principal of and interest on the Series 2007B Bonds.

1 (19) "Series 2007B Bond Insurer" means any bond insurer issuing the  
2 Series 2007B Bond Insurance Policy, or any successor thereto or assignee  
3 thereof.

4 (20) "Series 2007B Bonds" means those securities issued hereunder  
5 and designated as the "City and County of Denver, Colorado, for and on behalf of  
6 its Department of Aviation, Airport System Revenue Bonds, Series 2007B."

7 (21) "Series 2007B Improvement Project" means the project to be  
8 financed with the proceeds of the Series 2007B Bonds used to acquire, improve,  
9 and equip certain Airport Facilities. The Series 2007B Improvement Project  
10 constitutes an Improvement Project within the meaning of the General Bond  
11 Ordinance.

12 (22) "Series 2007B Underwriters" means Goldman, Sachs & Co.,  
13 Harvestons Securities, Inc., J. P. Morgan Securities Inc., and RBC Capital  
14 Markets.

15 (23) "Underwriters" means collectively the Series 2007A Underwriters  
16 and the Series 2007B Underwriters.

17 Section 103. Ratification. All action heretofore taken (not inconsistent with the  
18 provisions of this Supplemental Ordinance) by the Council, the Manager, the Manager of  
19 Revenue (the "Treasurer"), and the other officers of the City relating to:

20 A. Series 2007A Improvement Project. The Series 2007A Improvement Project;  
21 and

22 B. Series 2007B Improvement Project. The Series 2007B Improvement Project;  
23 and

24 C. Series 2007A-B Bonds. The sale and issuance of the Series 2007A-B Bonds  
25 be, and the same hereby is, authorized, ratified, approved, and confirmed, including,  
26 without limitation, the distribution of the Preliminary Official Statement, the execution  
27 and delivery of the Official Statement (if executed and delivered prior to the date of  
28 enactment of this Supplemental Ordinance) and the execution of the Series 2007A-B

1 Bond Purchase Agreement by the Treasurer (if so executed prior to the publication of  
2 the bill for this Supplemental Ordinance and this Supplemental Ordinance and if in  
3 conformity with the Pricing Certificate).

4 Section 104. Bond Insurance Policies. The purchase from the Bond Insurer of the  
5 Series 2007A Bond Insurance Policy and the Series 2007B Bond Insurance Policy is hereby  
6 approved, and the officers of the City are directed to take such action (including the payment of  
7 premiums) as may be necessary to obtain and maintain the Series 2007A Bond Insurance  
8 Policy and the Series 2007B Bond Insurance Policy.

9 Section 105. Ordinance an Irrepealable Contract. This Supplemental Ordinance and  
10 the General Bond Ordinance shall constitute an irrevocable contract between the City, for and  
11 on behalf of the Department, and the owners of the Series 2007A-B Bonds, except as  
12 otherwise provided herein and otherwise in the General Bond Ordinance.

13 Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other  
14 instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of  
15 such inconsistency; but nothing herein shall be construed to repeal any provision of the  
16 General Bond Ordinance, it being intended that any inconsistent provision therein shall remain  
17 applicable to any other Bonds hereafter issued thereunder. This repealer shall not be  
18 construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof,  
19 heretofore repealed.

20 Section 107. Severability. If any section, subsection, paragraph, clause, or other  
21 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
22 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
23 or other provision shall not affect any of the remaining provisions of this Supplemental  
24 Ordinance.

25 Section 108. Effective Date. This Supplemental Ordinance shall take effect  
26 immediately upon its final passage and publication.

27 Section 109. Publications. The bill for this Supplemental Ordinance and this  
28 Supplemental Ordinance are hereby authorized and directed to be published as required by  
29 the Charter.

1 Section 110. Recordation and Authentication. This Supplemental Ordinance shall be  
2 recorded after its passage in the office of the Clerk, and authenticated by the signature of the  
3 Mayor and attested and countersigned by the Clerk.

4 Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer and Manager  
5 and other officers and employees of the City are hereby authorized and directed to take all  
6 action necessary or appropriate to effect the provisions of this Supplemental Ordinance,  
7 including without limitation:

8 A. Official Statement and Basic Agreements. If not previously executed and  
9 delivered, the execution and delivery of the Official Statement (dated as the Manager  
10 and Treasurer may determine), the Series 2007A-B Bond Purchase Agreement, and the  
11 Series 2007A-B Bonds Continuing Disclosure Undertaking, with such omissions,  
12 insertions, endorsements, and variations as to any recitals of fact or other provisions as  
13 may be by the circumstances be required;

14 B. Blue Sky Documents. The execution of such instruments and the taking of  
15 such other action in cooperation with the Series 2007A Underwriters and the Series  
16 2007B Underwriters as they may reasonably request in order to qualify the Series  
17 2007A-B Bonds for offer and sale under the securities laws and regulations of such  
18 states and other jurisdictions of the United States as the Series 2007A Underwriters and  
19 the Series 2007B Underwriters may designate, but said actions shall not constitute  
20 consent to process in any other jurisdiction;

21 C. Certificates and Agreements. The execution and delivery of such certificates  
22 and opinions as are required by the Series 2007A-B Bond Purchase Agreement and as  
23 may otherwise be reasonably required by the Series 2007A Underwriters and the Series  
24 2007B Underwriters or the Bond Insurer and the execution and delivery of such  
25 agreements as are necessary or desirable; and

26 D. Series 2007A-B Bonds. The preparation, execution and delivery of the Series  
27 2007A-B Bonds and the payment of the Costs of issuing the Series 2007A-B Bonds.

1 **ARTICLE II**  
2 **COUNCIL'S DETERMINATIONS, NECESSITY OF**  
3 **SERIES 2007A IMPROVEMENT PROJECT, SERIES 2007A BONDS, SERIES 2007B**  
4 **IMPROVEMENT PROJECT AND SERIES 2007B BONDS, TERMS OF BOND SALE AND**  
5 **OBLIGATIONS OF CITY**

6 Section 201. Authority for this Ordinance. This Supplemental Ordinance is executed  
7 pursuant to the City's powers as a home-rule city organized and operating under the Charter  
8 and Article XX of the State Constitution and pursuant to the Supplemental Public Securities  
9 Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of which  
10 are hereby elected, to the extent not inconsistent herewith), and the General Bond Ordinance;  
11 and the City hereby determines that each and every matter and thing as to which provision is  
12 made herein is necessary in order to carry out and to effect the purposes hereof.

13 Section 202. Necessity and Approval of Series 2007A Improvement Project, Series  
14 2007A Bonds, Series 2007B Improvement Project and Series 2007B Bonds. The Council  
15 hereby determines and declares that the Series 2007A Improvement Project, the Series 2007A  
16 Bonds, the Series 2007B Improvement Project and the Series 2007B Bonds are necessary  
17 and in the best interests of the City and its residents.

18 Section 203. Terms of Bond Sale. The Series 2007A-B Bond Purchase Agreement is  
19 hereby authorized and approved; and the Series 2007A Bonds shall be sold and delivered to  
20 the Series 2007A Underwriters and the Series 2007B Bonds shall be sold and delivered to the  
21 Series 2007B Underwriters, all in accordance with the Series 2007A-B Bond Purchase  
22 Agreement, bearing interest and otherwise upon the terms and conditions therein and herein  
23 provided.

24 Section 204. Tender for Delivery. The Series 2007A Underwriters and the Series  
25 2007B Underwriters are required to accept delivery of the Series 2007A-B Bonds, respectively,  
26 and to make payment as provided in the Series 2007A-B Bond Purchase Agreement. The  
27 validity and enforceability of the Series 2007A-B Bonds shall be approved by Hogan & Hartson  
28 L.L.P., Denver, Colorado, as bond counsel, and by Bookhardt & O'Toole, Denver, Colorado, as  
29 bond counsel.



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**ARTICLE III**  
**AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE**  
**OF SERIES 2007A-B BONDS**

Section 301. Authorization of Series 2007A-B Bonds. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2007A Improvement Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum aggregate principal amount of \$325,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and this Supplemental Ordinance. There are also hereby authorized to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2007B Improvement Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum aggregate principal amount of \$32,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and this Supplemental Ordinance. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Bond Requirements of the Series 2007A-B Bonds, respectively, as therein and herein provided.

Section 302. Series 2007A-B Bond Details.

A. Series 2007A Bonds. The Series 2007A Bonds shall be issued as fully registered bonds, dated as of the date of delivery, in the denomination of \$5,000 each, or any integral multiple thereof (provided that no Series 2007A Bond may be in a denomination which exceeds the principal coming due on any maturity date, no Series 2007A Bond may be issued for more than one maturity, and no Series 2007A Bond may bear interest at more than one rate). The Series 2007A Bonds shall be numbered as the Series 2007A-B Bonds Registrar may determine and shall bear interest from the date of the Series 2007A Bonds to maturity (computed on the basis of a 360-day year and 12 months of 30 days each) at their nominal rates per annum, payable semiannually on May 15 and November 15 in each year commencing November 15, 2007, except that Series 2007A Bonds which are reissued upon transfer, exchange or replacement shall bear interest at the rates shown below from the most recent interest

1 payment date to which interest has been paid or duly provided for, or if no interest has  
2 been paid, from the date of the Series 2007A Bonds. The Series 2007A Bonds shall  
3 bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term  
4 Bonds or Serial Bonds, or both, in regular numerical order not later than November 15,  
5 2037.

6 B. Series 2007B Bonds. The Series 2007B Bonds shall be issued as fully  
7 registered bonds, dated as of the date of delivery, in the denomination of \$5,000 each,  
8 or any integral multiple thereof (provided that no Series 2007B Bond may be in a  
9 denomination which exceeds the principal coming due on any maturity date, no Series  
10 2007B Bond may be issued for more than one maturity, and no Series 2007B Bond may  
11 bear interest at more than one rate). The Series 2007B Bonds shall be numbered as  
12 the Series 2007A-B Bonds Registrar may determine and shall bear interest from the  
13 date of the Series 2007B Bonds to maturity (computed on the basis of a 360-day year  
14 and 12 months of 30 days each) at their nominal rates per annum, payable  
15 semiannually on May 15 and November 15 in each year commencing November 15,  
16 2007, except that Series 2007B Bonds which are reissued upon transfer, exchange or  
17 replacement shall bear interest at the rates shown below from the most recent interest  
18 payment date to which interest has been paid or duly provided for, or if no interest has  
19 been paid, from the date of the Series 2007B Bonds. The Series 2007B Bonds shall  
20 bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term  
21 Bonds or Serial Bonds, or both, in regular numerical order not later than November 15,  
22 2037.

23 C. Pricing Delegation. Until November 30, 2007, the Treasurer is hereby  
24 authorized, without further approval of the Council, to determine in conformity with the  
25 standards set forth in this Supplemental Ordinance and after the Series 2007A-B Bonds  
26 have been priced in the market: (i) the respective principal amount of the Series 2007A-  
27 B Bonds; (ii) the respective coupon interest rate or rates on the Series 2007A-B Bonds,  
28 (iii) the respective maturity or maturities of the Series 2007A-B Bonds (any of which may  
29 include Series 2007A-B Bonds bearing different interest rates) and the amount and date  
30 of any mandatory sinking fund redemption; (iv) provisions for the optional redemption of  
31 any or all of the Series 2007A-B Bonds prior to maturity; and (v) the respective  
32 purchase price of the Series 2007A-B Bonds; all as may be necessary to effect the

1 Series 2007A Improvement Project and the Series 2007B Improvement Project,  
2 respectively, and in a manner to achieve the most favorable net effective interest rate  
3 on the Series 2007A-B Bonds; provided that the principal amount of the Series 2007A  
4 Bonds shall not exceed \$325,000,000, and the principal amount of the Series 2007B  
5 Bonds shall not exceed \$32,000,000, the estimated true interest cost of the Series  
6 2007A Bonds and Series the 2007B Bonds, respectively, shall not exceed 5.60%, the  
7 Underwriter's discount (if applicable) relating to the Series 2007A Bonds and the Series  
8 2007B Bonds, respectively, shall not exceed .750% of the principal amount thereof, and  
9 the Series 2007A Bonds and the Series 2007B Bond, respectively, shall be subject to  
10 redemption at the option of the City, if at all, at a redemption premium not exceeding  
11 102% of the principal amount so redeemed. Such determinations shall be evidenced by  
12 a Pricing Certificate filed with the Clerk, and except as otherwise expressly provided  
13 herein or in the General Bond Ordinance, the terms of the Series 2007A-B Bonds shall  
14 be as set forth in the Pricing Certificate.

15 Section 303. Payment of Bond Requirements. The principal or Redemption Price of  
16 any Series 2007A-B Bond shall be payable to the owner thereof as shown on the registration  
17 books maintained by the Series 2007A-B Bonds Registrar upon maturity or prior redemption  
18 thereof and upon presentation and surrender at the principal office of the Series 2007A-B  
19 Paying Agent. If any Series 2007A-B Bond shall not be paid upon such presentation and  
20 surrender at or after maturity, it shall continue to draw interest at the rate borne by said Series  
21 2007A-B Bond, respectively, until the principal thereof is paid in full. Payment of interest on  
22 any Series 2007A Bond and Series 2007B Bonds shall be made (i) by check or draft mailed by  
23 the Series 2007A-B Paying Agent, on or before each interest payment date, to the owner  
24 thereof, at his or her address as it last appears on the registration books kept by the Series  
25 2007A-B Bonds Registrar, at the close of business on the fifteenth day (whether or not a  
26 business day) next preceding such interest payment date (the "Regular Record Date"), or  
27 (ii) by wire transfer on the applicable interest payment date to the owner at the close of  
28 business on the applicable Regular Record Date, if such owner shall have provided written  
29 notice and completed wire instructions for a wire transfer address in the continental United  
30 States to the Series 2007A-B Paying Agent not less than 15 days prior to such Regular Record  
31 Date (which notice may provide that it will remain in effect with respect to subsequent interest  
32 payment dates unless and until changed or revoked by subsequent notice). Any such interest

1 not so timely paid or duly provided for shall cease to be payable to the person who is the  
2 owner at the close of business on the Regular Record Date and shall be payable to the person  
3 who is the owner at the close of business on a Special Record Date for the payment of any  
4 such defaulted interest. Such Special Record Date shall be fixed by the Series 2007A-B  
5 Bonds Registrar whenever moneys become available for payment of the defaulted interest,  
6 and notice of the Special Record Date shall be given to the owners of the Series 2007A-B  
7 Bonds not less than ten days prior to the Special Record Date by first-class mail to each such  
8 owner as shown on the registration books kept by the Series 2007A-B Bonds Registrar on a  
9 date selected by the Series 2007A-B Bonds Registrar, stating the date of the Special Record  
10 Date and the date fixed for the payment of such defaulted interest. The Series 2007A-B  
11 Paying Agent may make payments of interest on any Series 2007A-B Bonds by such  
12 alternative means as may be mutually agreed to between the owner of such Series 2007A  
13 Bonds, Series 2007B Bonds and the Series 2007A-B Paying Agent, provided, however, that  
14 the City shall not be required to make funds available to the Series 2007A-B Paying Agent  
15 prior to the dates established pursuant to Section 302A hereof. All such payments shall be  
16 made in lawful money of the United States of America.

17 Section 304. Optional Redemption. The Series 2007A-B Bonds may be subject to  
18 redemption prior to maturity at the option of the City as described in the Pricing Certificate and  
19 in the Series 2007A-B Bonds, respectively. Such redemption may be in whole or in part at any  
20 time in principal amounts equal to authorized denominations in such order of maturities as may  
21 be determined by the City, at the Redemption Price designated therein.

22 Section 305. Selection of Series 2007A-B Bonds for Redemption. If less than all of the  
23 Series 2007A-B Bonds bearing the same rate and maturing on any fixed maturity date are  
24 called for prior redemption at the City's option, the Treasurer shall select the Series 2007A  
25 Bonds, Series 2007B Bonds, or portions thereof to be redeemed by lot in such manner as the  
26 Treasurer shall deem equitable (giving proportionate weight to Series 2007A Bonds or Series  
27 2007B Bonds in denominations larger than a single unit of authorized denomination).

28 In the event a portion of any Series 2007A Bond or Series 2007B Bond is so redeemed,  
29 the Series 2007A-B Bonds Registrar shall, without charge to the owner of such Series 2007A  
30 Bonds or Series 2007B Bonds, authenticate a replacement Series 2007A Bond or Series  
31 2007B Bond for the unredeemed portion thereof.

1           Section 306. Redemption Procedure. Except as otherwise provided herein, the Series  
2 2007A-B Bonds shall be called for prior redemption and shall be paid by the Series 2007A-B  
3 Paying Agent upon such notice and otherwise in the manner provided by the General Bond  
4 Ordinance. The Series 2007A-B Bonds Registrar shall not be required to transfer or exchange  
5 any Series 2007A Bond or Series 2007B Bond after published notice of the redemption of such  
6 Series 2007A Bond or Series 2007B Bond has been given (except the unredeemed portion of  
7 such Series 2007A Bond or Series 2007B Bond, if redeemed in part) or to transfer or  
8 exchange any Series 2007A Bond or Series 2007B Bond during the period of 15 days next  
9 preceding the day such notice is given.

10           In addition, the Series 2007A-B Bonds Registrar is hereby authorized to comply  
11 with any operational procedures and requirements of the Securities Depository relating to  
12 redemption of Series 2007A-B Bonds and notice thereof. The City and the Series 2007A-B  
13 Bonds Registrar shall have no responsibility or obligation with respect to the accuracy of the  
14 records of the Securities Depository or a nominee therefor or any Participant (as defined  
15 below) with respect to any ownership interest in the Series 2007A-B Bonds or the delivery to  
16 any Participant, beneficial owner or any other person (except to a registered owner of the  
17 Series 2007A-B Bonds) of any notice with respect to the Series 2007A-B Bonds, including any  
18 notice of redemption.

19           Section 307. Other Notice of Redemption. In addition to the notice provided for in  
20 Section 306 herein, further notice of any prior redemption shall be given as follows, but failure  
21 to give such further notice by means provided in this section, or any defect therein, shall not  
22 affect the validity of any proceedings for redemption if notice thereof is given as provided in  
23 Section 306 herein:

24           A. Supplemental Information. Each such further notice of redemption shall contain  
25 the information required for a notice of prior redemption under Section 306 herein, plus:  
26 (i) the CUSIP numbers of all Series 2007A-B Bonds being redeemed; (ii) the date the  
27 Series 2007A-B Bonds were originally issued; (iii) the rate of interest borne by each  
28 Series 2007A-B Bond being redeemed; (iv) the maturity date of each Series 2007A-B  
29 Bond being redeemed; and (v) any other descriptive information determined by the City  
30 in its sole discretion to be necessary to identify accurately the Series 2007A-B Bonds  
31 being redeemed; and

1           B. Additional Recipients. Each such further notice of redemption shall be sent at  
2           least 30 days before the redemption date by registered or certified mail or overnight  
3           delivery service to: (i) the Securities Depository; (ii) to one or more national information  
4           services that disseminate notices of redemption of obligations similar to the Series  
5           2007A-B Bonds; (iii) any rating agency that shall then be maintaining a rating on the  
6           Series 2007A-B Bonds; and (iv) *The Bond Buyer*.

7           Section 308. Custodial Deposit. Notwithstanding the provisions of Article III of the  
8           General Bond Ordinance or of Section 302 hereof, the Series 2007A-B Bonds shall initially be  
9           evidenced by one Series 2007A Bond or Series 2007B Bond due in each maturity, in the  
10          aggregate principal amount of such maturity; shall initially be registered in the name of the  
11          Securities Depository, or any nominee thereof; and may not thereafter be transferred or  
12          exchanged except (i) to any successor of the Securities Depository, or any nominee of such  
13          successor, upon the merger, consolidation, sale of substantially all of the assets or other  
14          reorganization of the Securities Depository or its successor, which successor of the Securities  
15          Depository must be a qualified and registered "clearing agency" under §17A of the Securities  
16          Exchange Act of 1934, as amended; (ii) to any new depository or nominee thereof (a) upon the  
17          resignation of the Securities Depository or a successor or new depository under clause (i) of  
18          this paragraph or this clause (ii), or (b) upon a determination of the City that the Securities  
19          Depository or such successor or new depository is no longer able to carry out its functions and  
20          the designation by the City of another depository institution acceptable to the depository then  
21          holding the Series 2007A-B Bonds which new depository institution must be a qualified and  
22          registered "clearing agency" under §17A of the Securities Exchange Act of 1934, as amended,  
23          to carry out the functions of the Securities Depository or such successor or new depository; or  
24          (iii) to any holder as specified in the transfer instructions in the paragraph below (a) upon the  
25          resignation of the Securities Depository or upon a determination by the City that the Securities  
26          Depository is no longer able to carry out its functions, and (b) upon the failure by the City, after  
27          reasonable investigation, to locate another qualified depository institution under clause (ii) to  
28          carry out the functions of the Securities Depository.

29                 In the case of a transfer to a successor of the Securities Depository or its  
30                 nominee as referred to in clause (i) of the first paragraph hereof or in the case of a designation  
31                 of a new depository pursuant to clause (ii) of the first paragraph hereof, upon receipt of the  
32                 Outstanding Series 2007A-B Bonds by the Series 2007A-B Bonds Registrar, together with

1 written instructions for transfer satisfactory to the Series 2007A-B Bonds Registrar, new Series  
2 2007A-B Bonds shall be issued to such successor or new depository, as the case may be, or  
3 its nominee, as is specified in such written transfer instructions. In the case of a resignation or  
4 determination under clause (ii) of the first paragraph hereof and the failure after reasonable  
5 investigation to locate another qualified depository institution for the Series 2007A-B Bonds as  
6 provided in clause (ii) of the first paragraph hereof, and upon receipt of the respective  
7 Outstanding Series 2007A-B Bonds by the Series 2007A-B Bonds Registrar together with  
8 written instructions for transfer satisfactory to the Series 2007A-B Bonds Registrar, new  
9 respective Series 2007A-B Bonds shall be issued in authorized denominations, as provided in  
10 and subject to the limitations of Section 302 hereof and in such denominations as are  
11 requested in such written transfer instructions; provided the Series 2007A-B Bonds Registrar  
12 shall not be required to deliver such new Series 2007A-B Bonds within a period of less than  
13 60 days from the date of receipt of such written transfer instructions.

14           The City, the Series 2007A-B Bonds Registrar and the Series 2007A-B Paying  
15 Agent shall be entitled to treat the registered owner of any Series 2007A-B Bond as the  
16 absolute owner and owner of record for all purposes hereof and any applicable laws,  
17 notwithstanding any notice to the contrary received by any or all of them. So long as the  
18 registered owner of any Series 2007A Bond or Series 2007B Bond is the Securities Depository  
19 or a nominee thereof, the Securities Depository shall disburse any payments received, through  
20 participating underwriters, securities brokers or dealers, banks, trust companies, closing  
21 corporations or other persons or entities for which the Securities Depository holds Series  
22 2007A-B Bonds ("Participants") or otherwise, to the beneficial owners. Neither the City, nor  
23 the Series 2007A-B Paying Agent shall have any responsibility or obligation for the payment to  
24 any Participant, any beneficial owner or any other person (except a registered owner of Series  
25 2007A-B Bonds) of the Debt Service Requirements or Redemption Price due in connection  
26 with the Series 2007A-B Bonds. The City, the Series 2007A-B Bonds Registrar and the Series  
27 2007A-B Paying Agent shall have no responsibility for maintaining, supervising or reviewing  
28 the records kept by the Securities Depository.

29           Notwithstanding any other provision of the General Bond Ordinance or this  
30 Supplemental Ordinance to the contrary, so long as any Series 2007A Bond or Series 2007B  
31 Bond is registered in the name of the Securities Depository, or any nominee thereof, all  
32 payments with respect to the Redemption Price due in connection with any Series 2007A-B

1 Bonds and all notices with respect to such Series 2007A-B Bonds shall be made and given,  
2 respectively, in the manner provided in the Blanket Issuer Letter of Representations dated  
3 June 22, 1995 with the Securities Depository.

4 Section 309. Execution, Recordation and Authentication. The Series 2007A-B Bonds  
5 shall be signed by the Mayor and countersigned by the Auditor, both of which signatures may  
6 be by facsimile, and the Series 2007A-B Bonds shall bear the official seal of the City or a  
7 facsimile thereof attested by the manual or facsimile signature of the Clerk. A record thereof  
8 shall be made by the Auditor, in such record to show the date of issue, date of payment, and  
9 date and amount of interest payments as the same shall accrue. The Series 2007A-B Bonds  
10 shall also be approved by the manual or facsimile signature of the Manager and shall be  
11 authenticated by the Series 2007A-B Bonds Registrar as provided in Section 316 of the  
12 General Bond Ordinance.

13 By authenticating the Series 2007A-B Bonds, the Series 2007A-B Bonds  
14 Registrar shall be deemed to have assented to the provisions of the General Bond Ordinance,  
15 as supplemented by this Supplemental Ordinance. If the Series 2007A-B Bonds Registrar, or  
16 its duly appointed successor pursuant to this section, shall resign, or if the City shall  
17 reasonably determine that such Series 2007A-B Bonds Registrar has become incapable of  
18 fulfilling its duties hereunder, the City may, upon notice mailed to each owner of Series 2007A-  
19 B Bonds at the address last shown on the registration books, appoint a successor Series  
20 2007A-B Bonds Registrar.

21 Section 310. Bond Form. Subject to the provisions of this Supplemental Ordinance,  
22 each Series 2007A Bond and Series 2007B Bond shall be in substantially the form set forth in  
23 Exhibit A hereto (provided that any of the text may, with appropriate reference, be printed on  
24 the back of the Series 2007A Bonds or Series 2007B Bonds), with such omissions, insertions,  
25 endorsements, and variations as to any recitals of fact or other provisions as may be required  
26 by the circumstances, be required or permitted by the General Bond Ordinance, or be  
27 consistent with the General Bond Ordinance.



**ARTICLE IV**  
**USE OF BOND PROCEEDS; OTHER TRANSFERS**

Section 401. Disposition of Series 2007A Bond Proceeds. The net proceeds of the Series 2007A Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2007A Bonds.

B. Series 2007A Capitalized Interest Subaccount. Second, to a special and separate subaccount hereby created in the Capitalized Interest Account of the Project Fund designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A, Capitalized Interest Subaccount," (the "Series 2007A Capitalized Interest Subaccount"), an amount, and for such period, as the Treasurer determine to be necessary to pay capitalized interest on a portion of the Series 2007A Bonds. Amounts in the Series 2007A Capitalized Interest Subaccount shall be transferred to the Interest Account at the times and in the amounts provided in a payment schedule furnished by the Treasurer and expended therefrom for interest due and payable on the applicable Series 2007A Bonds; provided that nothing herein shall prevent the transfer of amounts from the Series 2007A Capitalized Interest Subaccount to the Series 2007A Project Account (as defined below) to the extent the Treasurer may determine such amounts are necessary to defray other Costs of the Series 2007A Improvement Project.

C. Series 2007A Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A Project Account," (the "Series 2007A Project Account"), an amount equal to the balance of the proceeds of the Series 2007A Bonds so received, for the payment of the Costs of the Series 2007A Improvement Project, including without limitation the payment of the initial premium due in respect of the Series 2007A Bond Insurance Policy (which payment may be made on behalf of the

1 City by the Series 2007A Underwriters and treated as if it were received by the City and  
2 accounted for in the Series 2007A Project Account).

3 Section 402. Disposition of Series 2007B Bond Proceeds. The net proceeds of the  
4 Series 2007B Bonds, upon the receipt thereof, shall be deposited in the following accounts and  
5 applied for purposes thereof:

6 A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any,  
7 determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the  
8 issuance of the Series 2007B Bonds.

9 B. Series 2007B Capitalized Interest Subaccount. Second, to a special and  
10 separate subaccount hereby created in the Capitalized Interest Account of the Project  
11 Fund designated as the "City and County of Denver, Colorado, for and on behalf of its  
12 Department of Aviation, Airport System Revenue Bonds, Series 2007B, Capitalized  
13 Interest Subaccount," (the "Series 2007B Capitalized Interest Subaccount"), an amount,  
14 and for such period, as the Treasurer determine to be necessary to pay capitalized  
15 interest on a portion of the Series 2007B Bonds. Amounts in the Series 2007B  
16 Capitalized Interest Subaccount shall be transferred to the Interest Account at the times  
17 and in the amounts provided in a payment schedule furnished by the Treasurer and  
18 expended therefrom for interest due and payable on the applicable Series 2007B  
19 Bonds; provided that nothing herein shall prevent the transfer of amounts from the  
20 Series 2007B Capitalized Interest Subaccount to the Series 2007B Project Account (as  
21 defined below) to the extent the Treasurer may determine such amounts are necessary  
22 to defray other Costs of the Series 2007B Improvement Project.

23 C. Series 2007B Project Account. Third, to the Project Fund for credit to a special  
24 and separate subaccount hereby created therein and designated as the "City and  
25 County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
26 System Revenue Bonds, Series 2007B Project Account," (the "Series 2007B Project  
27 Account"), an amount equal to the balance of the proceeds of the Series 2007B Bonds  
28 so received, for the payment of the Costs of the Series 2007B Improvement Project,  
29 including without limitation the payment of the initial premium due in respect of the  
30 Series 2007B Bond Insurance Policy (which payment may be made on behalf of the

1 City by the Series 2007B Underwriters and treated as if it were received by the City and  
2 accounted for in the Series 2007B Project Account).

3 **ARTICLE V**  
4 **MISCELLANEOUS**

5 Section 501. Tax Covenants. In furtherance of Section 1037 of the General Bond  
6 Ordinance, the City, for and on behalf of the Department, represents and specifically agrees as  
7 follows:

8 A. General Covenants. (1) The City hereby covenants that it shall not  
9 (i) make any use of the proceeds of the Series 2007A-B Bonds, any funds reasonably  
10 expected to be used to pay the principal of or interest on the Series 2007A-B Bonds, or  
11 any other funds of the City; (ii) make or permit any use of the Airport Facilities financed  
12 with the Series 2007A-B Bonds or (iii) take (or omit to take) any other action with  
13 respect to the Series 2007A-B Bonds, the proceeds thereof, or otherwise, if such use,  
14 action or omission would, under the Tax Code, cause the interest on the Series 2007A-  
15 B Bonds to be included in gross income for federal income tax purposes.

16 (2) In particular, without limitation, the City hereby covenants that it shall not  
17 take (or omit to take) or permit or suffer any action to be taken if the result of the same  
18 cause the Series 2007A Bonds to be "arbitrage bonds" within the meaning of § 148 of  
19 the Tax Code.

20 (3) Also, in particular, without limitation, the City hereby covenants that it shall  
21 not take (or omit to take) or permit or suffer any action to be taken if the result of the  
22 same cause the Series 2007B Bonds to be "arbitrage bonds" within the meaning of  
23 § 148 of the Tax Code or to be "private activity bonds" within the meaning of § 141 of  
24 the Tax Code.

25 B. Rebate. (1) Except as otherwise expressly provided therein, the City shall pay  
26 to the United States in accordance with the requirements of § 148(f) of the Tax Code an  
27 amount (the "Rebate Amount") equal to the sum of (i) the excess of the amount earned  
28 on all nonpurpose investments allocable to the Series 2007A-B Bonds (other than  
29 investments attributable to such excess) over the amount that would have been earned

1 if such nonpurpose investments were invested at a rate equal to the yield on the Series  
2 2007A-B Bonds, plus (ii) any income attributable to such excess.

3 (2) The City shall maintain within the Airport System Fund special and  
4 separate accounts hereby created and to be known as the "City and County of Denver,  
5 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue  
6 Bonds, Series 2007A Rebate Fund" (the "Series 2007A Rebate Fund") and the "City  
7 and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
8 System Revenue Bonds, Series 2007B Rebate Fund" (the "Series 2007B Rebate  
9 Fund"). The City shall maintain within the Series 2007A Rebate Fund and Series 2007B  
10 Rebate Fund such subaccounts as may be necessary, and the City shall deposit to the  
11 credit of, and make disbursements to the United States and otherwise from, the Series  
12 2007A Rebate Fund and Series 2007B Rebate Fund such amounts, at such times, as  
13 shall be necessary hereunder.

14 (3) Any amounts so deposited to the credit of the Series 2007A Rebate Fund  
15 and Series 2007B Rebate Fund shall be derived from the Net Revenues of the Airport  
16 System or from such other legally available sources as the City may determine;  
17 provided, however, that the accumulation and application of Net Revenues for such  
18 purpose shall be subordinate in priority to the accumulation and application of Net  
19 Revenues required by Section 508 of the General Bond Ordinance.

20 (4) Notwithstanding any provision of this Section 501B, if the Treasurer shall  
21 obtain an opinion of an attorney or firm of attorneys whose experience in matters  
22 relating to the issuance of obligations by states and their political subdivisions is  
23 nationally recognized that any action required under this Section 501B is no longer  
24 required or that some further action is required to maintain the exclusion from federal  
25 income tax of interest on the Series 2007A-B Bonds, the City may rely conclusively on  
26 such opinion in complying with the requirements of this Section 501B, and the  
27 covenants contained herein shall be deemed to be modified to that extent.

28 C. Tax Certificate. The Treasurer is hereby authorized to execute a tax certificate  
29 on behalf of the City in implementation of the covenants and agreements set forth in this  
30 Section 501, or to make any election permitted by the Tax Code and determined by the  
31 Treasurer to be to the advantage of the City; and the representations, agreements, and

1 elections set forth therein shall be deemed the representations, agreements, and  
2 elections of the City, as if the same were set forth herein.

3 Section 502. Bond Insurance Conditions. The City covenants for the benefit of the  
4 Bond Insurer as follows:

5 A. Notice of Bond Reserve Fund Draw. The City shall notify the Bond Insurer of  
6 any withdrawal from the Bond Reserve Fund to pay debt service and of any deficiency  
7 in the amount on deposit in the Bond Reserve Fund to meet the Minimum Bond  
8 Reserve.

9 B. Notice of Certain Redemptions. The City shall notify the Bond Insurer of any  
10 redemption of the Series 2007A-B Bonds pursuant to Section 304 hereof.

11 C. Notice of Default. The City shall give the Bond Insurer notice of any Event of  
12 Default with respect to the Series 2007A-B Bonds.

13 D. Cumulative Remedies; Restoration to Former Positions. Any remedy by the  
14 terms of the General Bond Ordinance conferred upon or reserved to the owners of the  
15 Series 2007A-B Bonds or the Bond Insurer is not intended to be exclusive of any other  
16 remedy but shall be cumulative. Discontinuance or abandonment of any remedial  
17 action under the General Bond Ordinance with respect to the Series 2007A-B Bonds  
18 shall result in the restoration of owners of the Series 2007A-B Bonds and the Bond  
19 Insurer to their former positions.

20 E. Deemed Owner for Default and Remedies. For all purposes of the General  
21 Bond Ordinance governing events of default and remedies, except the giving of notice  
22 of default pursuant to Section 1210 thereof, the Bond Insurer shall be deemed to be the  
23 sole owner of the Series 2007A-B Bonds.

24 F. Consent to Supplemental Ordinance. For all purposes of Article XIII of the  
25 General Bond Ordinance (except Section 1303 thereof), the Bond Insurer shall be  
26 deemed to be the owner of the Series 2007A-B Bonds. In the case of any  
27 Supplemental Ordinance requiring the consent of owners of the Series 2007A-B Bonds,  
28 at least fifteen (15) Business Days prior to adopting such proposed Supplemental  
29 Ordinance, the City shall give notice of such adoption, together with a copy of such

1 Supplemental Ordinance, to any rating agency then maintaining a credit rating with  
2 respect to the Series 2007A-B Bonds.

3 G. Bond Insurer as Party in Interest. The Bond Insurer shall be included as a  
4 party in interest with respect to the Series 2007A-B Bonds, and as a party entitled to (a)  
5 notify the City of the occurrence of an Event of Default, and (b) request the City to  
6 intervene in judicial proceedings that affect the Series 2007A-B Bonds or the security  
7 therefor. The City shall be required to accept notice of an Event of Default from the  
8 Bond Insurer with respect to the Series 2007A-B Bonds.

9 H. Satisfaction and Discharge. Notwithstanding anything in the General Bond  
10 Ordinance to the contrary, in the event that the principal of or interest on the Series  
11 2007A-B Bonds shall be paid by the Bond Insurer pursuant to the respective Series  
12 2007A Bond Insurance Policy and Series 2007B Bond Insurance Policy (a) such Series  
13 2007A-B Bonds shall be deemed to be Outstanding under the General Bond Ordinance,  
14 (b) the pledge of Net Revenues and all covenants, agreements and other obligations of  
15 the City to owners of such Series 2007A-B Bonds shall continue to exist, and the Bond  
16 Insurer shall be fully subrogated to all the rights of such owners in accordance with the  
17 terms of the respective Series 2007A Bond Insurance Policy and Series 2007B Bond  
18 Insurance Policy, and (c) the amounts paid by the Bond Insurer pursuant to the  
19 respective Series 2007A Bond Insurance Policy and Series 2007B Bond Insurance  
20 Policy shall not be deemed paid and shall continue to be due and owing, until such  
21 amounts are paid by the City in accordance with the General Bond Ordinance.

22 I. Access to the Registration Books. Upon the occurrence of an Event of Default,  
23 which would require the Bond Insurer to make payments of principal of or interest on  
24 Series 2007A-B Bonds in accordance with the respective Series 2007A Bond Insurance  
25 Policy and Series 2007B Bond Insurance Policy, the Series 2007A-B Bonds Registrar  
26 shall provide access to the registration books to the Bond Insurer.

27 J. Notice to Bond Insurer; Provision of Information. All notices, consents or other  
28 communications required or permitted to be given to the Bond Insurer under the  
29 General Bond Ordinance shall be deemed sufficiently given if given in writing, mailed by  
30 first class mail, postage prepaid and addressed to the Bond Insurer.

1           K. Termination of Special Bond Insurance Requirements. The provisions of this  
2 Section 502 shall apply only so long as the Series 2007A Bond Insurance Policy and  
3 Series 2007B Bond Insurance Policy shall be in full force and effect and shall not have  
4 been dishonored or obligations remain to the Bond Insurer hereunder.

5           Section 503. Preservation of Enterprise Status. The City hereby covenants that it shall  
6 not take (or omit to take) any action with respect to the Department that would cause the  
7 Department to lose its status as an "enterprise" within the meaning of Section 20, Article X,  
8 State Constitution.

9           Section 504. Applicability of General Bond Ordinance. Except as otherwise provided  
10 herein, the provisions of the General Bond Ordinance govern the Series 2007A-B Bonds, the  
11 Series 2007A Improvement Project, and the Series 2007B Improvement Project. The rights,  
12 undertakings, covenants, agreements, obligations, warranties, and representations of the City  
13 set forth in the General Bond Ordinance shall in respect of the Series 2007A-B Bonds be  
14 deemed the rights, undertakings, covenants, agreements, obligations, warranties, and  
15 representations of the City for and on behalf of the Department.

16           Section 505. Amendments to General Bond Ordinance. The Series 2007A-B Bonds  
17 shall also be governed, to the extent permitted by Article XIII of the General Bond Ordinance,  
18 by any Supplemental Ordinance amending and restating the General Bond Ordinance and  
19 including, among others, the amendments set forth in Exhibit E to the Official Statement and  
20 identified therein as the Proposed Amendments (the "Proposed Amendments"); provided that  
21 certain of the Proposed Amendments may be adopted only with the written consent of the  
22 owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds  
23 outstanding at the time of the adoption of any such Supplemental Ordinance, after notice and  
24 otherwise in the manner provided by Article XIII of the General Bond Ordinance.

25           Section 506. Consent to Proposed Amendments. By the purchase and acceptance of  
26 the Series 2007A-B Bonds from time to time, the owners (including without limitation  
27 Participants in the Securities Depository and beneficial owners) thereof and the Bond Insurer  
28 shall be deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance  
29 of amendments to the General Bond Ordinance in substantially the form of the Proposed  
30 Amendments and (ii) appointed the Consent Agent as their agent, with irrevocable instructions  
31 to file a written consent to that effect at the time and place, and otherwise in the manner

1 provided by Article XIII of the General Bond Ordinance. A notation to this effect, shall be  
2 printed on the Series 2007A-B Bonds. In so acting, the Consent Agent (who shall be  
3 compensated by the City for such services) may rely on an Attorney's Opinion, which shall be  
4 full and complete authorization and protection of the Consent Agent in respect of any action  
5 taken or suffered by it under the General Bond Ordinance in good faith.

6 Section 507. Endorsement of Bonds. A notation in substantially the following form shall  
7 be endorsed on the Series 2007A-B Bonds in respect of the Proposed Amendments:

8 "By the purchase and acceptance of this Bond from time to time, the  
9 owners (including without limitation Participants in the Securities Depository and  
10 beneficial owners) hereof and the Bond Insurer are deemed to have irrevocably (i)  
11 consented to the adoption by Supplemental Ordinance of amendments to the  
12 General Bond Ordinance in substantially the form of the Proposed Amendments  
13 set forth as Exhibit E to the Official Statement and (ii) appointed the Consent  
14 Agent as their agent, with irrevocable instructions to file a written consent to that  
15 effect at the time and place and otherwise in the manner provided by the General  
16 Bond Ordinance."

17 In addition, copies of this notation, together with copies of the Proposed  
18 Amendments, shall be filed in one or more nationally Recognized Municipal Securities  
19 Information Repository.



1 COMMITTEE APPROVAL DATE: June 22, 2007

2 MAYOR-COUNCIL DATE: June 26, 2007

3 PASSED BY THE COUNCIL July 30 2007

4 [Signature] - PRESIDENT

5 APPROVED: [Signature] MAYOR July 31 2007

6 ATTEST: [Signature] - CLERK AND RECORDER,  
7 EX-OFFICIO CLERK OF THE  
8 CITY AND COUNTY OF DENVER

9 NOTICE PUBLISHED IN THE DAILY JOURNAL July 27, 2007 AND Aug. 1, 2007

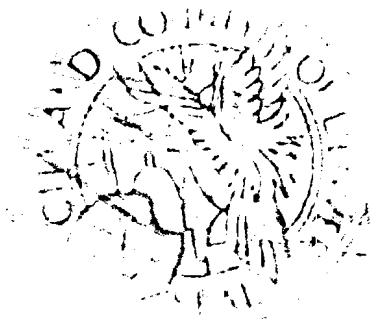
10 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: July 18, 2007

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

15 Arlene V. Dykstra, City Attorney

16 BY: [Signature], Asst City Attorney

17 DATE: July 19, 2007



1 EXHIBIT A

2 (FORM OF SERIES 2007\_\_ BOND)

3 UNITED STATES OF AMERICA  
4 STATE OF COLORADO  
5 CITY AND COUNTY OF DENVER  
6 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
7 AIRPORT SYSTEM REVENUE BOND  
8 SERIES 2007\_\_

9 No. \_\_\_\_\_

10 Interest Rate Maturity Date Dated As Of CUSIP

11 \_\_\_\_\_, \_\_\_\_\_

12 REGISTERED OWNER:

13 PRINCIPAL AMOUNT: DOLLARS

14 For value received, the City and County of Denver, in the State of Colorado (the  
15 "City" and the "State," respectively), for and on behalf of its Department of Aviation (the  
16 "Department"), hereby promises to pay to the Registered Owner specified above, or registered  
17 assigns, solely from the special funds provided therefor, as hereinafter set forth, on the  
18 Maturity Date specified above (unless called for earlier redemption), the Principal Amount  
19 specified above and to pay solely from such special funds interest hereon at the Interest Rate  
20 per annum specified above (computed on the basis of a 360-day year and 12 months of 30  
21 days each), payable on May 15 and November 15 in each year, commencing on  
22 November 15, 2007, until the principal sum is paid or payment has been provided. If upon  
23 presentation at maturity payment of this Bond is not made as herein provided, interest shall  
24 continue at the same rate until the principal hereof is paid in full. Principal and Redemption  
25 Price are payable at the principal office of the Paying Agent, initially the Manager of the City's  
26 Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and  
27 surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying  
28 Agent, on or before each interest payment date, to the owner thereof, at his or her address as  
29 it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially  
30 the Treasurer, at the close of business on the fifteenth day (whether or not a business day)  
31 next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer

1 on the applicable interest payment date to the owner at the close of business on the applicable  
 2 Regular Record Date, if such owner shall have provided written notice and completed wire  
 3 instructions for a wire transfer address in the continental United States to the Paying Agent not  
 4 less than 15 days prior to such Regular Record Date (which notice may provide that it will  
 5 remain in effect with respect to subsequent interest payment dates unless and until changed or  
 6 revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall  
 7 cease to be payable to the person who is the owner hereof at the close of business on the  
 8 Regular Record Date and shall be payable to the person who is the owner hereof at the close  
 9 of business on a Special Record Date for the payment of any defaulted interest. Notice of the  
 10 Special Record Date shall be given by first-class mail to the owner hereof as shown on the  
 11 registration books on a date selected by the Series 2007A-B Bonds Registrar, stating the date  
 12 of the Special Record Date and the date fixed for the payment of such defaulted interest.

13 The Series 2007\_\_ Bonds shall bear interest and mature in regular numerical  
 14 order on November 15 in each of the designated amounts of principal and years, as follows:

	Maturity (November 15)	Principal Amount	Interest Rate
17	\$ _____	_____ %	
18	\$ _____	_____ %	
19	\$ _____	_____ %	
20	\$ _____	_____ %	
21	\$ _____	_____ %	
22	\$ _____	_____ %	
23	\$ _____	_____ %	
24	\$ _____	_____ %	
25	\$ _____	_____ %	
26	\$ _____	_____ %	
27	\$ _____	_____ %	
28	\$ _____	_____ %	

29  
 30  
 31 The Series 2007\_\_ Bonds maturing on and after November 15, \_\_\_\_\_ shall be  
 32 subject to redemption prior to maturity at the option of the City, on and after November 15,  
 33 \_\_\_\_\_. Such redemption may be in whole or in part at any time in principal amounts equal to  
 34 authorized denominations in such order of maturities as may be determined by the City, at a

1 Redemption Price equal to the principal amount thereof without premium, and accrued interest  
2 to the Redemption Date.

3 If less than all of the Series 2007\_\_ Bonds maturing on any date are redeemed,  
4 the Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer  
5 may deem equitable (giving proportionate weight to Series 2007\_\_ Bonds in denominations  
6 larger than a single unit of authorized denomination). In the event a portion of any the Series  
7 2007\_\_ Bond is redeemed, the Series 2007A-B Bonds Registrar shall, without charge to the  
8 owner of such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion  
9 thereof.

10 Prior redemption shall be in the manner and upon the conditions provided in the  
11 resolution approving, authorizing, and requesting the issuance of the Series 2007\_\_ Bonds,  
12 executed by the Manager of the Department on \_\_\_\_\_, 2007 (the "Manager's  
13 Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from  
14 time to time, including by Ordinance No. \_\_\_\_, Series of 2007, authorizing the issuance of the  
15 Series 2007\_\_ Bonds and adopted and made laws of the City prior to the issuance of the  
16 Series 2007\_\_ Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's  
17 Resolution and of the General Bond Ordinance are on file for public inspection in the office of  
18 the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein,  
19 defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

20 The Series 2007\_\_ Bonds do not constitute a debt or an indebtedness of the City  
21 within the meaning of any constitutional, Charter or statutory provision or limitation, and shall  
22 not be considered or held to be general obligations of the City. The City has not pledged its  
23 full faith and credit for the payment of the Series 2007\_\_ Bonds. The Series 2007\_\_ Bonds  
24 are special obligations of the City, for and on behalf of the Department, and are payable and  
25 collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the  
26 Airport System and the funds and accounts to the extent provided in the Manager's Resolution  
27 and General Bond Ordinance, which Net Revenues and funds and accounts are so pledged;  
28 and the owner hereof may not look to any general or other fund for the payment of the Bond  
29 Requirements of this Bond.

1           Payment of the Bond Requirements due in connection with the Series 2007\_\_  
2 Bonds shall (except as provided herein) be made solely from, and as security for such  
3 payment there are irrevocably (but not exclusively) pledged, pursuant to the Manager's  
4 Resolution and the General Bond Ordinance, four special and separate subaccounts created  
5 by the General Bond Ordinance and defined therein as the Interest Account, Principal Account,  
6 Sinking Fund Account, and Redemption Account within the Bond Fund, into which the City, for  
7 and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay  
8 when due the Bond Requirements of the Series 2007\_\_ Bonds and any other bonds issued  
9 pursuant to the General Bond Ordinance and payable from such Net Revenues on a parity  
10 therewith, and, to the extent therein provided, a special and separate account created by the  
11 General Bond Ordinance and defined therein as the Bond Reserve Fund, in which the City, for  
12 and on behalf of the Department, covenants to accumulate and maintain from such Net  
13 Revenues a specified reserve for such purpose. To the extent provided in the Manager's  
14 Resolution and the General Bond Ordinance, the Bond Requirements of the Series 2007\_\_  
15 Bonds may also be paid from the special and separate account created by the General Bond  
16 Ordinance and defined therein as the Capital Fund, and the special and separate subaccount  
17 created by the General Bond Ordinance and defined therein as the PFC Debt Service Account.

18           The Series 2007\_\_ Bonds are equally and ratably secured by a lien on the Net  
19 Revenues, and the Series 2007\_\_ Bonds constitute an irrevocable and first lien (but not  
20 necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of  
21 the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds,  
22 Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds,  
23 Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds,  
24 Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds,  
25 Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue  
26 Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B,  
27 Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding  
28 Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport  
29 System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds,  
30 Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System  
31 Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A,

1 Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A,  
2 Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A,  
3 Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series  
4 2005C1-C2, Airport System Reserve Bonds, Series 2006A, Airport System Revenue Bonds,  
5 Series 2006B, Airport System Revenue Bonds, Series 2007A, and Airport System Revenue  
6 Bonds, Series 2007B. Bonds and other securities, in addition to the Series 2007\_\_ Bonds,  
7 subject to express conditions, have been and may hereafter be issued and made payable from  
8 the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien  
9 or, subject to additional express conditions, having a lien thereon on a parity with the lien, of  
10 the Series 2007\_\_ Bonds, in accordance with the provisions of the General Bond Ordinance.

11 The Series 2007\_\_ Bonds are issued for the purposes of (i) acquiring, improving, and  
12 equipping certain Airport Facilities (ii) paying certain Costs relating to the Series 2007\_\_  
13 Bonds.

14 The Series 2007\_\_ Bonds are fully registered (*i.e.*, registered as to payment of  
15 both principal and interest), and are issuable in denominations authorized by the General Bond  
16 Ordinance. Upon surrender of any of such Bonds to the Series 2007A-B Bonds Registrar with  
17 a written instrument satisfactory to the Series 2007A-B Bonds Registrar duly executed by the  
18 owner or his or her duly authorized attorney, such Series 2007\_\_ Bond may, at the option of  
19 the owner or his or her duly authorized attorney, be exchanged for an equal aggregate  
20 principal amount of such Bonds of the same maturity or other authorized denominations,  
21 subject to such terms and conditions as are set forth in the General Bond Ordinance.

22 Every privilege of registration, transfer, discharge from registration, or conversion  
23 hereinabove provided shall be exercised only in accordance with and subject to the terms and  
24 provisions of the General Bond Ordinance.

25 Reference is made to the Manager's Resolution, the General Bond Ordinance,  
26 the Pricing Certificate, and to any and all modifications and amendments thereof, for an  
27 additional description of the nature and extent of the security for the Series 2007\_\_ Bonds, the  
28 funds and accounts or revenues pledged, the nature and extent and manner of enforcement of  
29 the pledge, the rights and remedies of the owners of the Series 2007\_\_ Bonds with respect

1 thereto, the terms and conditions upon which the Series 2007\_\_ Bonds are issued, and a  
2 statement of rights, duties, immunities, and obligations of the City and other rights and  
3 remedies of the owners of the Series 2007\_\_ Bonds.

4 This Bond is one of an authorized series of bonds of the City in the principal  
5 amount of \$[000,000,000], designated as the "City and County of Denver, Colorado, for and on  
6 behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007\_\_" (the  
7 "Series 2007\_\_ Bonds" or the "Bonds"). The Series 2007\_\_ Bonds are issued by the City, for  
8 and on behalf of the Department, pursuant to the home rule powers granted to the City in  
9 accordance with its Charter under Article XX of the State Constitution, and pursuant to the  
10 General Bond Ordinance this recital is conclusive evidence of the validity of the Series 2007\_\_  
11 Bonds and the regularity of their issuance.

12 To the extent and in the respects permitted by the General Bond Ordinance, the  
13 provisions of the General Bond Ordinance or any instrument amendatory thereof or  
14 supplemental thereto may be amended or otherwise modified by action of the City taken in the  
15 manner and subject to the conditions and exceptions prescribed in the General Bond  
16 Ordinance. The pledge of revenues and other obligations of the City under the General Bond  
17 Ordinance may be discharged at or prior to the respective maturities or prior redemption of the  
18 Series 2007\_\_ Bonds upon the making of provision for the payment thereof on the terms and  
19 conditions set forth in the General Bond Ordinance.

20 Subject to the provisions for registration for payment stated herein and endorsed  
21 hereon, this Series 2007\_\_ Bond is subject to the conditions, and every owner hereof by  
22 accepting the same agrees with the obligor and with every subsequent owner hereof that: (a)  
23 the delivery of this Series 2007\_\_ Bond to any transferee as registered owner shall vest title in  
24 this Series 2007A Bond in such transferee to the same extent for all purposes as would the  
25 delivery under like circumstances of any negotiable instrument payable to a registered owner;  
26 (b) the obligor and any agent of the obligor may treat the registered owner of this Series  
27 2007\_\_ Bond as the absolute owner hereof for all purposes and shall not be affected by any  
28 notice to the contrary; (c) the Bond Requirements of this Series 2007\_\_ Bond shall be paid,  
29 and this Series 2007\_\_ Bond is transferable, free from and without regard to any equities

1 between the obligor and the original or any intermediate registered owner hereof or any setoffs  
2 or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series  
3 2007\_\_ Bond shall be a good discharge to the obligor for the same.

4 By the purchase and acceptance of this Bond from time to time, the owners (including  
5 without limitation Participants in the Securities Depository and beneficial owners) hereof are  
6 deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of  
7 amendments to the General Bond Ordinance in substantially the form set forth in the Official  
8 Statement related to the Series 2007\_\_ Bonds and (ii) appointed the Consent Agent as their  
9 agent, with irrevocable instructions to file a written consent to that effect at the time and place  
10 and otherwise in the manner provided by the General Bond Ordinance.

11 It is further certified, recited, and warranted that all the requirements of law have  
12 been fully complied with by the proper officers of the City in the issuance of this Series 2007\_\_  
13 Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the  
14 State, and in particular the Charter and the General Bond Ordinance; and that this Series  
15 2007\_\_ Bond does not contravene any constitutional, Charter or statutory limitation. The  
16 Series 2007\_\_ Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the  
17 "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act,  
18 this recital shall be conclusive evidence of the validity and the regularity of the issuance of the  
19 Series 2007\_\_ Bonds after their delivery for value.

20 No recourse shall be had for the payment of the Bond Requirements of this  
21 Series 2007\_\_ Bond or for any claim based thereon, or otherwise, upon the General Bond  
22 Ordinance or other instrument pertaining thereto, against any individual member of the  
23 Council, or any officer or other agent of the City, past, present or future, either directly or  
24 indirectly through the Council or the City, or otherwise, whether by virtue of any constitution,  
25 statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if  
26 any, being by the acceptance of this Series 2007\_\_ Bond and as a part of the consideration of  
27 its issuance specifically waived and released.



1 IN WITNESS WHEREOF, the City, for and on behalf of the Department, has  
2 caused this Series 2007\_\_ Bond to be signed and executed in the name of the City, for and on  
3 behalf of the Department, by the manual or facsimile signature of its Mayor and to be  
4 subscribed and executed by the manual or facsimile signature of the City Auditor; has caused  
5 a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series  
6 2007\_\_ Bond to be executed and attested by the manual or facsimile signature of the City  
7 Clerk and Recorder; all as of \_\_\_\_\_, \_\_\_\_\_.

8 CITY AND COUNTY OF DENVER, COLORADO,  
9 for and on behalf of its Department of Aviation

10 By: \_\_\_\_\_  
11 Mayor

12 (SEAL)

13 Attest:  
14 \_\_\_\_\_

15 City Clerk and Recorder

16 Countersigned:  
17 \_\_\_\_\_  
18 City Auditor

19

1 **CERTIFICATE OF AUTHENTICATION**

2 This is one of the Series 2007\_\_ Bonds described in the within-mentioned General  
3 Bond Ordinance, and this Bond has been duly registered on the registration books kept by the  
4 undersigned as the Series 2007A-B Bonds Registrar for such Series 2007\_\_ Bonds.

5 \_\_\_\_\_,  
6 as the Series 2007A-B Bonds Registrar

7 Date of Authentication: \_\_\_\_\_, 2007

8  
9 By: \_\_\_\_\_  
10 Authorized Signatory  
11

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(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007\_\_ Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007A-B Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax identification number of transferee:

\_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2007\_\_ Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

1

(Statement of Insurance)

2

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A- MAXIMUM PRINCIPAL AMOUNT OF \$325,000,000  
 SERIES 2007B- MAXIMUM PRINCIPAL AMOUNT OF \$32,000,000

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5



**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO THE 2007C AIRPORT SYSTEM  
SUPPLEMENTAL BOND ORDINANCE,  
ORDINANCE NO. 376, SERIES OF 2007**

I hereby certify that I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City"), and that with respect to the Series 2007C Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 376, Series of 2007 (the "Series 2007C Supplemental Ordinance"):

1. Attached hereto as Exhibit A are true and correct extracts from the minutes of the meetings of the City Council of the City held on July 23, 2007 and July 30, 2007 insofar as the same relate to the adoption of the Series 2007C Supplemental Ordinance.

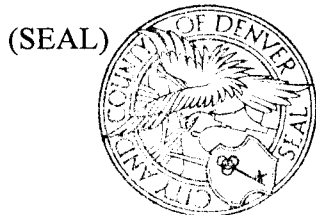
2. Attached hereto as Exhibit B is proof of publication of the title and summary of the Council bill for the Series 2007C Supplemental Ordinance; and attached hereto as Exhibit C is proof of publication of the title and summary of the Series 2007C Supplemental Ordinance, as enacted.

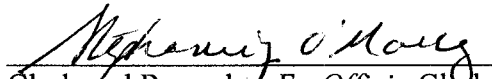
3. Original counterparts of the Series 2007C Supplemental Ordinance and the minutes above-mentioned are in my custody and control as Clerk and Recorder.

4. The certified copy of the Series 2007C Supplemental Ordinance, attached hereto as Exhibit D, is a true, full and correct copy of the Series 2007C Supplemental Ordinance, as enacted and approved (except that the cover thereto attached and the table of contents therein contained were not a part of the Series 2007C Supplemental Ordinance, as enacted); the same has been duly signed and attested, both on the original Series 2007C Supplemental Ordinance and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation were by the officers who at the time of such signing and attestation were the President of City Council, the Mayor, and the Clerk and Recorder, respectively, of the City.

5. The Series 2007C Supplemental Ordinance has not been repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.



  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

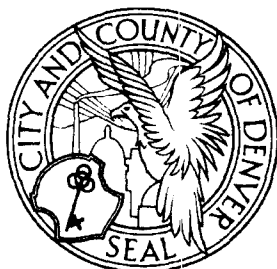
# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 23, 2007

in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Arsla Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 24, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 23, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember Linkhart led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Nevitt, Robb, President Hancock (12)  
Late: Montero (1)  
Absent: None (Roll Call Serial #251)

**Minutes**

The minutes of meeting date, Monday, July 16, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 43, Series of 2007, A proclamation announcing the fifth Mayoral Conference on Valuing Diversity “Breaking Boundaries”** was read in its entirety by Councilmember Robb. A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **Proc. 43, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #252)  
Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

**Proc. 44, Series of 2007, A proclamation in honor of Wayne Jakino, Citizen of the New West** was read in its entirety by Councilmember Madison. A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that **Proc. 44, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #253)  
Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

**Resolutions – (Series of 2007)**

**Res. 89, Series of 2007**, A resolution approving the Mayor's Appointment to the Commission on Aging. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**Res. 90, Series of 2007**, A resolution revoking the existing revocable permit originally granted by Resolution No. 67, Series of 2006, to University & Evans, LLC to encroach into East Evans Avenue. (PUBLIC WORKS)

**Res. 91, Series of 2007**, A resolution granting a revocable permit to University & Evans, LLC to encroach into the right-of-way with a private storm water line and a grease interceptor at 2351 East Evans Avenue. (PUBLIC WORKS)

**Res. 92, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain real property as part of an unnamed public right-of-way by dedicating as public right-of-way an irregular shape parcel of land that abuts the northeasterly side of the Cherry Creek Channel between Delgany Street and the Consolidated Main Line (CML) Tracks. (PUBLIC WORKS)

**Res. 93, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain parcels of land as part of Cherokee Street. (PUBLIC WORKS)

**Res. 94, Series of 2007**, A resolution authorizing and approving the expenditure and payment from the appropriation account designated "liability claims", the sum of Eighteen Thousand and Five Hundred Dollars (\$18,500.00), payable to Valerie Rodriguez and the American Civil Liberties Union Foundation of Colorado in full payment and satisfaction of all claims in Civil Action No. 07-cv-00303-RPM-CBS. (SAFETY)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 369, Series of 2007**, A bill for an ordinance approving a proposed development agreement between the City and County of Denver and SDC Speer Development Company, LLC, for development of the project at 1000 Speer Boulevard. (BLUEPRINT DENVER)

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

**C.B. 371, Series of 2007**, A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)

**C.B. 372, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 2000 South Colorado Boulevard. (BLUEPRINT DENVER)

**C.B. 373, Series of 2007**, A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the B-5-T zone district and making conforming changes. (BLUEPRINT DENVER)

**C.B. 376, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the maximum principal amount of \$325,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the maximum principal amount of \$32,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 377, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the maximum principal amount of \$245,000,000 for the purpose of defraying a portion of the Cost of refunding certain outstanding airport system revenue bonds; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 378, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; providing for the administration of certain passenger facility charges; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)

**C.B. 379, Series of 2007**, A bill for an ordinance approving a proposed Agreement between the City and County of Denver and Randall Funding and Development, Inc., for professional grant writing services. (FINANCE)

**C.B. 380, Series of 2007**, A bill for an ordinance amending certain provisions of the Code of Ethics in Chapter 2, Article IV of the Denver Revised Municipal Code. (GENERAL GOVERNMENT)

**C.B. 381, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and the Regents of the University of Colorado for addiction treatment services for pregnant women and their children through the Haven Mother's House and Addiction Research and Treatment Services (ARTS). (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 382, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Catholic Charities and Community Services of the Archdiocese of Denver, Inc., to provide mental health counseling and case management services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 383, Series of 2007**, A bill for an Ordinance approving an Agreement between the City and County of Denver and Community College of Denver for employment and training services for TANF participants. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 384, Series of 2007**, A bill for an ordinance approving and authorizing execution of a Waiver of Provisions of Regulatory Agreement, an Escrow Agreement and an Agreement for Waiver of Affordable Restrictions and any documents and certificates with respect to the City's Multifamily Housing Mortgage Revenue Bonds (FHA Insured Mortgage Loan-Garden Court Community) Series 1998; and repealing all action

**C.B. 386, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Sprint/Nextel Property Services, Spring Nextel. (PUBLIC AMENITIES)

**C.B. 387, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and T-Mobile USA, Inc. (PUBLIC AMENITIES)

**C.B. 388, Series of 2007**, A bill for an Ordinance approving a proposed License Agreement between the City and County of Denver and Cingular Wireless PCS, LLC. (PUBLIC AMENITIES)

**C.B. 389, Series of 2007**, A bill for an ordinance vacating a portion of the right-of-way bounded by Speer Boulevard, Cherokee Street, and West 10th Avenue subject to certain reservations. (PUBLIC WORKS)

**C.B. 390, Series of 2007**, A bill for an ordinance approving a proposed amendment to the Construction Contract by and between the City and County of Denver and Keene Concrete, Inc., for the 2006 Block Beautification Project. (PUBLIC WORKS)

**C.B. 391, Series of 2007**, A bill for an ordinance approving a proposed First Amendatory Agreement between the City and County of Denver and Century Helicopters, Inc., for scheduled and non-scheduled maintenance of the Denver Police Department's helicopters. (SAFETY)

**C.B. 392, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)

**C.B. 393, Series of 2007**, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and RRK Enterprises, Inc. (SAFETY)

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### Report of Standing Committees

**C.B. 370, Series of 2007**, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 370, Series of 2007**, be ordered published, carried by the following vote: (Roll Call Serial #254)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that final consideration of **C.B. 370, Series of 2007**, with a courtesy public hearing be postponed to Monday, August 13, 2007, carried by the following vote: (Roll Call Serial #255)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

## Final Consideration

**C.B. 368, Series of 2007, A bill for an ordinance approving a First Amendatory Agreement to the Public Access Management Agreement between the City and County of Denver and Deproduction: The [Denverevolution] Production Group. (TECHNOLOGY SERVICES)**

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **C.B. 368, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #256)

Ayes: Boigon, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb (10)  
 Nays: Brown, Faatz, President Hancock (3)  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Garcia, that **Resolutions 88, 89, 90, 91, 92, 93, and 94, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #257)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Linkhart, duly seconded by Councilmember Montero, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, and 367, Series of 2007**, **carried** by the following vote: (Roll Call Serial #258)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

**C.B. 307, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 7180 East Hampden Avenue. (BLUEPRINT DENVER)**

A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 307, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:40 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. John Kohler and Rich Wells signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Caryn Wenzara of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #259)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, López, Madison, Montero, Nevitt, Robb, President Hancock (12)  
 Nays: None  
 Abstain: None

**C.B. 309, Series of 2007, A bill for an ordinance legislatively rezoning various parcels in specifically described areas generally between 14th Avenue and 16th Avenue and Colorado Boulevard and Yosemite Street, to MS-1 and MS-2, in order to implement the East Colfax Corridor Plan. (BLUEPRINT DENVER)**

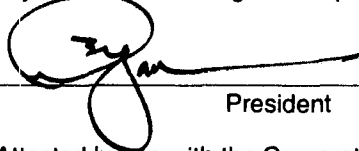
A motion offered by Councilmember Robb, duly seconded by Councilmember Garcia, that **C.B. 309, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 6:48 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Shawne Ahlenius signed up to speak in favor of the bill. Nicole Ament signed up to speak against the bill. Chris Gleissner of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion

**Announcement**

Council President Hancock announced there will be public hearings on C.B.s 371, 372, and 373, Series of 2007, on Monday, August 20, 2007. Any protests against C.B. 371 or 372, Series of 2007, must be filed in the Council Office no later than Monday, August 13, 2007.

**Adjourn**

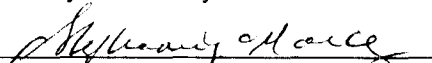
There being no further business before the City Council, Council President Hancock adjourned the meeting at 7:19 p.m.



---

President

Attested by me with the Corporate Seal  
of the City and County of Denver



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Clerk and Recorder, Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez



CITY AND COUNTY OF DENVER  
STATE OF COLORADO

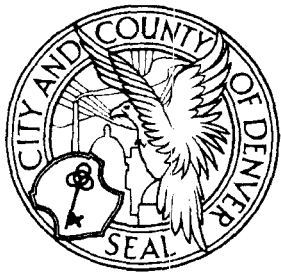
# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
July 30, 2007

in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Alisa Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: July 31, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, July 30, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember López led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Late: None

Absent: None

(Roll Call Serial #261)

**Minutes**

The minutes of meeting date, Monday, July 23, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 45, Series of 2007, A proclamation honoring Juan Gutierrez on his retirement from the Fire Department** was read in its entirety by Councilmember Garcia.

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **Proc. 45, Series of 2007**, be adopted, carried by the following vote: (Roll Call Serial #262)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**Resolutions – (Series of 2007)**

The Council Secretary read the following resolutions by titles. The Council President referred the resolutions to the committees shown in parentheses after the resolution titles.

**Res. 95, Series of 2007, A resolution re-appointing Steven Relquam to the Denver County Cultural Council. (PUBLIC AMENITIES)**

**Res. 96, Series of 2007, A resolution accepting and approving the plat of Belleview Station Filing No. 1. (PUBLIC WORKS)**

**Res. 99, Series of 2007**, A resolution laying out, opening and establishing portions of an alley lying between Madison Street, Monroe Street, Colfax Avenue, and 14th Avenue. (PUBLIC WORKS)

**Res. 100, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Broadway. (PUBLIC WORKS)

**Res. 101, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of South Colorado Boulevard. (PUBLIC WORKS)

**Res. 102, Series of 2007**, A resolution granting a revocable permit to Urban -1547 Blake Street LLC, encroach under the alley right-of-way with secondary electrical lines at 1555 Blake Street. (PUBLIC WORKS)

#### **Bills for Introduction – Held in Committee (Series of 2007)**

**C.B. 308, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 645 Wolff Street. (BLUEPRINT DENVER)

#### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 394, Series of 2007**, A bill for an ordinance approving a proposed Purchase Order between the City and County of Denver and Oshkosh Truck Corporation for the purchase of one Oshkosh Striker Aircraft Rescue and Firefighting Vehicle for Denver International Airport. (ECONOMIC DEVELOPMENT)

**C.B. 395, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the execution of certain Reimbursement Agreements and the substitution of letters of credit relating to the City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992F and Series 1992G; amending certain supplemental bond ordinances; ratifying action previously taken; and providing for other related matters. (ECONOMIC DEVELOPMENT)

**C.B. 396, Series of 2007**, A bill for an ordinance making a rescission and appropriation in the General Fund to transfer funding from the Auditor's Office to the Office of the Controller. (FINANCE)

**C.B. 397, Series of 2007**, A bill for an ordinance amending Ordinance No. 793, Series of 2006, the annual appropriating ordinance, to increase revenue to the General Fund to reflect additional revenues from the Department of General Services, Purchasing Division and to increase the General Contingency appropriation. (FINANCE)

**C.B. 398, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant agreement between the City and County of Denver and the National Center for Civic Innovation concerning the "NCCI Trailblazer FY07-08" program and the funding therefor. (FINANCE)

**C.B. 399, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant between the City and County of Denver and the United States of America concerning the "Homeless Veterans Reintegration FY07-08" program and the funding therefor. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 401, Series of 2007, A bill for an Ordinance approving a proposed Amendatory Agreement between the City and County of Denver, Bottling Group, LLC and Proxy Partners, LLC. (PUBLIC AMENITIES)**

**C.B. 402, Series of 2007, A bill for an ordinance approving a proposed First Amendatory Agreement to allow for the reimbursement of actual expenditures of community corrections services between the City and County of Denver and Correctional Management, Inc. (SAFETY)**

\*\*\*\*\*

### Report of Standing Committees

None

There being no objections from members of Council, Council President Hancock ordered the following bills published: **C.B.s 394, 395, 396, 397, 398, 399, 400, 401, and 402, Series of 2007.** Council President Hancock announced that **C.B. 308, Series of 2007,** would be held in committee to Monday, August 20, 2007.

### Final Consideration

**C.B. 306, Series of 2007, A bill for an ordinance adding language to Section 10-60 (Ruby Hill Park View Plane) of the Denver Revised Municipal Code. (BLUEPRINT DENVER)**

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that **C.B. 306, Series of 2007,** be placed upon final consideration and do pass, was followed by a motion offered by Councilmember Brown, duly seconded by Councilmember Johnson, that final consideration of **C.B. 306, Series of 2007,** be postponed to Monday, September 10, 2007, **carried** by the following vote: (Roll Call Serial #264)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Montero, that **Resolutions 95, 96, 97, 98, 99, 100, 101, and 102, Series of 2007,** be adopted en bloc, **carried** by the following vote: (Roll Call Serial #265)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember López, duly seconded by Councilmember Garcia, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 369, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, and 393, Series of 2007,** **carried** by the following vote: (Roll Call Serial #266)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

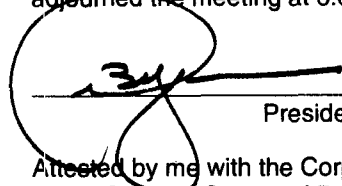
Abstain: None

### Announcement


None

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 6:05 p.m.

  
\_\_\_\_\_  
President

Attested by me with the Corporate Seal  
of the City and County of Denver

  
\_\_\_\_\_  
Clerk and Recorder; Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend an Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements," which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1 of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning Rates for Legal Publications," 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation there; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day; that the publication of said legal notice and advertisement appeared in the regular edition of said newspaper on the 27th day

of July, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for that purpose within the meaning of said aforementioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado, before me, a Notary Public, this 27th day of July, A.D. 2007.

Witness my hand and official seal.

*Karl S. Johnson*  
Notary Public

My Commission Expires July 9, 2011  
1144 West 7th Avenue, Suite 100  
Denver, Colorado 80204-4455

## PUBLIC NOTICE City and County of Denver City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on Monday, July 23, 2007, as follows:

- **Bills 369 through 393, Series 2007**, were ordered published on first reading.
- **Bills 307, 309, 354 through 365, Series 2007**, were placed on final consideration, passed, and are hereby published as:

**Ordinances 369 through 374, Series of 2007, respectively.**

The title, description and full text of these bills and ordinances are available in electronic form on the City's official website, [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/38084/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website.  
<http://www.denvergov.org/CityCouncil/Meetings/tabid/423805/Default.aspx>

### NOTICE OF PUBLIC HEARING COUNCIL BILL 370, SERIES OF 2007 MONDAY, AUGUST 13, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance:

**C.B. 370, Series of 2007**  
A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)  
Adopts the Uptown Healthcare District Plan, including the area generally bounded by Park, E. 22nd and E. 17th avenues, High and Clarkson streets, as a supplement to Comprehensive Plan 2000.

### NOTICE OF PUBLIC HEARING COUNCIL BILL 371, SERIES OF 2007 MONDAY, AUGUST 20, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 371, Series of 2007**  
A bill for an ordinance changing the zoning classification, with waivers, for approximately 717 Yosemite Street. (BLUEPRINT DENVER)  
Appl. 4911. Changes the zoning of the 11.5-acre parcel at 717 Yosemite from PUD #400, O-1 and B-1 with waivers to B-3 with waivers to allow the continuation, renovation and expansion of the Bonfils Blood Center at the Lowry Education Campus in Council District 5.

### NOTICE OF PUBLIC HEARING COUNCIL BILL 372, SERIES OF 2007 MONDAY, AUGUST 20, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 372, Series of 2007**  
A bill for an ordinance changing the zoning classification for approximately 2000 South Colorado Boulevard. (BLUEPRINT DENVER)  
Appl. 4913. Changes the zoning of the 14.6-acre parcel at 2000 S. Colorado from PUD #257 to T-MU-30, adding residential to office and commercial as an allowed uses to facility transit-oriented development at the Colorado Station in Council District 6.

### NOTICE OF PUBLIC HEARING COUNCIL BILL 373, SERIES OF 2007 MONDAY, AUGUST 20, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bill for an ordinance. All protests to the following bill and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bill for an ordinance:

**C.B. 373, Series of 2007**  
A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, creating the B-5-T zone district and making conforming changes. (BLUEPRINT DENVER)  
Appl. L-1161. Adopts language creating a new B-5-T zone district and establishing zoning requirements, which are the same as for the current Downtown B-5 district except that B-5-T allows off-premise signs and banners and provides for a comprehensive sign program within the zone district. It is anticipated that B-5-T zoning will be adopted for the "theatre district" around the Denver Performing Arts Center and Curtis and 14th streets, which is currently zoned the B-5. This bill does not change the zoning of any property.

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements, which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931, approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning 'Rates for Legal Publications,' 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972, that said newspaper had, prior to January 1, 1936 and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily, except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular

edition of said newspaper on the 2nd day of August, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for the purpose within the meaning of said above-mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado, before me, a Notary Public, this 2nd day of August, A.D. 2007.

*[Signature]*  
 Notary Public  
 My Commission Expires July 9, 2011  
 14 West 7th Avenue, Suite 100  
 Denver, Colorado 80202  
 STATE OF COLORADO  
 My Commission Expires 07-09-2011

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## PUBLIC NOTICE City and County of Denver City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on **Monday, July 30, 2007**, as follows:

- **Bill 377, Series of 2007**, was placed upon final consideration, passed, and is hereby published as:

### Ordinance 378, Series of 2007

The title, description and full text of this bill and ordinance are available in electronic forms on the City's official website [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/380964/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

The minutes for this meeting are available on the City Council website <http://www.denvergov.org/CityCouncil/Meetings/tabid/423805/Default.aspx>

**C.B. 377, Series of 2007**, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the maximum principal amount of \$245,000,000 for the purpose of defraying a portion of the cost of refunding certain outstanding airport system revenue bonds; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)  
 Authorizes issuance of Airport System Revenue Bonds Series 2007C in the maximum amount of \$245,000,000 consistent with the airport's 2007 Finance Plan.

Published in The Daily Journal - August 2, 2007

673

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Ordinance No. 376, Series of 2007

I hereunto have set my hand  
and affixed the Seal of the  
City and County of Denver,  
State of Colorado.  
This 20th day of August,  
A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Orla Vincent*  
Deputy



1 BY AUTHORITY

2 ORDINANCE NO. 376  
3 SERIES OF 2007

COUNCIL BILL NO. 377  
COMMITTEE OF REFERENCE:  
ECONOMIC DEVELOPMENT COMMITTEE

5 A BILL

6 For an ordinance concerning the Airport Facilities of the City and County of  
7 Denver; authorizing the issuance of the "City and County of Denver,  
8 Colorado, for and on behalf of its Department of Aviation, Airport System  
9 Revenue Bonds, Series 2007C" in the maximum principal amount of  
10 \$245,000,000 for the purpose of defraying a portion of the Cost of refunding  
11 certain outstanding airport system revenue bonds; providing the terms and  
12 other details of such bonds, authorizing the execution of certain related  
13 agreements; ratifying action previously taken; providing for other related  
14 matters; and providing the effective date of this ordinance.

15 (1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City"  
16 and the "State," respectively), is a municipal corporation duly organized and existing as a  
17 home rule city under Article XX, State Constitution, and under the Charter of the City, and is a  
18 political subdivision of the State; and

19 (2) WHEREAS, subject to certain exceptions, all legislative powers possessed by  
20 the City, conferred by Article XX, State Constitution, or contained in the Charter of the City, as  
21 either has from time to time been amended, or otherwise existing by operation of law, are  
22 vested in the city council of the City; and

23 (3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City,  
24 and the plenary grant of powers as a home rule city, the City has acquired certain airport  
25 facilities constituting its Airport System, the management, operation, and control of which is  
26 vested by the Charter of the City in the Department of Aviation of the City (the "Department");  
27 and

28 (4) WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
29 the City designated the Department as an "enterprise" within the meaning of Section 20,  
30 Article X, State Constitution; and

1 (5) WHEREAS, the Enterprise Ordinance provides that, the City owns the  
2 Department; the Manager of the Department of Aviation (the "Manager") is the governing body  
3 of the Department; and the Department has the authority to issue its own bonds or other  
4 financial obligations in the name of the City, payable solely from revenues derived or to be  
5 derived from the functions, services, benefits or facilities of the Department or from any other  
6 available funds, as authorized by ordinance after approval and authorization by the Manager;  
7 and

8 (6) WHEREAS, there have heretofore been issued in respect of the Airport System:

9 (i) the "City and County of Denver, Colorado, Airport System Revenue  
10 Bonds, Series 1984," as authorized by Ordinance No. 626, Series of 1984, cited as the  
11 "1984 Airport System General Bond Ordinance," and Ordinance No. 627, Series of  
12 1984;

13 (ii) the "City and County of Denver, Colorado, Airport System Revenue  
14 Bonds, Series 1985," as authorized by the General Bond Ordinance and Ordinance No.  
15 674, Series of 1985;

16 (iii) the "City and County of Denver, Colorado, Airport System Revenue  
17 Bonds, Series 1990A," as authorized by the General Bond Ordinance and Ordinance  
18 No. 268, Series of 1990;

19 (iv) the "City and County of Denver, Colorado, Airport System Revenue  
20 Bonds, Series 1991A," as authorized by the General Bond Ordinance and Ordinance  
21 No. 278, Series of 1991;

22 (v) the "City and County of Denver, Colorado, Airport System Revenue  
23 Bonds, Series 1991D," as authorized by the General Bond Ordinance and Ordinance  
24 No. 726, Series of 1991;

25 (vi) the "City and County of Denver, Colorado, Airport System Revenue  
26 Bonds, Series 1992A," as authorized by the General Bond Ordinance and Ordinance  
27 No. 82, Series of 1992;

1 (vii) the "City and County of Denver, Colorado, Airport System Revenue  
2 Bonds, Series 1992B," as authorized by the General Bond Ordinance and Ordinance  
3 No. 288, Series of 1992;

4 (viii) the "City and County of Denver, Colorado, Airport System Revenue  
5 Bonds, Series 1992C," as authorized by the General Bond Ordinance and Ordinance  
6 No. 640, Series of 1992;

7 (ix) the "City and County of Denver, Colorado, Airport System Revenue  
8 Bonds, Series 1992D," as authorized by the General Bond Ordinance and Ordinance  
9 No. 641, Series of 1992;

10 (x) the "City and County of Denver, Colorado, Airport System Revenue  
11 Bonds, Series 1992E," as authorized by the General Bond Ordinance and Ordinance  
12 No. 642, Series of 1992;

13 (xi) the "City and County of Denver, Colorado, Airport System Revenue  
14 Bonds, Series 1992F," as authorized by the General Bond Ordinance and Ordinance  
15 No. 643, Series of 1992;

16 (xii) the "City and County of Denver, Colorado, Airport System Revenue  
17 Bonds, Series 1992G," as authorized by the General Bond Ordinance and Ordinance  
18 No. 644, Series of 1992;

19 (xiii) the "City and County of Denver, Colorado, Airport System Revenue  
20 Bonds, Series 1994A," as authorized by the General Bond Ordinance and Ordinance  
21 No. 680, Series of 1994;

22 (xiv) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Bonds, Series 1995A," as authorized  
24 by the General Bond Ordinance and Ordinance No. 428, Series of 1995;

25 (xv) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1995B," as authorized  
27 by the General Bond Ordinance and Ordinance No. 429, Series of 1995;

1 (xvi) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 1995C," as authorized  
3 by the General Bond Ordinance and Ordinance No. 950, Series of 1995;

4 (xvii) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 1996A," as authorized  
6 by the General Bond Ordinance and Ordinance No. 226, Series of 1996;

7 (xviii) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 1996B," as authorized  
9 by the General Bond Ordinance and Ordinance No. 227, Series of 1996;

10 (xix) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 1996C," as authorized  
12 by the General Bond Ordinance and Ordinance No. 888, Series of 1996;

13 (xx) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 1996D," as authorized  
15 by the General Bond Ordinance and Ordinance No. 889, Series of 1996;

16 (xxi) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 1997D," as authorized  
18 by the General Bond Ordinance and Ordinance No. 547, Series of 1997;

19 (xxii) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Bonds, Series 1997E," as authorized  
21 by the General Bond Ordinance and Ordinance No. 548, Series of 1997;

22 (xxiii) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Bonds, Series 1998A," as authorized  
24 by the General Bond Ordinance and Ordinance No. 821, Series of 1998;

25 (xxiv) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1998B," as authorized  
27 by the General Bond Ordinance and Ordinance No. 822, Series of 1998;

1 (xxv) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000A," as  
3 authorized by the General Bond Ordinance and Ordinance No. 647, Series of 2000;

4 (xxvi) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000B," as  
6 authorized by the General Bond Ordinance and Ordinance No. 648, Series of 2000;

7 (xxvii) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000C," as  
9 authorized by the General Bond Ordinance and Ordinance No. 649, Series of 2000;

10 (xxviii) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001A," as  
12 authorized by the General Bond Ordinance and Ordinance No. 539, Series of 2001;

13 (xxix) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001B," as  
15 authorized by the General Bond Ordinance and Ordinance No. 540, Series of 2001;

16 (xxx) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001D," as  
18 authorized by the General Bond Ordinance and Ordinance No. 675, Series of 2001;

19 (xxxii) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002A1-A3,"  
21 as authorized by the General Bond Ordinance and Ordinance No. 715, Series of 2002;

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

25 (xxxiiii) "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002D," as  
27 authorized by the General Bond Ordinance and Ordinance No. 801, Series of 2002;

1 (xxxiv) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002E," as  
3 authorized by the General Bond Ordinance and Ordinance No. 802, Series of 2002;

4 (xxxv) "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 2003A," as authorized  
6 by the General Bond Ordinance and Ordinance No. 298, Series of 2003;

7 (xxxvi) "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 2003B," as authorized  
9 by the General Bond Ordinance and Ordinance No. 299, Series of 2003;

10 (xxxvii) "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 2004A," as authorized  
12 by the General Bond Ordinance and Ordinance No. 748, Series of 2004;

13 (xxxviii) "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 2004B," as authorized  
15 by the General Bond Ordinance and Ordinance No. 749, Series of 2004;

16 (xxxix) "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 2005A," as authorized  
18 by the General Bond Ordinance and Ordinance No. 559, Series of 2005;

19 (xl) "City and County of Denver, Colorado, for and on behalf of its Department  
20 of Aviation, Airport System Revenue Bonds, Series 2005B1-B2," as authorized by the  
21 General Bond Ordinance and Ordinance No. 785, Series of 2005;

22 (xli) "City and County of Denver, Colorado, for and on behalf of its Department  
23 of Aviation, Airport System Revenue Bonds, Series 2005C1-C2," as authorized by the  
24 General Bond Ordinance and Ordinance No. 786, Series of 2005;

25 (xlii) "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 2006A," as authorized  
27 by the General Bond Ordinance and Ordinance No. 495, Series of 2006; and

1 (xliv) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 2006B," as authorized  
3 by the General Bond Ordinances and Ordinance No. 496, Series of 2006;

4 (collectively the "Senior Bonds"); and

5 (7) WHEREAS, certain of the Senior Bonds have been paid at maturity or upon prior  
6 redemption, have been defeased and therefore are deemed to have been paid pursuant to the  
7 General Bond Ordinance, or have been purchased and retired in advance of their respective  
8 maturities, with the consequence that such Senior Bonds are no longer Outstanding under the  
9 General Bond Ordinance; and

10 (8) WHEREAS, the Senior Bonds that remain Outstanding are secured by an  
11 irrevocable and first lien (but not necessarily an exclusively first lien) on the Net Revenues of  
12 the Airport System, on a parity with the lien thereon in favor of each other; and

13 (9) WHEREAS, pursuant to the General Bond Ordinance, which authorizes the  
14 issuance of bonds payable from the Net Revenues of the Airport System and having a lien  
15 thereon subordinate to the lien thereon of the Senior Bonds and any additional bonds on a  
16 parity therewith, there have also been issued: (i) the "City and County of Denver, Colorado,  
17 Airport System Subordinate Revenue Bonds, Series 1990B," as authorized by Ordinance No.  
18 568, Series of 1990, cited as the "1990 Airport System General Subordinate Bond Ordinance"  
19 (the "1990 Subordinate Bond Ordinance"), and Ordinance No. 569, Series of 1990; (ii) the  
20 "City and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series  
21 1990C," as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 570,  
22 Series of 1990; (iii) the "City and County of Denver, Colorado, Airport System Subordinate  
23 Revenue Bonds, Series 1990D," as authorized by the 1990 Subordinate Bond Ordinance and  
24 Ordinance No. 571, Series of 1990; (iv) the "City and County of Denver, Colorado, Airport  
25 System Subordinate Revenue Bonds, Series 1990E," as authorized by the 1990 Subordinate  
26 Bond Ordinance and Ordinance No. 572, Series of 1990; (v) the "City and County of Denver,  
27 Colorado, Airport System Subordinate Revenue Bonds, Series 1991B," as authorized by the  
28 1990 Subordinate Bond Ordinance and Ordinance No. 443, Series of 1991; and (vi) the "City  
29 and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series 1991C,"  
30 as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 444, Series of  
31 1991 (collectively, the "Series 1990-91 Subordinate Bonds"); and

1 (10) WHEREAS, all of the Outstanding Series 1990-91 Subordinate Bonds were  
2 purchased and retired with the proceeds of:

3 (i) the "City and County of Denver, Colorado, for and on behalf of its  
4 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997A," as  
5 authorized by Ordinance No. 549, Series of 1997, cited as the "1997 Airport System  
6 Subordinate Bond Ordinance" (the "Subordinate Bond Ordinance"), and Ordinance No.  
7 550, Series of 1997;

8 (ii) the "City and County of Denver, Colorado, for and on behalf of its  
9 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997B," as  
10 authorized by the Subordinate Bond Ordinance and Ordinance No. 551, Series of 1997;  
11 and

12 (iii) the "City and County of Denver, Colorado, for and on behalf of its  
13 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997C," as  
14 authorized by the Subordinate Bond Ordinance and Ordinance No. 552, Series of 1997  
15 (collectively the "Series 1997 Subordinate Bonds"); and

16 (11) WHEREAS, the Series 1997A Subordinate Bonds, the Series 1997B Subordinate  
17 Bonds and the Series 1997C Subordinate Bonds have previously been defeased and are  
18 deemed to have been paid under Section 1101 of the Subordinate Bond Ordinance, and the  
19 Series 1997 Subordinate Bonds are no longer Outstanding under the Subordinate Bond  
20 Ordinance; and

21 (12) WHEREAS, the City has also issued the "City and County of Denver, Colorado,  
22 for and on behalf of its Department of Aviation, Airport System Subordinate Revenue  
23 Refunding Bonds, Series 2001C1-C4," as authorized by the Subordinate Bond Ordinance and  
24 Ordinance No. 814, Series of 2001, and such Subordinate Bonds remain Outstanding under  
25 the Subordinate Bond Ordinance; and

26 (13) WHEREAS, the City has also authorized to be issued (i) the "City and County of  
27 Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
28 Commercial Paper Notes, Series 2000A," by the Subordinate Bond Ordinance and Ordinance  
29 No. 344, Series of 2000; and (ii) the "City and County of Denver, Colorado, for and on behalf of



1 its Department of Aviation, Airport System Subordinate Taxable Commercial Paper Notes,  
2 Series 2000B," by the Subordinate Bond Ordinance and Ordinance No. 345, Series of 2000,  
3 which notes (collectively the "Series 2000 Commercial Paper Notes") constitute Subordinate  
4 Bonds under the Subordinate Bond Ordinance; and

5 (14) WHEREAS, none of the Series 2000 Commercial Paper Notes remain authorized  
6 to be issued or are Outstanding under the Subordinate Bond Ordinance; and

7 (15) WHEREAS, the City has also authorized to be issued (i) the "City and County of  
8 Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
9 Commercial Paper Notes, Series A," and (ii) the "City and County of Denver, Colorado, for and  
10 on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes,  
11 Series B," which notes (collectively the "Series A-B Commercial Paper Notes") remain  
12 authorized to be issued as Subordinate Bonds under the Subordinate Bond Ordinance; and

13 (16) WHEREAS, the Council has also adopted in supplementation of the General  
14 Bond Ordinance: (i) Ordinance No. 456, Series of 1988, authorizing the payment of additional  
15 interest on certain Airport System revenue bonds from the proceeds thereof; (ii) Ordinance  
16 No. 614, Series of 1992, providing for the administration of certain passenger facility charges;  
17 (iii) Ordinance No. 890, Series of 1996, additionally providing for the administration of certain  
18 passenger facility charges; (iv) Ordinance No. 820, Series of 1998, additionally providing for  
19 the administration of certain passenger facility charges; (v) Ordinance No. 538, Series of 2001,  
20 additionally providing for the administration of certain passenger facility charges;  
21 (vi) Ordinance No 716, Series of 2002, additionally providing for the administration of certain  
22 passenger facility charges; (vii) Ordinance No. 747, Series of 2004, additionally providing for  
23 the administration of certain passenger facility charges; (viii) Ordinance No. 470, Series of  
24 2005, adopting certain amendments to the General Bond Ordinance; (ix) Ordinance No. 494,  
25 Series of 2006, providing for the administration of certain passenger facility charges; and (x)  
26 the Passenger Facility Charges Ordinance, Series of 2007, filed simultaneously herewith and  
27 additionally providing for the administration of certain passenger facility charges; and

28 (17) WHEREAS, none of the Net Revenues of the Airport System have been pledged  
29 to any outstanding bonds or other obligations, except in respect of the Senior Bonds (and  
30 certain Obligations relating thereto), the Subordinate Bonds (and certain Subordinate Credit

1 Facility Obligations relating thereto), the Series A-B Commercial Paper Notes, and of certain  
2 Subordinate Hedge Facility Obligations incurred under the Subordinate Bond Ordinance; and

3 (18) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager of the  
4 Department has executed a resolution (the "Series 2007C Manager's Resolution") approving,  
5 authorizing and requesting the issuance by the City, for and on behalf of the Department, of  
6 the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation,  
7 Airport System Revenue Bonds, Series 2007C" as set forth herein, for the purposes of  
8 (i) defraying the Cost of refunding the Refunded Bonds, and (ii) paying certain Costs relating  
9 thereto; and

10 (19) WHEREAS, the Council has determined and does hereby declare:

11 A. The procedures and requirements of Article V, Chapter 20 of the Revised  
12 Municipal Code of the City and County of Denver have been completely and timely met  
13 in respect of the negotiated sale of the Series 2007C Bonds to the Underwriters;

14 B. The Series 2007C Bonds are to be issued pursuant to the Series 2007C  
15 Manager's Resolution and the provisions of the General Bond Ordinance (as  
16 supplemented hereby); and the Series 2007C Bonds constitute "Bonds" as defined  
17 therein; and

18 C. All acts, conditions and things required by law and by the General Bond  
19 Ordinance to exist, have happened and have been performed as a condition to the  
20 issuance of the Series 2007C Bonds, do or will exist, have happened or will happen,  
21 and have been or will have been performed in regular and due time, form and manner  
22 as required by law.

23 (20) WHEREAS, simultaneously with the issuance of the Series 2007C Bonds, there  
24 is also expected to be issued the "City and County of Denver, Colorado, for and on  
25 behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and  
26 "City and County of Denver, Colorado, for and on behalf of its Department of Aviation,  
27 Airport System Revenue Bonds, Series 2007B" (together the "Series 2007A-B Bonds");

28 (21) WHEREAS, there have been filed with the City's Clerk and Recorder:

1 A. the proposed form of the Bond Purchase Agreement, City Clerk File  
2 No. 07-612;

3 B. the Preliminary Official Statement, City Clerk File No. 07-612-A

4 C. the proposed form of the Escrow Agreement, City Clerk File  
5 No. 07-612-B and

6 D. the proposed form of the Series 2007C Bonds Continuing Disclosure  
7 Undertaking, City Clerk File No. 07-612-C

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

9 **ARTICLE I**  
10 **DEFINITIONS, RATIFICATION, EFFECTIVE DATE,**  
11 **PUBLICATION AND AUTHENTICATION**

12  
13 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
14 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
15 Department in accordance with the provisions of, the General Bond Ordinance.

16 Section 102. Meanings and Construction.

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

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

22 (1) "Bond Insurance Policy" means the municipal bond new issue  
23 insurance policy issued by the Bond Insurer that guarantees payment of the  
24 principal of and interest on the Series 2007C Bonds.

25 (2) "Bond Insurer" means any bond insurer issuing the Bond Insurance  
26 Policy, or any successor thereto or assignee thereof.

1                   (3)    "Bond Purchase Agreement" means the contract between the City,  
2 for and on behalf of the Department, and the Underwriters for the purchase of the  
3 Series 2007C Bonds, in substantially the form filed with the Clerk.

4                   (4)    "Consent Agent" means American National Bank (formerly The  
5 Bank of Cherry Creek N.A.), and any successor thereof, as provided in Section  
6 506 hereof.

7                   (5)    "Escrow Agreement" means the "City and County of Denver,  
8 Colorado, for and on behalf of its Department of Aviation, Airport System  
9 Revenue Bonds, Series 1998B and Series 2003B, Escrow Agreement" (as  
10 applicable) by and between the City and the Escrow Bank, in substantially the  
11 form filed with the Clerk.

12                   (6)    "Escrow Bank" means Zions First National Bank, and any  
13 successor thereof.

14                   (7)    "General Bond Ordinance" means the "1984 Airport System  
15 General Bond Ordinance," as amended and supplemented from time to time by  
16 any Supplemental Ordinance.

17                   (8)    "Official Statement" means a final Official Statement relating to the  
18 Series 2007C Bonds, in substantially the form of the Preliminary Official  
19 Statement, with such omissions, insertions, endorsements and variations as may  
20 be required by the circumstances and as are not inconsistent with the provisions  
21 of this Supplemental Ordinance.

22                   (9)    "Paying Agent" means the Treasurer, and includes any successor  
23 thereof.

24                   (10) "Preliminary Official Statement" means the Preliminary Official  
25 Statement relating to the Series 2007C Bonds, as filed with the Clerk.

26                   (11) "Pricing Certificate" means a certificate executed by the Treasurer  
27 and evidencing the determinations made pursuant to Section 302B of this  
28 Supplemental Ordinance.

1           (12) "Refunded Bonds" means, (i) all or a portion of the City and County  
2 of Denver, for and on behalf of its Department of Aviation, Airport System  
3 Revenue Bonds, Series 1998B, and (ii) all or a portion of the City and County of  
4 Denver, for and on behalf of its Department of Aviation, Airport System Revenue  
5 Bonds, Series 2003B, both of which are being refunded as set forth in the  
6 Escrow Agreement.

7           (13) "Securities Depository" means The Depository Trust Company,  
8 hereby designated as the depository for the Series 2007C Bonds, and includes  
9 any nominee or successor thereof.

10           (14) "Series 1998B Bonds Escrow Account" means that special and  
11 separate Escrow Account designated as the "City and County of Denver,  
12 Colorado, for and on behalf of the Department of Aviation, Airport System  
13 Revenue Bonds, Series 1998B Escrow Account" created in Section 401A hereof.

14           (15) "Series 2003B Bonds Escrow Account" means that special and  
15 separate Escrow Account designated as the "City and County of Denver,  
16 Colorado, for and on behalf of the Department of Aviation, Airport System  
17 Revenue Bonds, Series 2003B Escrow Account" created in Section 401A hereof.

18           (16) "Series 2007C Bonds" means those securities issued hereunder  
19 and designated as the "City and County of Denver, Colorado, for and on behalf of  
20 its Department of Aviation, Airport System Revenue Bonds, Series 2007C."

21           (17) "Series 2007C Bonds Continuing Disclosure Undertaking" means  
22 the Continuing Disclosure Undertaking relating to the Series 2007C Bonds (in  
23 addition to the Series 2007A-B Bonds), in substantially the form filed with the  
24 Clerk.

25           (18) "Series 2007C Refunding Project" means the project to advance  
26 refund the Refunded Bonds with the proceeds of the Series 2007C Bonds by  
27 paying the principal of, premium (if any) and interest on the Refunded Bonds  
28 upon redemption, as provided in the Escrow Agreement. The Series 2007C

1 Refunding Project constitutes a Refunding Project within the meaning of the  
2 General Bond Ordinance.

3 (19) "Series 2007C Bonds Registrar" means the Treasurer, and includes  
4 any successor thereof.

5 (20) "Underwriters" means Citigroup Global Markets Inc., J. P. Morgan  
6 Securities Inc., and Ramirez & Co., Inc.

7 Section 103. Ratification. All action heretofore taken (not inconsistent with the  
8 provisions of this Supplemental Ordinance) by the Council, the Manager, the Manager of  
9 Revenue (the "Treasurer"), and the other officers of the City relating to:

10 A. Series 2007C Refunding Project. The Series 2007C Refunding Project; and

11 B. Series 2007C Bonds. The sale and issuance of the Series 2007C Bonds be,  
12 and the same hereby is, authorized, ratified, approved, and confirmed, including, without  
13 limitation, the distribution of the Preliminary Official Statement, the execution and delivery of  
14 the Official Statement (if executed and delivered prior to the date of enactment of this  
15 Supplemental Ordinance) and the execution of the Bond Purchase Agreement by the  
16 Treasurer (if so executed prior to the publication of the bill for this Supplemental Ordinance  
17 and this Supplemental Ordinance and if in conformity with the Pricing Certificate).

18 Section 104. Bond Insurance Policy. The purchase from the Bond Insurer of the  
19 Bond Insurance Policy is hereby approved, and the officers of the City are directed to take  
20 such action (including the payment of premiums) as may be necessary to obtain and maintain  
21 the Bond Insurance Policy.

22 Section 105. Ordinance an Irrepealable Contract. This Supplemental Ordinance and  
23 the General Bond Ordinance shall constitute an irrevocable contract between the City, for and  
24 on behalf of the Department, and the owners of the Series 2007C Bonds, except as otherwise  
25 provided herein and otherwise in the General Bond Ordinance.

26 Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other  
27 instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of  
28 such inconsistency; but nothing herein shall be construed to repeal any provision of the

1 General Bond Ordinance, it being intended that any inconsistent provision therein shall remain  
2 applicable to any other Bonds hereafter issued thereunder. This repealer shall not be  
3 construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof,  
4 heretofore repealed.

5 Section 107. Severability. If any section, subsection, paragraph, clause, or other  
6 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
7 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
8 or other provision shall not affect any of the remaining provisions of this Supplemental  
9 Ordinance.

10 Section 108. Effective Date. This Supplemental Ordinance shall take effect  
11 immediately upon its final passage and publication.

12 Section 109. Publications. The bill for this Supplemental Ordinance and this  
13 Supplemental Ordinance are hereby authorized and directed to be published as required by  
14 the Charter.

15 Section 110. Recordation and Authentication. This Supplemental Ordinance shall be  
16 recorded after its passage in the office of the Clerk, and authenticated by the signature of the  
17 Mayor and attested and countersigned by the Clerk.

18 Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer and Manager  
19 and other officers and employees of the City are hereby authorized and directed to take all  
20 action necessary or appropriate to effect the provisions of this Supplemental Ordinance,  
21 including without limitation:

22 A. Official Statement and Basic Agreements. If not previously executed and  
23 delivered, the execution and delivery of the Official Statement (dated as the Manager  
24 and Treasurer may determine), the Bond Purchase Agreement, the Escrow Agreement,  
25 and the Series 2007C Bonds Continuing Disclosure Undertaking, with such omissions,  
26 insertions, endorsements, and variations as to any recitals of fact or other provisions as  
27 may by the circumstances be required;

28 B. Blue Sky Documents. The execution of such instruments and the taking of  
29 such other action in cooperation with the Underwriters as they may reasonably request

1 in order to qualify the Series 2007C Bonds for offer and sale under the securities laws  
2 and regulations of such states and other jurisdictions of the United States as the  
3 Underwriters may designate, but said actions shall not constitute consent to process in  
4 any other jurisdiction;

5 C. Certificates and Agreements. The execution and delivery of such certificates  
6 and opinions as are required by the Bond Purchase Agreement and as may otherwise  
7 be reasonably required by the Underwriters or the Bond Insurer and the execution and  
8 delivery of such agreements as are necessary or desirable; and

9 D. Series 2007C Bonds. The preparation, execution and delivery of the Series  
10 2007C Bonds and the payment of the Costs of issuing the Series 2007C Bonds.

11 **ARTICLE II**  
12 **COUNCIL'S DETERMINATIONS, NECESSITY OF**  
13 **SERIES 2007C REFUNDING PROJECT AND SERIES 2007C BONDS,**  
14 **TERMS OF BOND SALE AND OBLIGATIONS OF CITY**

15 Section 201. Authority for this Ordinance. This Supplemental Ordinance is executed  
16 pursuant to the City's powers as a home-rule city organized and operating under the Charter  
17 and Article XX of the State Constitution and pursuant to the Supplemental Public Securities  
18 Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of which  
19 are hereby elected, to the extent not inconsistent herewith), and the General Bond Ordinance;  
20 and the City hereby determines that each and every matter and thing as to which provision is  
21 made herein is necessary in order to carry out and to effect the purposes hereof.

22 Section 202. Necessity and Approval of Series 2007C Refunding Project and Series  
23 2007C Bonds. The Council hereby determines and declares that the Series 2007C Refunding  
24 Project and the Series 2007C Bonds are necessary and in the best interests of the City and its  
25 residents.

26 Section 203. Terms of Bond Sale. The Bond Purchase Agreement is hereby  
27 authorized and approved; and the Series 2007C Bonds shall be sold and delivered to the  
28 Underwriters, in accordance with the Bond Purchase Agreement, bearing interest and  
29 otherwise upon the terms and conditions therein and herein provided.



1 Section 204. Tender for Delivery. The Underwriters are required to accept delivery of  
2 the Series 2007C Bonds and to make payment as provided in the Bond Purchase Agreement.  
3 The validity and enforceability of the Series 2007C Bonds shall be approved by Hogan &  
4 Hartson L.L.P., Denver, Colorado, as bond counsel, and by Bookhardt & O'Toole, Denver,  
5 Colorado, as bond counsel.

6 **ARTICLE III**  
7 **AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE**  
8 **OF SERIES 2007C BONDS**

9 Section 301. Authorization of Series 2007C Bonds. There are hereby authorized to  
10 be issued by the City, for and on behalf of the Department, for the purpose of defraying the  
11 Cost of the Series 2007C Refunding Project, the "City and County of Denver, Colorado, for and  
12 on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the  
13 maximum aggregate principal amount of \$245,000,000, payable as to all Bond Requirements  
14 solely out of the Net Revenues of the Airport System and certain funds and accounts to the  
15 extent provided in the General Bond Ordinance and this Supplemental Ordinance. The Net  
16 Revenues and such funds and accounts are thereby and hereby pledged to the payment of the  
17 Bond Requirements of the Series 2007C Bonds, as therein and herein provided.

18 Section 302. Series 2007C Bond Details.

19 A. Generally. The Series 2007C Bonds shall be issued as fully registered  
20 bonds, dated as of the date of delivery, in the denomination of \$5,000 each, or any  
21 integral multiple thereof (provided that no Series 2007C Bond may be in a denomination  
22 which exceeds the principal coming due on any maturity date, no Series 2007C Bond  
23 may be issued for more than one maturity, and no Series 2007C Bond may bear  
24 interest at more than one rate). The Series 2007C Bonds shall be numbered as the  
25 Series 2007C Bonds Registrar may determine and shall bear interest from the date of  
26 the Series 2007C Bonds to maturity (computed on the basis of a 360-day year and 12  
27 months of 30 days each) at their nominal rates per annum, payable semiannually on  
28 May 15 and November 15 in each year commencing November 15, 2007, except that  
29 Series 2007C Bonds which are reissued upon transfer, exchange or replacement shall  
30 bear interest at the rates shown below from the most recent interest payment date to  
31 which interest has been paid or duly provided for, or if no interest has been paid, from  
32 the date of the Series 2007C Bonds. The Series 2007C Bonds shall bear interest at a

1 coupon rate or rates not exceeding 6.50% and shall mature as Term Bonds or Serial  
2 Bonds, or both, in regular numerical order not later than November 15, 2033.

3 B. Pricing Delegation. Until November 30, 2007, the Treasurer is hereby  
4 authorized, without further approval of the Council, to determine in conformity with the  
5 standards set forth in this Supplemental Ordinance and after the Series 2007C Bonds  
6 have been priced in the market: (i) the principal amount of the Series 2007C Bonds;  
7 (ii) the coupon interest rate or rates on the Series 2007C Bonds, (iii) the maturity or  
8 maturities of the Series 2007C Bonds (any of which may include Series 2007C Bonds  
9 bearing different interest rates) and the amount and date of any mandatory sinking fund  
10 redemption; (iv) provisions for the optional redemption of any or all of the Series 2007C  
11 Bonds prior to maturity; and (v) the purchase price of the Series 2007C Bonds; all as  
12 may be necessary to effect the Series 2007C Refunding Project and in a manner to  
13 achieve net present value savings to the City; provided that the principal amount of the  
14 Series 2007C Bonds shall not exceed \$245,000,000, the estimated true interest cost of  
15 the Series 2007C Bonds shall not exceed 5.60%, the Underwriter's discount (if  
16 applicable) relating to the Series 2007C Bonds shall not exceed .750% of the principal  
17 amount thereof, and the Series 2007C Bonds shall be subject to redemption at the  
18 option of the City, if at all, at a redemption premium not exceeding 102% of the principal  
19 amount so redeemed. Such determinations shall be evidenced by a Pricing Certificate  
20 filed with the Clerk, and except as otherwise expressly provided herein or in the General  
21 Bond Ordinance, the terms of the Series 2007C Bonds shall be as set forth in the  
22 Pricing Certificate.

23 Section 303. Payment of Bond Requirements. The principal or Redemption Price of  
24 any Series 2007C Bond shall be payable to the owner thereof as shown on the registration  
25 books maintained by the Series 2007C Bonds Registrar upon maturity or prior redemption  
26 thereof and upon presentation and surrender at the principal office of the Paying Agent. If any  
27 Series 2007C Bond shall not be paid upon such presentation and surrender at or after  
28 maturity, it shall continue to draw interest at the rate borne by said Series 2007C Bond until the  
29 principal thereof is paid in full. Payment of interest on any Series 2007C Bond shall be made  
30 (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to  
31 the owner thereof, at his or her address as it last appears on the registration books kept by the  
32 Series 2007C Bonds Registrar, at the close of business on the fifteenth day (whether or not a

1 business day) next preceding such interest payment date (the "Regular Record Date"), or  
2 (ii) by wire transfer on the applicable interest payment date to the owner at the close of  
3 business on the applicable Regular Record Date, if such owner shall have provided written  
4 notice and completed wire instructions for a wire transfer address in the continental United  
5 States to the Paying Agent not less than 15 days prior to such Regular Record Date (which  
6 notice may provide that it will remain in effect with respect to subsequent interest payment  
7 dates unless and until changed or revoked by subsequent notice). Any such interest not so  
8 timely paid or duly provided for shall cease to be payable to the person who is the owner at the  
9 close of business on the Regular Record Date and shall be payable to the person who is the  
10 owner at the close of business on a Special Record Date for the payment of any such  
11 defaulted interest. Such Special Record Date shall be fixed by the Series 2007C Bonds  
12 Registrar whenever moneys become available for payment of the defaulted interest, and notice  
13 of the Special Record Date shall be given to the owners of the Series 2007C Bonds not less  
14 than ten days prior to the Special Record Date by first-class mail to each such owner as shown  
15 on the registration books kept by the Series 2007C Bonds Registrar on a date selected by the  
16 Series 2007C Bonds Registrar, stating the date of the Special Record Date and the date fixed  
17 for the payment of such defaulted interest. The Paying Agent may make payments of interest  
18 on any Series 2007C Bonds by such alternative means as may be mutually agreed to between  
19 the owner of such Series 2007C Bonds and the Paying Agent, provided, however, that the City  
20 shall not be required to make funds available to the Paying Agent prior to the dates established  
21 pursuant to Section 302A hereof. All such payments shall be made in lawful money of the  
22 United States of America.

23 Section 304. Optional Redemption. The Series 2007C Bonds may be subject to  
24 redemption prior to maturity at the option of the City as described in the Pricing Certificate and  
25 in the Series 2007C Bonds. Such redemption may be in whole or in part at any time in  
26 principal amounts equal to authorized denominations in such order of maturities as may be  
27 determined by the City, at the Redemption Price designated therein.

28 Section 305. Selection of Series 2007C Bonds for Redemption. If less than all of the  
29 Series 2007C Bonds bearing the same rate and maturing on any fixed maturity date are called  
30 for prior redemption at the City's option, the Treasurer shall select the Series 2007C Bonds or  
31 portions thereof to be redeemed by lot in such manner as the Treasurer shall deem equitable

1 (giving proportionate weight to Series 2007C Bonds in denominations larger than a single unit  
2 of authorized denomination).

3 In the event a portion of any Series 2007C Bond is so redeemed, the Series 2007C  
4 Bonds Registrar shall, without charge to the owner of such Series 2007C Bonds, authenticate  
5 a replacement Series 2007C Bond for the unredeemed portion thereof.

6 Section 306. Redemption Procedure. Except as otherwise provided herein, the  
7 Series 2007C Bonds shall be called for prior redemption and shall be paid by the Paying Agent  
8 upon such notice and otherwise in the manner provided by the General Bond Ordinance. The  
9 Series 2007C Bonds Registrar shall not be required to transfer or exchange any Series 2007C  
10 Bond after published notice of the redemption of such Series 2007C Bond has been given  
11 (except the unredeemed portion of such Series 2007C Bond, if redeemed in part) or to transfer  
12 or exchange any Series 2007C Bond during the period of 15 days next preceding the day such  
13 notice is given.

14 In addition, the Series 2007C Bonds Registrar is hereby authorized to comply with any  
15 operational procedures and requirements of the Securities Depository relating to redemption of  
16 Series 2007C Bonds and notice thereof. The City and the Series 2007C Bonds Registrar shall  
17 have no responsibility or obligation with respect to the accuracy of the records of the Securities  
18 Depository or a nominee therefor or any Participant (as defined below) with respect to any  
19 ownership interest in the Series 2007C Bonds or the delivery to any Participant, beneficial  
20 owner or any other person (except to a registered owner of the Series 2007C Bonds) of any  
21 notice with respect to the Series 2007C Bonds, including any notice of redemption.

22 Section 307. Other Notice of Redemption. In addition to the notice provided for in  
23 Section 306 herein, further notice of any prior redemption shall be given as follows, but failure  
24 to give such further notice by means provided in this section, or any defect therein, shall not  
25 affect the validity of any proceedings for redemption if notice thereof is given as provided in  
26 Section 306 herein:

27 A. Supplemental Information. Each such further notice of redemption shall  
28 contain the information required for a notice of prior redemption under Section 306  
29 herein, plus: (i) the CUSIP numbers of all Series 2007C Bonds being redeemed; (ii) the  
30 date the Series 2007C Bonds were originally issued; (iii) the rate of interest borne by

1 each Series 2007C Bond being redeemed; (iv) the maturity date of each Series 2007C  
2 Bond being redeemed; and (v) any other descriptive information determined by the City  
3 in its sole discretion to be necessary to identify accurately the Series 2007C Bonds  
4 being redeemed; and

5 B. Additional Recipients. Each such further notice of redemption shall be sent at  
6 least 30 days before the redemption date by registered or certified mail or overnight  
7 delivery service to: (i) the Securities Depository; (ii) to one or more national information  
8 services that disseminate notices of redemption of obligations similar to the Series  
9 2007C Bonds; (iii) any rating agency that shall then be maintaining a rating on the  
10 Series 2007C Bonds; and (iv) *The Bond Buyer*.

11 Section 308. Custodial Deposit. Notwithstanding the provisions of Article III of the  
12 General Bond Ordinance or of Section 302 hereof, the Series 2007C Bonds shall initially be  
13 evidenced by one Series 2007C Bond due in each maturity, in the aggregate principal amount  
14 of such maturity; shall initially be registered in the name of the Securities Depository, or any  
15 nominee thereof; and may not thereafter be transferred or exchanged except (i) to any  
16 successor of the Securities Depository, or any nominee of such successor, upon the merger,  
17 consolidation, sale of substantially all of the assets or other reorganization of the Securities  
18 Depository or its successor, which successor of the Securities Depository must be a qualified  
19 and registered "clearing agency" under §17A of the Securities Exchange Act of 1934, as  
20 amended; (ii) to any new depository or nominee thereof (a) upon the resignation of the  
21 Securities Depository or a successor or new depository under clause (i) of this paragraph or  
22 this clause (ii), or (b) upon a determination of the City that the Securities Depository or such  
23 successor or new depository is no longer able to carry out its functions and the designation by  
24 the City of another depository institution acceptable to the depository then holding the Series  
25 2007C Bonds which new depository institution must be a qualified and registered "clearing  
26 agency" under §17A of the Securities Exchange Act of 1934, as amended, to carry out the  
27 functions of the Securities Depository or such successor or new depository; or (iii) to any  
28 holder as specified in the transfer instructions in the paragraph below (a) upon the resignation  
29 of the Securities Depository or upon a determination by the City that the Securities Depository  
30 is no longer able to carry out its functions, and (b) upon the failure by the City, after reasonable  
31 investigation, to locate another qualified depository institution under clause (ii) to carry out the  
32 functions of the Securities Depository.

1           In the case of a transfer to a successor of the Securities Depository or its nominee as  
2 referred to in clause (i) of the first paragraph hereof or in the case of a designation of a new  
3 depository pursuant to clause (ii) of the first paragraph hereof, upon receipt of the Outstanding  
4 Series 2007C Bonds by the Series 2007C Bonds Registrar, together with written instructions  
5 for transfer satisfactory to the Series 2007C Bonds Registrar, new Series 2007C Bonds shall  
6 be issued to such successor or new depository, as the case may be, or its nominee, as is  
7 specified in such written transfer instructions. In the case of a resignation or determination  
8 under clause (ii) of the first paragraph hereof and the failure after reasonable investigation to  
9 locate another qualified depository institution for the Series 2007C Bonds as provided in clause  
10 (ii) of the first paragraph hereof, and upon receipt of the Outstanding Series 2007C Bonds by  
11 the Series 2007C Bonds Registrar together with written instructions for transfer satisfactory to  
12 the Series 2007C Bonds Registrar, new Series 2007C Bonds shall be issued in authorized  
13 denominations, as provided in and subject to the limitations of Section 302 hereof and in such  
14 denominations as are requested in such written transfer instructions; provided the Series  
15 2007C Bonds Registrar shall not be required to deliver such new Series 2007C Bonds within a  
16 period of less than 60 days from the date of receipt of such written transfer instructions.

17           The City, the Series 2007C Bonds Registrar and the Paying Agent shall be entitled to  
18 treat the registered owner of any Series 2007C Bond as the absolute owner and owner of  
19 record for all purposes hereof and any applicable laws, notwithstanding any notice to the  
20 contrary received by any or all of them. So long as the registered owner of any Series 2007C  
21 Bond is the Securities Depository or a nominee thereof, the Securities Depository shall  
22 disburse any payments received, through participating underwriters, securities brokers or  
23 dealers, banks, trust companies, closing corporations or other persons or entities for which the  
24 Securities Depository holds Series 2007C Bonds ("Participants") or otherwise, to the beneficial  
25 owners. Neither the City, nor the Paying Agent shall have any responsibility or obligation for  
26 the payment to any Participant, any beneficial owner or any other person (except a registered  
27 owner of Series 2007C Bonds) of the Debt Service Requirements or Redemption Price due in  
28 connection with the Series 2007C Bonds. The City, the Series 2007C Bonds Registrar and the  
29 Paying Agent shall have no responsibility for maintaining, supervising or reviewing the records  
30 kept by the Securities Depository.

31           Notwithstanding any other provision of the General Bond Ordinance or this  
32 Supplemental Ordinance to the contrary, so long as any Series 2007C Bond is registered in

1 the name of the Securities Depository, or any nominee thereof, all payments with respect to  
2 the Redemption Price due in connection with any Series 2007C Bonds and all notices with  
3 respect to such Series 2007C Bonds shall be made and given, respectively, in the manner  
4 provided in the Blanket Issuer Letter of Representations dated June 22, 1995 with the  
5 Securities Depository.

6 Section 309. Execution, Recordation and Authentication. The Series 2007C Bonds  
7 shall be signed by the Mayor and countersigned by the Auditor, both of which signatures may  
8 be by facsimile, and the Series 2007C Bonds shall bear the official seal of the City or a  
9 facsimile thereof attested by the manual or facsimile signature of the Clerk. A record thereof  
10 shall be made by the Auditor, in such record to show the date of issue, date of payment, and  
11 date and amount of interest payments as the same shall accrue. The Series 2007C Bonds  
12 shall also be approved by the manual or facsimile signature of the Manager and shall be  
13 authenticated by the Series 2007C Bonds Registrar as provided in Section 316 of the General  
14 Bond Ordinance.

15 By authenticating the Series 2007C Bonds, the Series 2007C Bonds Registrar shall be  
16 deemed to have assented to the provisions of the General Bond Ordinance, as supplemented  
17 by this Supplemental Ordinance. If the Series 2007C Bonds Registrar, or its duly appointed  
18 successor pursuant to this section, shall resign, or if the City shall reasonably determine that  
19 such Series 2007C Bonds Registrar has become incapable of fulfilling its duties hereunder, the  
20 City may, upon notice mailed to each owner of Series 2007C Bonds at the address last shown  
21 on the registration books, appoint a successor Series 2007C Bonds Registrar.

22 Section 310. Bond Form. Subject to the provisions of this Supplemental Ordinance,  
23 each Series 2007C Bond shall be in substantially the form set forth in Exhibit A hereto  
24 (provided that any of the text may, with appropriate reference, be printed on the back of the  
25 Series 2007C Bonds), with such omissions, insertions, endorsements, and variations as to any  
26 recitals of fact or other provisions as may be required by the circumstances, be required or  
27 permitted by the General Bond Ordinance, or be consistent with the General Bond Ordinance.

1 **ARTICLE IV**  
2 **USE OF BOND PROCEEDS; OTHER TRANSFERS**

3 Section 401. Disposition of Bond Proceeds. The net proceeds of the Series 2007C  
4 Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for  
5 purposes thereof:

6 A. Escrow Accounts. First, to the special account hereby created with the  
7 Escrow Bank and designated as the "City and County of Denver, Colorado, for and on  
8 behalf of its Department of Aviation, Airport System Revenue Bonds, Series 1998B  
9 Escrow Account," (the "Series 1998B Bonds Escrow Account"), the amount which, after  
10 taking into account other amounts expected to be deposited therein, the Treasurer  
11 determines to be necessary to purchase the securities and to fund the initial cash  
12 balance, as required by the Escrow Agreement. Second, to the special account hereby  
13 created with the Escrow Bank and designated as the "City and County of Denver,  
14 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue  
15 Bonds, Series 2003B Escrow Account," (the "Series 2003B Bonds Escrow Account"),  
16 the amount which, after taking into account other amounts expected to be deposited  
17 therein, the Treasurer determines to be necessary to purchase the securities and to  
18 fund the initial cash balance, as required by the Escrow Agreement. Amounts in the  
19 Escrow Accounts shall be used to effect the Series 2007C Refunding Project.

20 B. Series 2007C Project Account. Third, to the Project Fund for credit to a  
21 special and separate subaccount hereby created therein and designated as the "City  
22 and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
23 System Revenue Bonds, Series 2007C Project Account," (the "Series 2007C Project  
24 Account"), an amount equal to the balance of the proceeds of the Series 2007C Bonds  
25 so received, for the payment of the Costs of the Series 2007C Refunding Project,  
26 including without limitation the payment of the initial premium due in respect of the Bond  
27 Insurance Policy (which payment may be made on behalf of the City by the  
28 Underwriters and treated as if it were received by the City and accounted for in the  
29 Series 2007C Project Account).

30 Section 402. Other Transfers. The Treasurer is hereby authorized to transfer to the  
31 Escrow Accounts such other amounts, if any, legally available in the Bond Fund [and Bond



1 Reserve Fund] as the Treasurer determines to be necessary to effect the Series 2007C  
2 Refunding Project.

3 Section 403. Exercise of Option. The City, for and on behalf of its Department of  
4 Aviation, hereby irrevocably exercises its option to redeem the Refunded Bonds on  
5 November 15, 2008 (in the case of the Series 1998B Bonds), and November 15, 2013 (in the  
6 case of the Series 2003B Bonds) (each respectively, the "Redemption Date"), for a purchase  
7 price equal to the principal amount thereof, accrued interest thereon, and applicable  
8 redemption premium, if any (the "Redemption Price"), the exercise of such option to be  
9 effective when moneys sufficient to provide for the Redemption Price are credited to the Series  
10 1998B Bonds Escrow Account and the Series 2003B Bonds Escrow Account for such purpose.

11 Section 404. Manner and Forms of Notice of Redemption. Notices of prior  
12 redemption of the Refunded Bonds shall be given by the Treasurer in the manner and  
13 otherwise as provided in the ordinances authorizing the issuance of the Refunded Bonds and  
14 shall be in substantially the following forms, with such omissions, insertions, endorsements  
15 and variations as to any recitals of facts or other provisions as may be required by the  
16 circumstances, be required or permitted by the General Bond Ordinance, or be consistent with  
17 the General Bond Ordinance:

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**NOTICE OF PRIOR REDEMPTION AND DEFEASANCE  
OF  
THE CITY AND COUNTY OF DENVER, COLORADO  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 1998B**

8 NOTICE IS HEREBY GIVEN that the City and County of Denver, Colorado (the "City"),  
9 for and on behalf of the Department of Aviation, has caused to be deposited in an escrow  
10 account (the "Series 1998B Bonds Escrow Account") with American National Bank refunding  
11 bond proceeds and other moneys which have been invested (except for an initial cash  
12 balance) in bills, certificates, notes, bonds and similar securities which are direct obligations of,  
13 or the principal of and interest on which securities are unconditionally guaranteed by, the  
14 United States of America, to refund, pay, and discharge the principal of, interest on, and any  
15 redemption premium due in connection with certain of the City and County of Denver,  
16 Colorado, Airport System Revenue Bonds, Series 1998B (the "Series 1998B Bonds"), issued  
17 on December 1, 1998 and maturing as described below (the "Refunded Bonds") as the same  
18 become due at and before maturity upon prior redemption, as provided herein.

19	Maturity Date	Principal Amount	Interest Rate	
20	<u>(November 15)</u>	<u>Refunded</u>	<u>(Per Annum)</u>	<u>CUSIP</u>

21 The Refunded Bonds maturing on and after November 15, \_\_\_\_\_, have been called for  
22 prior redemption on November 15, 2008 (the "Redemption Date").

23 On the Redemption Date the Refunded Bonds will become due and payable at the  
24 Paying Agent for the Refunded Bonds (the Treasurer of the City and County of Denver,  
25 Colorado) for a price equal to the principal amount thereof and accrued interest thereon plus  
26 premium, if any, to the Redemption Date. From and after the Redemption Date, interest on the  
27 Refunded Bonds will cease to accrue.

28 The Refunded Bonds must be delivered to the Paying Agent as follows:

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If by Hand:

If by Mail:

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Pursuant to the defeasance provisions of the ordinance authorizing the issuance of the Series 1998B Bonds, the pledge and lien and all obligations thereunder with respect to the Refunded Bonds are discharged, and the Refunded Bonds shall no longer be deemed to be Outstanding within the meaning of such ordinance.

\_\_\_\_\_, certified public accountants, has issued a report verifying the accuracy of mathematical computations showing that the Series 1998B Bonds Escrow Account, including the known minimum yield from the investments therein and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequent, to pay the principal of, and interest on, the Refunded Bonds to and including the Redemption Date.

DATED at Denver, Colorado, on this \_\_\_\_\_, 2007.

THE CITY AND COUNTY OF DENVER  
for and on behalf of its Department of Aviation

\_\_\_\_\_  
Treasurer

**NOTICE OF PRIOR REDEMPTION AND DEFEASANCE**  
**OF**  
**THE CITY AND COUNTY OF DENVER, COLORADO**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2003B**

NOTICE IS HEREBY GIVEN that the City and County of Denver, Colorado (the "City"), for and on behalf of the Department of Aviation, has caused to be deposited in an escrow account (the "Series 2003B Bonds Escrow Account") with American National Bank refunding bond proceeds and other moneys which have been invested (except for an initial cash balance) in bills, certificates, notes, bonds and similar securities which are direct obligations of, or the principal of and interest on which securities are unconditionally guaranteed by, the United States of America, to refund, pay, and discharge the principal of, interest on, and any redemption premium due in connection with certain of the City and County of Denver, Colorado, Airport System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), issued on May 1, 2003 and maturing as described below (the "Refunded Bonds") as the same become due at and before maturity upon prior redemption, as provided herein.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
(November 15)	Refunded	(Per Annum)	

The Refunded Bonds maturing on and after November 15, \_\_\_\_, have been called for prior redemption on November 15, 2013 (the "Redemption Date").

On the Redemption Date the Refunded Bonds will become due and payable at the Paying Agent for the Refunded Bonds (the Treasurer of the City and County of Denver, Colorado) for a price equal to the principal amount thereof and accrued interest thereon plus premium, if any, to the Redemption Date. From and after the Redemption Date, interest on the Refunded Bonds will cease to accrue.

The Refunded Bonds must be delivered to the Paying Agent as follows:

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If by Hand:

If by Mail:

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Pursuant to the defeasance provisions of the ordinance authorizing the issuance of the Series 2003B Bonds, the pledge and lien and all obligations thereunder with respect to the Refunded Bonds are discharged, and the Refunded Bonds shall no longer be deemed to be Outstanding within the meaning of such ordinance.

\_\_\_\_\_, certified public accountants, has issued a report verifying the accuracy of mathematical computations showing that the Series 2003B Bonds Escrow Account, including the known minimum yield from the investments therein and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequent, to pay the principal of, and interest on, the Refunded Bonds to and including the Redemption Date.

DATED at Denver, Colorado, on this \_\_\_\_\_, 2007.

THE CITY AND COUNTY OF DENVER  
for and on behalf of its Department of Aviation

\_\_\_\_\_

Treasurer

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**ARTICLE V**  
**MISCELLANEOUS**

7 Section 501. Tax Covenants. In furtherance of Section 1037 of the General Bond  
8 Ordinance, the City, for and on behalf of the Department, represents and specifically agrees as  
9 follows:

10 A. General Covenants. (1) The City hereby covenants that it shall not  
11 (i) make any use of the proceeds of the Series 2007C Bonds, any funds reasonably  
12 expected to be used to pay the principal of or interest on the Series 2007C Bonds, or  
13 any other funds of the City; (ii) make or permit any use of the Airport Facilities financed  
14 or refinanced with the proceeds of the Refunded Bonds or (iii) take (or omit to take) any  
15 other action with respect to the Series 2007C Bonds, the proceeds thereof, or  
16 otherwise, if such use, action or omission would, under the Tax Code, cause the interest  
17 on the Series 2007C Bonds to be included in gross income for federal income tax  
18 purposes.

19 (2) In particular, without limitation, the City hereby covenants that it shall not  
20 take (or omit to take) or permit or suffer any action to be taken if the result of the same  
21 cause the Series 2007C Bonds to be "arbitrage bonds" within the meaning of § 148 of  
22 the Tax Code or to be "private activity bonds" within the meaning of § 141 of the Tax  
23 Code.

24 B. Rebate. (1) Except as otherwise expressly provided therein, the City shall  
25 pay to the United States in accordance with the requirements of § 148(f) of the Tax  
26 Code an amount (the "Rebate Amount") equal to the sum of (i) the excess of the  
27 amount earned on all nonpurpose investments allocable to the Series 2007C Bonds  
28 (other than investments attributable to such excess) over the amount that would have  
29 been earned if such nonpurpose investments were invested at a rate equal to the yield  
30 on the Series 2007C Bonds, plus (ii) any income attributable to such excess.

31 (2) The City shall maintain within the Airport System Fund a special and  
separate account hereby created and to be known as the "City and County of Denver,  
Colorado, for and on behalf of its Department of Aviation, Airport System Revenue  
Bonds, Series 2007C Rebate Fund" (the "Series 2007C Rebate Fund"). The City shall

1 maintain within the Series 2007C Rebate Fund such subaccounts as may be necessary,  
2 and the City shall deposit to the credit of, and make disbursements to the United States  
3 and otherwise from, the Series 2007C Rebate Fund such amounts, at such times, as  
4 shall be necessary hereunder.

5 (3) Any amounts so deposited to the credit of the Series 2007C Rebate Fund  
6 shall be derived from the Net Revenues of the Airport System or from such other legally  
7 available sources as the City may determine; provided, however, that the accumulation  
8 and application of Net Revenues for such purpose shall be subordinate in priority to the  
9 accumulation and application of Net Revenues required by Section 508 of the General  
10 Bond Ordinance.

11 (4) Notwithstanding any provision of this Section 501B, if the Treasurer shall  
12 obtain an opinion of an attorney or firm of attorneys whose experience in matters  
13 relating to the issuance of obligations by states and their political subdivisions is  
14 nationally recognized that any action required under this Section 501B is no longer  
15 required or that some further action is required to maintain the exclusion from federal  
16 income tax of interest on the Series 2007C Bonds, the City may rely conclusively on  
17 such opinion in complying with the requirements of this Section 501B, and the  
18 covenants contained herein shall be deemed to be modified to that extent.

19 C. Tax Certificate. The Treasurer is hereby authorized to execute a tax  
20 certificate on behalf of the City in implementation of the covenants and agreements set  
21 forth in this Section 501, or to make any election permitted by the Tax Code and  
22 determined by the Treasurer to be to the advantage of the City; and the representations,  
23 agreements, and elections set forth therein shall be deemed the representations,  
24 agreements, and elections of the City, as if the same were set forth herein.

25 Section 502. Bond Insurance Conditions. The City covenants for the benefit of the  
26 Bond Insurer as follows:

27 A. Notice of Bond Reserve Fund Draw. The City shall notify the Bond Insurer of  
28 any withdrawal from the Bond Reserve Fund to pay debt service and of any deficiency  
29 in the amount on deposit in the Bond Reserve Fund to meet the Minimum Bond  
30 Reserve.

1           B. Notice of Certain Redemptions. The City shall notify the Bond Insurer of any  
2 redemption of the Series 2007C Bonds pursuant to Section 304 hereof.

3           C. Notice of Default. The City shall give the Bond Insurer notice of any Event of  
4 Default with respect to the Series 2007C Bonds.

5           D. Cumulative Remedies; Restoration to Former Positions. Any remedy by the  
6 terms of the General Bond Ordinance conferred upon or reserved to the owners of the  
7 Series 2007C Bonds or the Bond Insurer is not intended to be exclusive of any other  
8 remedy but shall be cumulative. Discontinuance or abandonment of any remedial  
9 action under the General Bond Ordinance with respect to the Series 2007C Bonds shall  
10 result in the restoration of owners of the Series 2007C Bonds and the Bond Insurer to  
11 their former positions.

12           E. Deemed Owner for Default and Remedies. For all purposes of the General  
13 Bond Ordinance governing events of default and remedies, except the giving of notice  
14 of default pursuant to Section 1210 thereof, the Bond Insurer shall be deemed to be the  
15 sole owner of the Series 2007C Bonds.

16           F. Consent to Supplemental Ordinance. For all purposes of Article XIII of the  
17 General Bond Ordinance (except Section 1303 thereof), the Bond Insurer shall be  
18 deemed to be the owner of the Series 2007C Bonds. In the case of any Supplemental  
19 Ordinance requiring the consent of owners of the Series 2007C Bonds, at least fifteen  
20 (15) Business Days prior to adopting such proposed Supplemental Ordinance, the City  
21 shall give notice of such adoption, together with a copy of such Supplemental  
22 Ordinance, to any rating agency then maintaining a credit rating with respect to the  
23 Series 2007C Bonds.

24           G. Bond Insurer as Party in Interest. The Bond Insurer shall be included as a  
25 party in interest with respect to the Series 2007C Bonds, and as a party entitled to (a)  
26 notify the City of the occurrence of an Event of Default, and (b) request the City to  
27 intervene in judicial proceedings that affect the Series 2007C Bonds or the security  
28 therefor. The City shall be required to accept notice of an Event of Default from the  
29 Bond Insurer with respect to the Series 2007C Bonds.



1           H. Satisfaction and Discharge. Notwithstanding anything in the General Bond  
2 Ordinance to the contrary, in the event that the principal of or interest on the Series  
3 2007C Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy  
4 (a) such Series 2007C Bonds shall be deemed to be Outstanding under the General  
5 Bond Ordinance, (b) the pledge of Net Revenues and all covenants, agreements and  
6 other obligations of the City to owners of such Series 2007C Bonds shall continue to  
7 exist, and the Bond Insurer shall be fully subrogated to all the rights of such owners in  
8 accordance with the terms of the Bond Insurance Policy, and (c) the amounts paid by  
9 the Bond Insurer pursuant to the Bond Insurance Policy shall not be deemed paid and  
10 shall continue to be due and owing, until such amounts are paid by the City in  
11 accordance with the General Bond Ordinance.

12           I. Access to the Registration Books. Upon the occurrence of an Event of  
13 Default, which would require the Bond Insurer to make payments of principal of or  
14 interest on Series 2007C Bonds in accordance with the Bond Insurance Policy, the  
15 Series 2007C Bonds Registrar shall provide access to the registration books to the  
16 Bond Insurer.

17           J. Notice to Bond Insurer; Provision of Information. All notices, consents or  
18 other communications required or permitted to be given to the Bond Insurer under the  
19 General Bond Ordinance shall be deemed sufficiently given if given in writing, mailed by  
20 first class mail, postage prepaid and addressed to the Bond Insurer.

21           K. Termination of Special Bond Insurance Requirements. The provisions of this  
22 Section 502 shall apply only so long as the Bond Insurance Policy shall be in full force  
23 and effect and shall not have been dishonored or obligations remain to the Bond Insurer  
24 hereunder.

25           Section 503. Preservation of Enterprise Status. The City hereby covenants that it  
26 shall not take (or omit to take) any action with respect to the Department that would cause the  
27 Department to lose its status as an "enterprise" within the meaning of Section 20, Article X,  
28 State Constitution.

29           Section 504. Applicability of General Bond Ordinance. Except as otherwise provided  
30 herein, the provisions of the General Bond Ordinance govern the Series 2007C Bonds and the

1 Series 2007C Refunding Project. The rights, undertakings, covenants, agreements,  
2 obligations, warranties, and representations of the City set forth in the General Bond  
3 Ordinance shall in respect of the Series 2007C Bonds be deemed the rights, undertakings,  
4 covenants, agreements, obligations, warranties, and representations of the City for and on  
5 behalf of the Department.

6 Section 505. Amendments to General Bond Ordinance. The Series 2007C Bonds  
7 shall also be governed, to the extent permitted by Article XIII of the General Bond Ordinance,  
8 by any Supplemental Ordinance amending and restating the General Bond Ordinance and  
9 including, among others, the amendments set forth in Exhibit E to the Official Statement and  
10 identified therein as the Proposed Amendments (the "Proposed Amendments"); provided that  
11 certain of the Proposed Amendments may be adopted only with the written consent of the  
12 owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds  
13 outstanding at the time of the adoption of any such Supplemental Ordinance, after notice and  
14 otherwise in the manner provided by Article XIII of the General Bond Ordinance.

15 Section 506. Consent to Proposed Amendments. By the purchase and acceptance  
16 of the Series 2007C Bonds from time to time, the owners (including without limitation  
17 Participants in the Securities Depository and beneficial owners) thereof and the Bond Insurer  
18 shall be deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance  
19 of amendments to the General Bond Ordinance in substantially the form of the Proposed  
20 Amendments and (ii) appointed the Consent Agent as their agent, with irrevocable instructions  
21 to file a written consent to that effect at the time and place, and otherwise in the manner  
22 provided by Article XIII of the General Bond Ordinance. A notation to this effect, shall be  
23 printed on the Series 2007C Bonds. In so acting, the Consent Agent (who shall be  
24 compensated by the City for such services) may rely on an Attorney's Opinion, which shall be  
25 full and complete authorization and protection of the Consent Agent in respect of any action  
26 taken or suffered by it under the General Bond Ordinance in good faith.

27 Section 507. Endorsement of Bonds. A notation in substantially the following form  
28 shall be endorsed on the Series 2007C Bonds in respect of the Proposed Amendments:

29 "By the purchase and acceptance of this Bond from time to time, the  
30 owners (including without limitation Participants in the Securities Depository and  
31 beneficial owners) hereof and the Bond Insurer are deemed to have irrevocably

1 (i) consented to the adoption by Supplemental Ordinance of amendments to the  
2 General Bond Ordinance in substantially the form of the Proposed Amendments  
3 set forth as Exhibit E to the Official Statement and (ii) appointed the Consent  
4 Agent as their agent, with irrevocable instructions to file a written consent to that  
5 effect at the time and place and otherwise in the manner provided by the General  
6 Bond Ordinance."

7 In addition, copies of this notation, together with copies of the Proposed  
8 Amendments, shall be filed in one or more nationally Recognized Municipal Securities  
9 Information Repository.

1 COMMITTEE APPROVAL DATE: \_\_\_\_\_

2 MAYOR-COUNCIL DATE: \_\_\_\_\_

3 PASSED BY THE COUNCIL July 30 \_\_\_\_\_ 2007

4 \_\_\_\_\_ - PRESIDENT

5 APPROVED [Signature] - MAYOR July 31, 2007

6 ATTEST: [Signature] - CLERK AND RECORDER,  
7 EX-OFFICIO CLERK OF THE  
8 CITY AND COUNTY OF DENVER

9 NOTICE PUBLISHED IN THE DAILY JOURNAL July 27, 2007 AND Aug. 2, 2007

10 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: \_\_\_\_\_, 2007

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

15 Arlene V. Dykstra, City Attorney

16 BY: [Signature], Asst City Attorney

17 DATE: 19 July 07



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EXHIBIT A

(FORM OF SERIES 2007C BOND)

UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007C

No. \_\_\_\_\_

Interest Rate      Maturity Date      Dated As Of      CUSIP

\_\_\_\_\_ , \_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:      DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007C Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on

1 the applicable interest payment date to the owner at the close of business on the applicable  
 2 Regular Record Date, if such owner shall have provided written notice and completed wire  
 3 instructions for a wire transfer address in the continental United States to the Paying Agent not  
 4 less than 15 days prior to such Regular Record Date (which notice may provide that it will  
 5 remain in effect with respect to subsequent interest payment dates unless and until changed or  
 6 revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall  
 7 cease to be payable to the person who is the owner hereof at the close of business on the  
 8 Regular Record Date and shall be payable to the person who is the owner hereof at the close  
 9 of business on a Special Record Date for the payment of any defaulted interest. Notice of the  
 10 Special Record Date shall be given by first-class mail to the owner hereof as shown on the  
 11 registration books on a date selected by the Series 2007C Bonds Registrar, stating the date of  
 12 the Special Record Date and the date fixed for the payment of such defaulted interest.

13 The Series 2007C Bonds shall bear interest and mature in regular numerical order on  
 14 November 15 in each of the designated amounts of principal and years, as follows:

15	Maturity	Principal	Interest
16	(November 15)	Amount	Rate
17	_____	\$ _____	_____ %
18	_____	\$ _____	_____ %
19	_____	\$ _____	_____ %
20	_____	\$ _____	_____ %
21	_____	\$ _____	_____ %
22	_____	\$ _____	_____ %
23	_____	\$ _____	_____ %
24	_____	\$ _____	_____ %
25	_____	\$ _____	_____ %
26	_____	\$ _____	_____ %
27	_____	\$ _____	_____ %
28	_____	\$ _____	_____ %
29			

30  
 31 The Series 2007C Bonds maturing on and after November 15, \_\_\_\_\_ shall be subject to  
 32 redemption prior to maturity at the option of the City, on and after November 15, \_\_\_\_\_. Such  
 33 redemption may be in whole or in part at any time in principal amounts equal to authorized  
 34 denominations in such order of maturities as may be determined by the City, at a Redemption

1 Price equal to the principal amount thereof without premium, and accrued interest to the  
2 Redemption Date.

3 If less than all of the Series 2007C Bonds maturing on any date are redeemed, the  
4 Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may  
5 deem equitable (giving proportionate weight to Series 2007C Bonds in denominations larger  
6 than a single unit of authorized denomination). In the event a portion of any the Series 2007C  
7 Bond is redeemed, the Series 2007C Bonds Registrar shall, without charge to the owner of  
8 such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

9 Prior redemption shall be in the manner and upon the conditions provided in the  
10 resolution approving, authorizing, and requesting the issuance of the Series 2007C Bonds,  
11 executed by the Manager of the Department on \_\_\_\_\_, 2007 (the "Manager's  
12 Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from  
13 time to time, including by Ordinance No. \_\_\_\_, Series of 2007, authorizing the issuance of the  
14 Series 2007C Bonds and adopted and made laws of the City prior to the issuance of the Series  
15 2007C Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's  
16 Resolution and of the General Bond Ordinance are on file for public inspection in the office of  
17 the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein,  
18 defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

19 The Series 2007C Bonds do not constitute a debt or an indebtedness of the City within  
20 the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be  
21 considered or held to be general obligations of the City. The City has not pledged its full faith  
22 and credit for the payment of the Series 2007C Bonds. The Series 2007C Bonds are special  
23 obligations of the City, for and on behalf of the Department, and are payable and collectible  
24 solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport  
25 System and the funds and accounts to the extent provided in the Manager's Resolution and  
26 General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and  
27 the owner hereof may not look to any general or other fund for the payment of the Bond  
28 Requirements of this Bond.

1 Payment of the Bond Requirements due in connection with the Series 2007C Bonds  
2 shall (except as provided herein) be made solely from, and as security for such payment there  
3 are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the  
4 General Bond Ordinance, four special and separate subaccounts created by the General Bond  
5 Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund  
6 Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf  
7 of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the  
8 Bond Requirements of the Series 2007C Bonds and any other bonds issued pursuant to the  
9 General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to  
10 the extent therein provided, a special and separate account created by the General Bond  
11 Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf  
12 of the Department, covenants to accumulate and maintain from such Net Revenues a specified  
13 reserve for such purpose. To the extent provided in the Manager's Resolution and the General  
14 Bond Ordinance, the Bond Requirements of the Series 2007C Bonds may also be paid from  
15 the special and separate account created by the General Bond Ordinance and defined therein  
16 as the Capital Fund, and the special and separate subaccount created by the General Bond  
17 Ordinance and defined therein as the PFC Debt Service Account.

18 The Series 2007C Bonds are equally and ratably secured by a lien on the Net  
19 Revenues, and the Series 2007C Bonds constitute an irrevocable and first lien (but not  
20 necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of  
21 the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds,  
22 Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds,  
23 Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds,  
24 Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds,  
25 Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue  
26 Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B,  
27 Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding  
28 Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport  
29 System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds,  
30 Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System  
31 Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A,



1 Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A,  
2 Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A,  
3 Airport System Revenue Bonds, Series 2005B1-B2, and Airport System Revenue Bonds,  
4 Series 2005C1-C2, Airport System Revenue Bonds, Series 2006A, Airport System Revenue  
5 Bonds, Series 2006B. Bonds and other securities, in addition to the Series 2007C Bonds,  
6 subject to express conditions, have been and may hereafter be issued and made payable from  
7 the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien  
8 or, subject to additional express conditions, having a lien thereon on a parity with the lien, of  
9 the Series 2007C Bonds, in accordance with the provisions of the General Bond Ordinance.

10 The Series 2007C Bonds are issued for the purposes of (i) refunding the Refunded  
11 Bonds and (ii) paying certain Costs relating to the Series 2007C Bonds.

12 The Series 2007C Bonds are fully registered (*i.e.*, registered as to payment of both  
13 principal and interest), and are issuable in denominations authorized by the General Bond  
14 Ordinance. Upon surrender of any of such Bonds to the Series 2007C Bonds Registrar with a  
15 written instrument satisfactory to the Series 2007C Bonds Registrar duly executed by the  
16 owner or his or her duly authorized attorney, such Series 2007C Bond may, at the option of the  
17 owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal  
18 amount of such Bonds of the same maturity or other authorized denominations, subject to such  
19 terms and conditions as are set forth in the General Bond Ordinance.

20 Every privilege of registration, transfer, discharge from registration, or conversion  
21 hereinabove provided shall be exercised only in accordance with and subject to the terms and  
22 provisions of the General Bond Ordinance.

23 Reference is made to the Manager's Resolution, the General Bond Ordinance, the  
24 Pricing Certificate, and to any and all modifications and amendments thereof, for an additional  
25 description of the nature and extent of the security for the Series 2007C Bonds, the funds and  
26 accounts or revenues pledged, the nature and extent and manner of enforcement of the  
27 pledge, the rights and remedies of the owners of the Series 2007C Bonds with respect thereto,  
28 the terms and conditions upon which the Series 2007C Bonds are issued, and a statement of

1 rights, duties, immunities, and obligations of the City and other rights and remedies of the  
2 owners of the Series 2007C Bonds.

3 This Bond is one of an authorized series of bonds of the City in the principal amount of  
4 \$245,000,000, designated as the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C  
6 Bonds" or the "Bonds"). The Series 2007C Bonds are issued by the City, for and on behalf of  
7 the Department, pursuant to the home rule powers granted to the City in accordance with its  
8 Charter under Article XX of the State Constitution, and pursuant to the General Bond  
9 Ordinance this recital is conclusive evidence of the validity of the Series 2007C Bonds and the  
10 regularity of their issuance.

11 To the extent and in the respects permitted by the General Bond Ordinance, the  
12 provisions of the General Bond Ordinance or any instrument amendatory thereof or  
13 supplemental thereto may be amended or otherwise modified by action of the City taken in the  
14 manner and subject to the conditions and exceptions prescribed in the General Bond  
15 Ordinance. The pledge of revenues and other obligations of the City under the General Bond  
16 Ordinance may be discharged at or prior to the respective maturities or prior redemption of the  
17 Series 2007C Bonds upon the making of provision for the payment thereof on the terms and  
18 conditions set forth in the General Bond Ordinance.

19 Subject to the provisions for registration for payment stated herein and endorsed  
20 hereon, this Series 2007C Bond is subject to the conditions, and every owner hereof by  
21 accepting the same agrees with the obligor and with every subsequent owner hereof that: (a)  
22 the delivery of this Series 2007C Bond to any transferee as registered owner shall vest title in  
23 this Series 2007C Bond in such transferee to the same extent for all purposes as would the  
24 delivery under like circumstances of any negotiable instrument payable to a registered owner;  
25 (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2007C  
26 Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to  
27 the contrary; (c) the Bond Requirements of this Series 2007C Bond shall be paid, and this  
28 Series 2007C Bond is transferable, free from and without regard to any equities between the  
29 obligor and the original or any intermediate registered owner hereof or any setoffs or cross-

1 claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2007C  
2 Bond shall be a good discharge to the obligor for the same.

3 By the purchase and acceptance of this Bond from time to time, the owners (including  
4 without limitation Participants in the Securities Depository and beneficial owners) hereof are  
5 deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of  
6 amendments to the General Bond Ordinance in substantially the form set forth in the Official  
7 Statement related to the Series 2007C Bonds and (ii) appointed the Consent Agent as their  
8 agent, with irrevocable instructions to file a written consent to that effect at the time and place  
9 and otherwise in the manner provided by the General Bond Ordinance.

10 It is further certified, recited, and warranted that all the requirements of law have been  
11 fully complied with by the proper officers of the City in the issuance of this Series 2007C Bond;  
12 that it is issued pursuant to and in strict conformity with the Constitution and laws of the State,  
13 and in particular the Charter and the General Bond Ordinance; and that this Series 2007C  
14 Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2007C  
15 Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"),  
16 as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be  
17 conclusive evidence of the validity and the regularity of the issuance of the Series 2007C  
18 Bonds after their delivery for value.

19 No recourse shall be had for the payment of the Bond Requirements of this Series  
20 2007C Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance  
21 or other instrument pertaining thereto, against any individual member of the Council, or any  
22 officer or other agent of the City, past, present or future, either directly or indirectly through the  
23 Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or  
24 by the enforcement of any penalty, or otherwise, all such liability, if any, being by the  
25 acceptance of this Series 2007C Bond and as a part of the consideration of its issuance  
26 specifically waived and released.

1 IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused  
2 this Series 2007C Bond to be signed and executed in the name of the City, for and on behalf of  
3 the Department, by the manual or facsimile signature of its Mayor and to be subscribed and  
4 executed by the manual or facsimile signature of the City Auditor; has caused a manual or  
5 facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007C Bond  
6 to be executed and attested by the manual or facsimile signature of the City Clerk and  
7 Recorder; all as of \_\_\_\_\_, \_\_\_\_\_.

8 CITY AND COUNTY OF DENVER, COLORADO,  
9 for and on behalf of its Department of Aviation

10 By: \_\_\_\_\_  
11 Mayor

12 (SEAL)

13 Attest:

14 \_\_\_\_\_  
15 City Clerk and Recorder

16 Countersigned:

17 \_\_\_\_\_  
18 City Auditor

19 (End of Form of Series 2007C Bond)

1 **CERTIFICATE OF AUTHENTICATION**

2 This is one of the Series 2007C Bonds described in the within-mentioned General Bond  
3 Ordinance, and this Bond has been duly registered on the registration books kept by the  
4 undersigned as the Series 2007C Bonds Registrar for such Series 2007C Bonds.

5 \_\_\_\_\_  
6 as the Series 2007C Bonds Registrar

7 Date of Authentication: \_\_\_\_\_, 2007

8  
9 By: \_\_\_\_\_  
10 Authorized Signatory

(Form of Assignment)

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For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007C Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007C Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax identification number of transferee:

\_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2007C Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

1

(Statement of Insurance)

2

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007C – MAXIMUM PRINCIPAL AMOUNT OF \$245,000,000

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6

**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE RELATING TO THE 2007D-E AIRPORT SYSTEM  
SUPPLEMENTAL BOND ORDINANCE,  
ORDINANCE NO. 415, SERIES OF 2007**

I hereby certify that I am the duly appointed, qualified and acting Clerk and Recorder of the City and County of Denver, Colorado (the "City"), and that with respect to the Series 2007D-E Airport System Supplemental Bond Ordinance, enacted as Ordinance No. 415, Series of 2007 (the "Series 2007D-E Supplemental Ordinance"):

1. Attached hereto as Exhibit A are true and correct extracts from the minutes of the meetings of the City Council of the City held on August 6, 2007 and August 13, 2007 insofar as the same relate to the adoption of the Series 2007D-E Supplemental Ordinance.

2. Attached hereto as Exhibit B is proof of publication of the title and summary of the Council bill for the Series 2007D-E Supplemental Ordinance; and attached hereto as Exhibit C is proof of publication of the title and summary of the Series 2007D-E Supplemental Ordinance, as enacted.

3. Original counterparts of the Series 2007D-E Supplemental Ordinance and the minutes above-mentioned are in my custody and control as Clerk and Recorder.

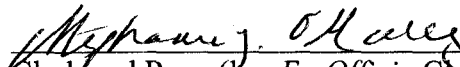
4. The certified copy of the Series 2007D-E Supplemental Ordinance, attached hereto as Exhibit D, is a true, full and correct copy of the Series 2007D-E Supplemental Ordinance, as enacted and approved (except that the cover thereto attached and the table of contents therein contained were not a part of the Series 2007D-E Supplemental Ordinance, as enacted); the same has been duly signed and attested, both on the original Series 2007D-E Supplemental Ordinance and on the ordinance record, which ordinance record is in my custody and control as Clerk and Recorder; and the signing and attestation were by the officers who at the time of such signing and attestation were the President of City Council, the Mayor, and the Clerk and Recorder, respectively, of the City.

5. The Series 2007D-E Supplemental Ordinance has not been repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2007.

(SEAL)



  
Clerk and Recorder, *Ex-Officio* Clerk  
of the City and County of Denver

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
August 6, 2007  
in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 20th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Orla Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: August 7, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, August 6, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember Nevitt led the pledge of allegiance.

**Roll Call**

Present: Faatz, Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb,  
President Hancock (10)  
Late: None  
Absent: Boigon, Brown, Johnson (3) (Roll Call Serial #267)

**Minutes**

The minutes of meeting date, Monday, July 30, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

Mayor Hickenlooper addressed C.B.s 413 – 422, Series of 2007.

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 46, Series of 2007, A proclamation encouraging the Federal Reserve Board to take certain authoritative actions to preserve homeownership and to eliminate foreclosure problems** was read in its entirety by Councilmember Garcia.

A motion offered by Councilmember Garcia, duly seconded by Councilmember López, that **Proc. 46, Series of 2007**, be adopted, carried by the following vote: (Roll Call Serial #268)

Ayes: Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, President  
Hancock (8)  
Nays: None  
Abstain: Faatz, Robb (2)

**Resolutions – (Series of 2007)**

The Council Secretary read the following resolutions by titles. The Council President referred the resolutions to the committees shown in parentheses after the resolution titles.

**Res.103, Series of 2007, A resolution granting a revocable permit to King Lofts, LLC to encroach into the right-of-way with various items at West 38th Avenue and North King Street. (PUBLIC WORKS)**

**Res. 104, Series of 2007, A resolution granting a revocable permit to Counsel Development Company, LLC to encroach into the right-of-way with various items at 2228 Blake Street. (PUBLIC WORKS)**

**Res.105, Series of 2007, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of Brighton Boulevard. (PUBLIC WORKS)**

**Res.106, Series of 2007, A resolution laying out, opening and establishing portions of an alley lying between West 37th Avenue, West 36th Avenue, Osage Street, and Navajo Street. (PUBLIC WORKS)**

**Res.107, Series of 2007, A resolution laying out, opening and establishing as part of the city street system a certain parcel of land as part of Alameda Avenue and Cherry Creek North Drive. (PUBLIC WORKS)**

### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 403, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 3449, 3451, and 3461 West Clyde Place. (BLUEPRINT DENVER)**

**C.B. 404, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 1217 West Byers Place. (BLUEPRINT DENVER)**

**C.B. 405, Series of 2007, A bill for an ordinance relating to Chapter 59 (Zoning), to change required open space in R-2 and R-2-B planned building groups. (BLUEPRINT DENVER)**

**C.B. 406, Series of 2007, A bill for an ordinance authorizing purchases at Denver International Airport in excess of one-half million dollars under a Purchase Order between the City and County of Denver and Cooper Crouse-Hinds, LLC, for purchase of Airport Runway Lighting Products at Denver International Airport. (ECONOMIC DEVELOPMENT)**

**C.B. 407, Series of 2007, A bill for an ordinance approving a proposed License Agreement for Newsracks between the City and County of Denver and The Denver Newspaper Agency LLP at Denver International Airport. (ECONOMIC DEVELOPMENT)**

**C.B. 408, Series of 2007, A bill for an ordinance approving a proposed Termination of Denver Contract Control Number AC-43004, Wireless Use and Occupancy License Agreement between the City and County of Denver and Arch Wireless Operating Company, Inc., resulting from Arch Wireless Operating Company, Inc.'s consolidation with Metrocall, Inc., now known as USA Mobility Wireless, Inc., regarding wireless communications operations at Denver International Airport. (ECONOMIC DEVELOPMENT)**

**C.B. 409, Series of 2007, A bill for an ordinance approving a proposed First Amendment to Wireless Use and Occupancy License Agreement between the City and County of Denver and USA Mobility Wireless, Inc., formerly known as Metrocall, Inc. related to wireless communications operations at Denver International Airport. (ECONOMIC DEVELOPMENT)**

**C.B. 410, Series of 2007, A bill for an ordinance approving a proposed License Agreement, Reference No. 219, Sanitary Sewer/Storm Sewer at the former Stapleton International Airport, between the City and County of Denver and the Park Creek Metropolitan District. (ECONOMIC DEVELOPMENT)**

**C.B. 411, Series of 2007, A bill for an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in the maximum principal amount of \$204,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E" in the maximum principal amount of \$57,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance. (ECONOMIC DEVELOPMENT)**

**C.B. 412, Series of 2007**, A bill for an ordinance approving a proposed Agreement between the City and County of Denver and Schur Success Auction Services for auctioneering services. (FINANCE)

**C.B. 413, Series of 2007**, A bill for an ordinance establishing a new dedicated property tax at the rate of 2.5 mills in support of capital maintenance, subject to the approval of the voters at a special municipal election to be held on November 6, 2007, and dedicating certain revenues from existing City and County property taxes to capital projects in lieu of employee occupational privilege tax revenues and business occupational privilege tax revenues formerly dedicated to such purposes. (FINANCE)

**C.B. 414, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for public office facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 415, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 416, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of health and human services system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 417, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of park system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 418, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of public safety system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 419, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of streets, transportation and public works system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 420, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of library system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 421, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of new construction of cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 422, Series of 2007**, A bill for an Ordinance designating the projects to be undertaken and funded with the proceeds of any general obligations bonds authorized by voters at the November 6, 2007 election. (FINANCE)

**C.B. 423, Series of 2007**, A bill for an ordinance to prohibit retaliation against city employees who disclose information concerning official misconduct to appropriate reporting authorities (Whistleblower Protection). (GENERAL GOVERNMENT)

**C.B. 424, Series of 2007**, A bill for an ordinance amending the classification and pay plan for employees in the Career Service and for certain employees not in the Career Service. (GENERAL GOVERNMENT)

**C.B. 425, Series of 2007**, A bill for an ordinance authorizing the issuance and sale of an amount not to exceed \$7,500,000 of City and County of Denver, Colorado Multifamily Housing Revenue Bonds (Juanita Nolasco Project) Series 2007 for the purpose of financing the acquisition, renovation and equipping of a multifamily residential rental housing development to be occupied by low and middle income persons in the City and County of Denver, Colorado and to pay certain expenses of such bond issue; approving and authorizing execution of an indenture of trust, a loan agreement, a bond purchase agreement and a land use restriction agreement with respect to the bonds; making findings and determinations with respect to the project and the bonds; authorizing the execution and delivery of related documents; and repealing all action heretofore taken in conflict herewith. (NEIGHBORHOOD, COMMUNITY & BUSINESS REVITALIZATION)

**C.B. 426, Series of 2007**, A bill for an ordinance approving and providing for the execution of a proposed grant agreement between the City and County of Denver and the United States of America concerning the "Librarians for the 21st Century FY07-10" program and the funding therefor. (PUBLIC AMENITIES)

**C.B. 427, Series of 2007**, A bill for an ordinance relinquishing a portion of that certain easement as established in Ordinance Number 276, Series of 1964. (PUBLIC WORKS)

**C.B. 428, Series of 2007**, A bill for an ordinance vacating a 5'0" strip of land at 1890 West 32nd Avenue subject to certain reservations. (PUBLIC WORKS)

**C.B. 429, Series of 2007**, A bill for an ordinance approving a proposed purchase order by and between the City and County of Denver and Go Toyota & Scion Arapahoe for the purchase of twenty-seven (27) Toyota Prius Hybrid Sedans. (PUBLIC WORKS)

**C.B. 430, Series of 2007**, A bill for an ordinance approving a proposed Third Amendatory Agreement between the City and County of Denver and Alcohol Monitoring Systems, Inc., for acquisition of equipment and services for transdermal monitoring of offender alcohol usage. (SAFETY)

**C.B. 431, Series of 2007**, A bill for an ordinance approving a proposed Agreement between the City and County of Denver and the Regents of the University of Colorado for and on behalf of the Health Sciences Center (d/b/a Peer I Program), for residential and non-residential community corrections services. (SAFETY)



**C.B. 432, Series of 2007, A bill for an ordinance approving a proposed Agreement to purchase residential and non-residential community corrections services between the City and County of Denver and Community Education Centers. (SAFETY)**

\*\*\*\*\*

### Report of Standing Committees

**C.B. 413, Series of 2007, A bill for an ordinance establishing a new dedicated property tax at the rate of 2.5 mills in support of capital maintenance, subject to the approval of the voters at a special municipal election to be held on November 6, 2007, and dedicating certain revenues from existing City and County property taxes to capital projects in lieu of employee occupational privilege tax revenues and business occupational privilege tax revenues formerly dedicated to such purposes. (FINANCE)**

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 413, Series of 2007**, be ordered published, was followed by a motion offered by Councilmember Lehmann, duly seconded by Councilmember Madison, that **C.B. 413, Series of 2007**, be amended in the following particulars:

- 1) On page 1, on line 9, after the year "2007"; insert a period and delete all language on lines 10 through 12.
- 2) On page 1, starting on line 33 after the word "maintenance."; Delete all language on lines 33 through 35.
- 3) On page 2, delete line 1.
- 4) On page 2, delete the entire subsection (b) language starting on line 10 through line 17.
- 5) On page 3, lines 28 through 29 are amended in their entirety to read as follows: "Source of funds: The employee occupational privilege tax, the business occupational privilege tax, dedicated capital improvement and capital maintenance".
- 6) On page 4, delete the entire Section 4 and Sec. 20-18 Fund Plan language starting on line 24 through line 33.
- 7) On page 5, delete the entire language delineated on this page starting on line 2 through line 34.
- 8) On page 6, delete the entire language delineated on this page starting on line 2 through line 34.
- 9) On page 7, delete lines 1 through 9.
- 10) On page 7, line 12, delete "Section 7" and insert "Section 3".
- 11) On page 8, line 18, delete "Section 8" and insert "Section 4" and delete the words "Section 7" and insert "Section 3".

which motion to amend, **carried** by the following vote: (Roll Call Serial #270)

Ayes: Faatz, Garcia, Lehmann, López, Madison, Montero, Nevitt, President Hancock (8)

Nays: Linkhart, Robb (2)

Abstain: None

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 413, Series of 2007**, be ordered published as amended, **carried** by the following vote: (Roll Call Serial #271)

Ayes: Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (9)

Nays: Faatz (1)

Abstain: None

**C.B. 421, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of new construction of cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 421, Series of 2007**, be ordered published, carried by the following vote: (Roll Call Serial #272)

Ayes: Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (9)  
Nays: Faatz (1)  
Abstain: None

There being no objections from members of Council, Council President Hancock ordered the following bills published: **C.B.s 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 414, 415, 416, 417, 418, 419, 420, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, and 432, Series of 2007**.

### **Final Consideration**

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Montero, that **Resolutions 103, 104, 105, 106, and 107, Series of 2007**, be adopted en bloc, carried by the following vote: (Roll Call Serial #273)

Ayes: Faatz, Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (10)  
Nays: None  
Abstain: None

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Montero, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 394, 395, 396, 397, 398, 399, 400, 401, and 402, Series of 2007**, carried by the following vote: (Roll Call Serial #274)

Ayes: Faatz, Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (10)  
Nays: None  
Abstain: None

**C.B. 323, Series of 2007**, A bill for an ordinance changing the zoning classification for approximately 3505 Ringsby Court. (BLUEPRINT DENVER)

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 323, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:30 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Mickey Zeppelin and Gretchen Clark signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Deirdre Oss of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion carried by the following vote: (Roll Call Serial #275)

Ayes: Faatz, Garcia, Lehmann, Linkhart, López, Madison, Nevitt, Robb, President Hancock (9)  
Nays: None  
Abstain: Montero (1)

**C.B. 324, Series of 2007**, A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code, changing parking requirements for certain manufacturing and warehousing uses and historic structures. (BLUEPRINT DENVER)

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 324, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:44 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Everett Shigeta, Steve Turner, Dennis Humphries, and Gizane Indart signed up to speak in favor of the bill. Mary Anderies signed up to speak against the bill. Tina Axelrad of the Community Planning and Development delivered the Staff Report with a recommendation for approval.

A motion offered by Councilmember Garcia, duly seconded by Councilmember Linkhart, that final consideration of **C.B. 324, Series of 2007**, with the public hearing, be postponed to Monday, August 27, 2007, **carried** by the following vote: (Serial Roll Call #277)

Ayes: Faatz, Garcia, Lehmann, Linkhart, López, Madison, Nevitt, Robb, President Hancock (9)  
 Nays: None  
 Abstain: None

**C.B. 325, Series of 2007, A bill for an ordinance relating to Chapter 59 (Zoning) of the Denver Revised Municipal Code, to modify requirements for parking for first floor retail in mixed use structures in the B-8-G zone district. (BLUEPRINT DENVER)**

A motion offered by Councilmember Nevitt, duly seconded by Councilmember Garcia, that **C.B. 325, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 8:33 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Dennis Humphries and Mickey Zeppelin signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Tina Axelrad of the Community Planning and Development delivered the Staff Report with a recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #278)

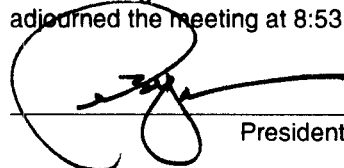
Ayes: Faatz, Garcia, Lehmann, López, Madison, Nevitt, Robb, President Hancock (8)  
 Nays: None  
 Abstain: None

**Announcement**

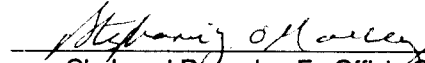
Council President Hancock announced there will be public hearings on C.B.s 403, 404, and 405, Series of 2007, on Monday, September 10, 2007. Any protests against C.B. 403 or 404, Series of 2007, must be filed in the Council Office no later than Tuesday, September 4, 2007.

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 8:53 p.m.

  
 \_\_\_\_\_  
 President

Attested by me with the Corporate Seal  
 of the City and County of Denver

  
 \_\_\_\_\_  
 Clerk and Recorder, Ex-Officio Clerk  
 of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats: Braille, large print, computer disk. Please allow adequate time for the preparation of your request.

Prepared by Kelly Velez

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Proceedings of Council of the City and County of Denver, of  
August 13, 2007  
in the records of the City Clerk of the City and County of  
Denver.

I hereunto have set my hand and affixed the Seal of the  
City and County of Denver, State of Colorado.  
This 27th day of August, A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Wesley Vincent*  
Deputy

**Proceedings of the Council  
City and County of Denver  
Denver, Colorado**

**Date Drafted: August 14, 2007**

**The Council of the City and County of Denver met in regular session  
Monday, August 13, 2007 5:30 p.m.**

**Pledge of Allegiance**

Councilmember Garcia led the pledge of allegiance.

**Roll Call**

Present: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Late: None  
Absent: None (Roll Call Serial #279)

**Minutes**

The minutes of meeting date, Monday, August 6, 2007 were distributed to Council. There being no corrections from members of Council, Council President Hancock ordered the minutes approved.

**Presentations**

None

**Communications**

None

**Proclamations – (Series of 2007)**

**Proc. 47, Series of 2007, A proclamation honoring Brothers Redevelopment, Inc. for its history of community service on the occasion of its 29<sup>th</sup> annual Paint-A-Thon, August 18, 2007** was read in its entirety by Councilmember Madison.

A motion offered by Councilmember Madison, duly seconded by Councilmember Boigon, that **Proc. 47, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #280)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

**Proc. 48, Series of 2007, A proclamation in support of efforts to establish the Westerly Creek connection** was read in its entirety by Councilmember Johnson.

Sponsored by Councilmembers Johnson, Garcia, Boigon, Hancock, and Robb. was read in its entirety by Councilmember Johnson.

A motion offered by Councilmember Johnson, duly seconded by Councilmember Garcia, that **Proc. 48, Series of 2007**, be adopted, **carried** by the following vote: (Roll Call Serial #281)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,  
Montero, Nevitt, Robb, President Hancock (13)  
Nays: None

### **Resolutions – (Series of 2007)**

The Council Secretary read the following resolutions by titles. The Council President referred the resolutions to the committees shown in parentheses after the resolution titles.

**Res. 108, Series of 2007**, A resolution authorizing and approving the expenditure and payment from the appropriation account designated "liability claims", the payments totaling Six Thousand Four Hundred and Forty-Six Dollars (\$6,446.00) (\$2,000.00 to Lori Lusk and \$4,446.00 to GEICO Direct as subrogee of James and Lori Lusk), in full payment and satisfaction of all claims in Claim No. 06-1070. (PUBLIC AMENITIES)

**Res. 109, Series of 2007**, A resolution appointing Councilmember Chris Nevitt to the board of directors of the urban drainage and flood control district. (PUBLIC WORKS)

**Res. 110, Series of 2007**, A resolution laying out, opening and establishing as part of the city street system certain parcels of land as part of Wynkoop Street, 15th Street, and Wewatta Street. (PUBLIC WORKS)

**Res. 111, Series of 2007**, A resolution granting a revocable permit to Momentum Holdings, LLP to encroach into the right-of-way with a handicap ramp at West Alameda Avenue and South Pecos Street. (PUBLIC WORKS)

**Res. 112, Series of 2007**, A resolution granting a revocable permit to Marquis Investments, Inc. to encroach into approximately 411 West Florida Avenue with various items. (PUBLIC WORKS)

### **Bills for Introduction - Held in Committee (Series of 2005)**

**C.B. 93, Series of 2005**, A bill for an ordinance designating Hangar 61, located at 8695 Montview Boulevard, as a structure for preservation. (BLUEPRINT DENVER)

### **Bills for Introduction – (Series of 2007)**

The Council Secretary read the following bills by titles. The Council President referred the bills to the committees shown in parentheses after the bill titles.

**C.B. 433, Series of 2007**, A bill for an ordinance relating to Chapter 59 (Zoning), Denver Revised Municipal Code to specify that changing a conditional use in the B-5 district or any legal nonconforming use to a properly permitted temporary use shall not terminate said conditional or non-conforming use. (BLUEPRINT DENVER)

**C.B. 434, Series of 2007**, A bill for an ordinance approving a proposed First Amendment to Agreement between the City and County of Denver and Gary M. Perrin dba Intrinsic Design related to on-call design and consulting services at Denver International Airport. (ECONOMIC DEVELOPMENT)

**C.B. 435, Series of 2007**, A bill for an ordinance amending Chapter 13 of the Denver Revised Municipal Code to waive the city council approval requirement for certain leases and contracts related to the Department of Aviation, and amending Chapter 20 for purposes of conformance with Chapter 13. (ECONOMIC DEVELOPMENT)

**C.B. 436, Series of 2007**, A bill for an ordinance dedicating certain revenues from existing City and County property taxes to the capital projects fund in lieu of employee occupational privilege tax revenues and business occupational privilege tax revenues heretofore dedicated to the fund. (FINANCE)

**C.B. 439, Series of 2007**, A bill for an ordinance for a proposed construction contract between the City and County of Denver and Integrated Electric, Inc., for the construction of a segment of the 2007 Signal Safety Project. (PUBLIC WORKS)

**C.B. 440, Series of 2007**, A bill for an ordinance for a proposed construction contract between the City and County of Denver and W.L. Contractors, Inc., for the construction of a segment of the 2007 Signal Safety Project. (PUBLIC WORKS)

**C.B. 441, Series of 2007**, A bill for an ordinance for a proposed Amendment to Contract between the City and County of Denver and Envirocon, Inc., to expand the scope of the 2007 Radium Streets Project. (PUBLIC WORKS)

**C.B. 442, Series of 2007**, A bill for an ordinance for a proposed Second Amendatory Design Services Agreement between the City and County of Denver and PB Americas formerly known as Parsons Brinckerhoff Quade Douglas, Inc., for engineering services for the South Federal between Jewell and Louisiana construction project. (PUBLIC WORKS)

**C.B. 443, Series of 2007**, A bill for an ordinance amending sections 38-51.5 Shoplifting unlawful; retail theft, 38-51.7, Price switching unlawful, 38-51.8, Petty theft unlawful, 38-51.10, Theft of parking services, 38-61, Damaging, defacing or destruction of public property, and 38-71, Damaging, defacing or destruction of private property of Chapter 38 (Offenses, Miscellaneous Provisions) of the Denver Revised Municipal Code to increase the maximum aggregate value less than one thousand dollars. (SAFETY)

\*\*\*\*\*

### Report of Standing Committees

**Res. 108, Series of 2007**, A resolution authorizing and approving the expenditure and payment from the appropriation account designated "liability claims", the payments totaling Six Thousand Four Hundred and Forty-Six Dollars (\$6,446.00) (\$2,000.00 to Lori Lusk and \$4,446.00 to GEICO Direct as subrogee of James and Lori Lusk), in full payment and satisfaction of all claims in Claim No. 06-1070. (PUBLIC AMENITIES)

A motion offered by Councilmember Garcia, duly seconded by Councilmember Brown, that **Res. 108, Series of 2007**, be adopted, carried by the following vote: (Roll Call Serial #282)

Ayes: Boigon, Brown, Faatz, Garcia, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (12)

Nays: None

Abstain: Johnson (1)

**C.B. 435, Series of 2007**, A bill for an ordinance amending Chapter 13 of the Denver Revised Municipal Code to waive the city council approval requirement for certain leases and contracts related to the Department of Aviation, and amending Chapter 20 for purposes of conformance with Chapter 13. (ECONOMIC DEVELOPMENT)

A motion offered by Councilmember Robb, duly seconded by Councilmember Montero, that **C.B. 435, Series of 2007**, be ordered published, carried by the following vote: (Roll Call Serial #283)

Ayes: Boigon, Brown, Faatz, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (12)

Nays: Garcia (1)

Abstain: None

There being no objections from members of Council, Council President Hancock ordered the following bills published: **C.B.s 433, 434, 436, 437, 438, 439, 440, 441, 442, and 443, Series of 2007**. Council President Hancock announced that **C.B. 93, Series of 2005**, would be held in committee to Monday, December 3, 2007.

## Final Consideration

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **Resolutions 109, 110, 111, and 112, Series of 2007**, be adopted en bloc, **carried** by the following vote: (Roll Call Serial #284)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that the following bills be placed upon their final passage and do pass en bloc: **C.B.s 406, 407, 408, 409, 410, 411, 412, 423, 424, 425, 426, 427, 428, 429, 430, 431, and 432, Series of 2007**, **carried** by the following vote: (Roll Call Serial #285)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

### **C.B. 326, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 301 Kalamath Street. (BLUEPRINT DENVER)**

A motion offered by Councilmember Garcia, duly seconded by Councilmember Brown, that **C.B. 326, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:03 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Adam Ranes signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Doug Hendrixson of the Community Planning and Development delivered the Staff Report with an overview and recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #286)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

### **C.B. 327, Series of 2007, A bill for an ordinance changing the zoning classification for approximately 3476 West Nevada Place. (BLUEPRINT DENVER)**

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 327, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:10 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. No speakers signed up to speak in favor of or against the bill. Doug Hendrixson of the Community Planning and Development delivered the Staff Report with an overview and recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #287)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None



**C.B. 370, Series of 2007, A bill for an ordinance approving the Uptown Healthcare District Plan, which plan shall become a part of the Comprehensive Plan for the City and County of Denver pursuant to the provisions of Section 12-61 of the Denver Revised Municipal Code. (BLUEPRINT DENVER)**

A motion offered by Councilmember Garcia, duly seconded by Councilmember Brown, that **C.B. 370, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:15 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Paul Benington, Kenneth Ho, Charles Brantigan, and Leslie Lipstein signed up to speak in favor of the bill. No speakers signed up to speak against the bill. Chris Gleissner of the Community Planning and Development delivered the Staff Report with an overview and recommendation for approval. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #288)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)

Nays: None

Abstain: None

**C.B. 413, Series of 2007, AS AMENDED, a bill for an ordinance establishing a new dedicated property tax at the rate of 2.5 mills in support of capital maintenance, subject to the approval of the voters at a special municipal election to be held on November 6, 2007. (FINANCE)**

**C.B. 414, Series of 2007, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for public office facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)**

**C.B. 415, Series of 2007, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)**

**C.B. 416, Series of 2007, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of health and human services system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)**

**C.B. 417, Series of 2007, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of park system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)**

**C.B. 418, Series of 2007, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal**

**C.B. 419, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of streets, transportation and public works system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 420, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of library system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 421, Series of 2007**, A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of new construction of cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

**C.B. 422, Series of 2007**, A bill for an Ordinance designating the projects to be undertaken and funded with the proceeds of any general obligations bonds authorized by voters at the November 6, 2007 election. (FINANCE)

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 413, Series of 2007**, be placed upon final consideration and do pass, was followed by Council sitting as a Committee of the Whole commencing at 7:45 p.m., Councilmember President Hancock presiding, to hear speakers either for or against the bill. Angela Williams, Pinkey Sullivan, Fofi Mendez, Allison Billings, Jason Hanson, Kathy Ebright, David Rapp, Monnie Elliott, Carol Friesen, Philip Hiestler, Keith Howard, Pete West, Kathy Wegner, Meredith Gabow, and Pete Vriesenga signed up to speak in favor of the bill. Justin Ryan, Randy Swan, Janice M. Mares, and Joe Anderson signed up to speak against the bill. Robin Kniech signed up to speak neither in favor or nor against the bill. David Broadwell of the City Attorney's Office delivered the Staff Report with an overview. Diane Barrett of the Mayor's Office, Derek Brown of Facilities Planning & Development, Revekka Balancier of Public Works, and Margaret Danuser of Treasury answered questions. The public hearing was declared closed. The motion **carried** by the following vote: (Roll Call Serial #289)

Ayes: Boigon, Brown, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (12)  
Nays: Faatz (1)  
Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Robb, that **C.B. 414, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #290)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
Nays: None  
Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 415, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #291)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison,

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 416, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #292)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 417, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #293)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 418, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #294)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Brown, that **C.B. 419, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #295)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 420, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #296)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

A motion offered by Councilmember Garcia, duly seconded by Councilmember Boigon, that **C.B. 421, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #297)

Ayes: Boigon, Brown, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (12)  
 Nays: Faatz (1)  
 Abstain: None

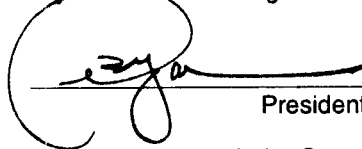
A motion offered by Councilmember Garcia, duly seconded by Councilmember Montero, that **C.B. 422, Series of 2007**, be placed upon final consideration and do pass, **carried** by the following vote: (Roll Call Serial #298)

Ayes: Boigon, Brown, Faatz, Garcia, Johnson, Lehmann, Linkhart, López, Madison, Montero, Nevitt, Robb, President Hancock (13)  
 Nays: None  
 Abstain: None

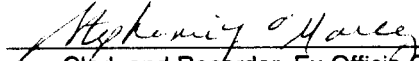
## **Announcement**

**Adjourn**

There being no further business before the City Council, Council President Hancock adjourned the meeting at 10:08 p.m.

  
\_\_\_\_\_  
President

Attested by me with the Corporate Seal  
of the City and County of Denver

  
\_\_\_\_\_  
Clerk and Recorder, Ex-Officio Clerk  
of the City and County of Denver

City Council public documents are available, upon request, in the following alternate formats:  
Braille, large print, computer disk. Please allow adequate time for the preparation of your  
request.

Prepared by Kelly Velez

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO

City and County of Denver  
I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily, except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements," which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935, and as amended by an act of said General Assembly, entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning 'Rates for Legal Publications,' 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterrupted and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular edition of said newspaper on the 10th day

of August, A.D. 2007; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for that purpose within the meaning of said above mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to at the City and County of Denver, Colorado, before me, a Notary Public, this 12th day of August, A.D. 2007.  
Witness my hand and Notary Seal.  
Notary Public  
My Commission Expires 07-09-2011  
1114  
Denver, Colorado

## PUBLIC NOTICE City and County of Denver City Council Agenda

PUBLIC NOTICE is hereby given of the disposition of the City Council Agenda on Monday, August 6, 2007, as follows:

- Bills 408 through 412, 413 as amended, 414 through 422, Series 2007, were ordered published on first reading.
- Bills 323, 325, 324 through 402, Series 2007, were placed on final consideration, passed, and are hereby published as:  
**Ordinances 228 through 402, Series of 2007, respectively.**

The title, description and full text of these bills and ordinances are available in electronic form on the City's official website, [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/380864/Default.aspx>.

Copies are also available in printed form in the City Clerk's Office, Dept.101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave, Denver, Colorado.

The minutes for this meeting are available on the City Council website, <http://www.denvergov.org/CityCouncil/Meetings/tabid/428205/Default.aspx>

### NOTICE OF PUBLIC HEARINGS MONDAY, SEPTEMBER 10, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bills for ordinances. All protests to the following bills and any withdrawals from said protests shall be filed with the City Council on or before and no later than twelve o'clock noon of the day which is seven days prior to said date set for the public hearing on the following bills for ordinances:

- C.B. 408, Series of 2007**  
A bill for an ordinance changing the zoning classification for approximately 3449, 3451, and 3451 West Clyde Place. (BLUEPRINT DENVER)  
Appl. 4883. Changes the zoning of the 0.48-acre parcel at 3449-3451 W. Clyde Place from P-1 to R-2 in Council District 1.
- C.B. 404, Series of 2007**  
A bill for an ordinance changing the zoning classification for approximately 1217 West Byers Place. (BLUEPRINT DENVER)  
Appl. 4929. Changes the zoning of the 0.108-acre parcel at 1217 W. Byers Place from R-2 to I-O in Council District 7.
- C.B. 405, Series of 2007**  
A bill for an ordinance relating to Chapter 59 (Zoning), to change required open space in R-2 and R-2-B planned building groups. (BLUEPRINT DENVER)  
Appl. L-1158. Changes the zoning code requirement for open space in a Planned Building Group (PBG) located in R-2 or R-2-B zone district.

### NOTICE OF PUBLIC HEARINGS MONDAY, AUGUST 13, 2007

Beginning no earlier than 6:00 p.m. in Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, the Council of the City and County of Denver will hold a public hearing at which all interested persons and citizens will be given an opportunity to be heard concerning the following bills for ordinances:

- C.B. 412, Series of 2007, AS AMENDED**  
A bill for an ordinance establishing a new dedicated property tax at the rate of 2.5 mills in support of capital maintenance, subject to the approval of the voters at a special municipal election to be held on November 6, 2007. (FINANCE)  
An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to establish a new dedicated property tax rate increase of 2.5 mills to generate additional annual funding for the City's capital maintenance projects. In addition, the ordinance dedicates a portion of existing General Fund mill levy (property taxes) to the Capital Projects Fund (\$21.5 million in 2008) in lieu of a portion (50%) of Occupational Privilege Taxes currently dedicated to the Capital Projects Fund. The ordinance also adds language to further define capital maintenance. Amended 8-6-07 to delete all references dedicating a portion of the existing property taxes to go into the Capital Projects Fund instead of the Occupational Privilege Tax. This would help to avoid voter confusion and to clarify that the swapping out of property taxes for a portion of OPT is a City Council legislative decision and doesn't require voter approval.

- C.B. 414, Series of 2007**  
A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for public office facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)  
An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$22,157,315 in principal and interest for the purposes of financing costs related to deferred maintenance for public office properties, facilities, and equipment including, but not limited to: The City and County Building and the former City Permit Center.

- C.B. 415, Series of 2007**  
A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of deferred maintenance for cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)  
An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$129,773,788 in principal and interest for the purposes of financing costs related to deferred maintenance for cultural facilities including, but not limited to: The Denver Botanic Gardens buildings and grounds, the Conservatory and the Greenhouse; the renovation, reconstruction and/or repair of the Boettcher Concert Hall; the Champs Street side of the Quigg Newton Denver Municipal Auditorium and the Temple Hoyne Buell Theatre rehearsal space.

**C.B. 416. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of health and human services system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$104,056,320 in principal and interest for the purposes of financing costs related to Health and Human Services System Facilities, including, but not limited to: improvements and renovations to a Denver Health and Hospital building; building improvements and renovations to child care and child development centers; replacing the Denver Animal Municipal Shelter; and replacing the Eastside Human Services Facility.

**C.B. 417. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of park system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$200,128,692 in principal and interest for the purposes of financing costs related to park system facilities, including, but not limited to: maintenance rehabilitation, restoration repair and/or replacement of drainage and irrigation systems, pools, historic structures and features, playground, and building systems; landscapes; trails, roads and parking lots; and the acquisition, design and development of land, and Park and Recreation Centers.

**C.B. 418. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of public safety system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$139,668,773 in principal and interest for the purposes of financing costs related to Public Safety System Facilities, including, but not limited to: construction, renovation or replacement of the police crime lab, firing range, fire stations, and a police traffic operations facility.

**C.B. 419. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of streets, transportation and public works system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$320,919,497 in principal and interest for the purposes of financing costs related to streets, transportation and Public Works System Facilities including, but not limited to: repairing streets, structures, and/or increasing road capacity; improving multimodal accessibility and connections; replacing and/or repairing sound walls; repairing and/or installing new curb and gutter; improving transit stop connections, streetscapes and upgrading street medians; and, constructing and expanding the Cherry Creek Solid Waste Facility.

**C.B. 420. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of library system facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$111,154,783 in principal and interest for the purposes of financing costs related to Library System Facilities, including, but not limited to: performing deferred maintenance on existing facilities and construction of new branch facilities to be located in west Denver, Stapleton, and Green Valley Ranch.

**C.B. 421. Series of 2007**

A bill for an ordinance submitting to a vote of the qualified and registered electors of the City and County of Denver at a special municipal election to be held on Tuesday, November 6, 2007, the question of whether the City shall be authorized to issue general obligation debt for the purpose of financing and/or refinancing the cost of new construction of cultural facilities; providing the form of the ballot question; providing for other details in connection therewith; and ratifying action previously taken. (FINANCE)

An ordinance submitting to a vote of the people of the City and County of Denver at the November 6, 2007 special municipal election a ballot question to authorize the City to issue General Obligation Bonds (GO) for a repayment amount not to exceed \$112,513,675 in principal and interest for the purposes of financing costs related to new construction of Cultural System Facilities, including, but not limited to: classrooms, labs, a teacher education center and other facilities for the Denver Museum of Nature and Science and, the reconstruction and expansion of Boettcher Concert Hall.

**C.B. 422. Series of 2007**

A bill for an ordinance designating the projects to be undertaken and funded with the proceeds of any general obligations bonds authorized by voters at the November 6, 2007 election. (FINANCE)  
This is the companion bill to C.B.s 414, 415, 418, 419, 420, and 421, Series of 2007. If the voters approve the 2.5 mill increase to generate funding for annual capital maintenance and approve the \$550 million 20-year general bond obligation issuance at the November 6, 2007 special municipal election, this ordinance specifies all the projects and level of funding to be undertaken with the proceeds from the general obligation bonds.

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO

City and County of Denver

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### PUBLIC NOTICE City and County of Denver City Council Agenda

**PUBLIC NOTICE** is hereby given of the disposition of the City Council Agenda on **Monday, August 13, 2007**, as follows:

- **Bill 411, Series 2007**, was placed on final consideration, passed, and is hereby published as:

#### **Ordinance 415, Series of 2007.**

The title, description and full text of the ordinance is available in electronic form on the City's official website, [www.denvergov.org](http://www.denvergov.org) at the following address:  
<http://denvergov.org/LegalNotices/tabid/380964/Default.aspx>

Copies are also available in printed form in the City Clerk's Office, Dept. 101, Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave., Denver, Colorado.

**The minutes for this meeting are available on the City Council website.**  
<http://www.denvergov.org/CityCouncil/Meetings/tabid/423605/Default.aspx>

Published in The Daily Journal - August 16, 2007

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I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning 'Rates for Legal Publications,' 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular

edition of said newspaper on the 16th day of August, A.D. 20 07; and that therefore, said legal notice and advertisement was duly published in a newspaper duly qualified for that purpose within the meaning of said above-mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado,

before me, a Notary Public, this 28th day of August, A.D. 20 07.

Witness my hand and official seal.

*John Rhoades*  
Notary Public

My Commission Expires 07-09-2011

1117  
Denver, Colorado

Commission Expires 07-09-2011

CITY AND COUNTY OF DENVER  
STATE OF COLORADO

# Certification

I, **Stephanie Y. O'Malley**, Clerk and Recorder,  
Ex-Officio Clerk of the City and County of Denver,  
do hereby certify that the attached is a true and correct copy of

Ordinance No. 415, Series of 2007

I hereunto have set my hand  
and affixed the Seal of the  
City and County of Denver,  
State of Colorado.  
This 20th day of August,  
A.D. 2007



Clerk and Recorder, Ex-Officio  
Clerk of the City and County of Denver

*Arsla Vincent*  
Deputy



BY AUTHORITY

ORDINANCE NO. 415

COUNCIL BILL NO. 411

SERIES OF 2007

COMMITTEE OF REFERENCE:

ECONOMIC DEVELOPMENT COMMITTEE

A BILL

For an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in the maximum principal amount of \$204,000,000 and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E" in the maximum principal amount of \$57,000,000 for the purpose of acquiring, improving, and equipping certain Airport Facilities; providing the terms and other details of such bonds, authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the "Department"); and

1           (4)    WHEREAS, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance")  
2 the City designated the Department as an "enterprise" within the meaning of Section 20,  
3 Article X, State Constitution; and

4           (5)    WHEREAS, the Enterprise Ordinance provides that, the City owns the  
5 Department; the Manager of the Department of Aviation (the "Manager") is the governing body  
6 of the Department; and the Department has the authority to issue its own bonds or other  
7 financial obligations in the name of the City, payable solely from revenues derived or to be  
8 derived from the functions, services, benefits or facilities of the Department or from any other  
9 available funds, as authorized by ordinance after approval and authorization by the Manager;  
10 and

11          (6)    WHEREAS, there have heretofore been issued in respect of the Airport System:

12           (i)    the "City and County of Denver, Colorado, Airport System Revenue  
13 Bonds, Series 1984," as authorized by Ordinance No. 626, Series of 1984, cited as the  
14 "1984 Airport System General Bond Ordinance," and Ordinance No. 627, Series of  
15 1984;

16           (ii)   the "City and County of Denver, Colorado, Airport System Revenue  
17 Bonds, Series 1985," as authorized by the General Bond Ordinance and Ordinance No.  
18 674, Series of 1985;

19           (iii)   the "City and County of Denver, Colorado, Airport System Revenue  
20 Bonds, Series 1990A," as authorized by the General Bond Ordinance and Ordinance  
21 No. 268, Series of 1990;

22           (iv)   the "City and County of Denver, Colorado, Airport System Revenue  
23 Bonds, Series 1991A," as authorized by the General Bond Ordinance and Ordinance  
24 No. 278, Series of 1991;

25           (v)    the "City and County of Denver, Colorado, Airport System Revenue  
26 Bonds, Series 1991D," as authorized by the General Bond Ordinance and Ordinance  
27 No. 726, Series of 1991;

1 (vi) the "City and County of Denver, Colorado, Airport System Revenue  
2 Bonds, Series 1992A," as authorized by the General Bond Ordinance and Ordinance  
3 No. 82, Series of 1992;

4 (vii) the "City and County of Denver, Colorado, Airport System Revenue  
5 Bonds, Series 1992B," as authorized by the General Bond Ordinance and Ordinance  
6 No. 288, Series of 1992;

7 (viii) the "City and County of Denver, Colorado, Airport System Revenue  
8 Bonds, Series 1992C," as authorized by the General Bond Ordinance and Ordinance  
9 No. 640, Series of 1992;

10 (ix) the "City and County of Denver, Colorado, Airport System Revenue  
11 Bonds, Series 1992D," as authorized by the General Bond Ordinance and Ordinance  
12 No. 641, Series of 1992;

13 (x) the "City and County of Denver, Colorado, Airport System Revenue  
14 Bonds, Series 1992E," as authorized by the General Bond Ordinance and Ordinance  
15 No. 642, Series of 1992;

16 (xi) the "City and County of Denver, Colorado, Airport System Revenue  
17 Bonds, Series 1992F," as authorized by the General Bond Ordinance and Ordinance  
18 No. 643, Series of 1992;

19 (xii) the "City and County of Denver, Colorado, Airport System Revenue  
20 Bonds, Series 1992G," as authorized by the General Bond Ordinance and Ordinance  
21 No. 644, Series of 1992;

22 (xiii) the "City and County of Denver, Colorado, Airport System Revenue  
23 Bonds, Series 1994A," as authorized by the General Bond Ordinance and Ordinance  
24 No. 680, Series of 1994;

25 (xiv) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1995A," as authorized  
27 by the General Bond Ordinance and Ordinance No. 428, Series of 1995;

1 (xv) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 1995B," as authorized  
3 by the General Bond Ordinance and Ordinance No. 429, Series of 1995;

4 (xvi) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 1995C," as authorized  
6 by the General Bond Ordinance and Ordinance No. 950, Series of 1995;

7 (xvii) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 1996A," as authorized  
9 by the General Bond Ordinance and Ordinance No. 226, Series of 1996;

10 (xviii) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 1996B," as authorized  
12 by the General Bond Ordinance and Ordinance No. 227, Series of 1996;

13 (xix) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 1996C," as authorized  
15 by the General Bond Ordinance and Ordinance No. 888, Series of 1996;

16 (xx) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 1996D," as authorized  
18 by the General Bond Ordinance and Ordinance No. 889, Series of 1996;

19 (xxi) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Bonds, Series 1997D," as authorized  
21 by the General Bond Ordinance and Ordinance No. 547, Series of 1997;

22 (xxii) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Bonds, Series 1997E," as authorized  
24 by the General Bond Ordinance and Ordinance No. 548, Series of 1997;

25 (xxiii) the "City and County of Denver, Colorado, for and on behalf of its  
26 Department of Aviation, Airport System Revenue Bonds, Series 1998A," as authorized  
27 by the General Bond Ordinance and Ordinance No. 821, Series of 1998;

1 (xxiv) the "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 1998B," as authorized  
3 by the General Bond Ordinance and Ordinance No. 822, Series of 1998;

4 (xxv) the "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000A," as  
6 authorized by the General Bond Ordinance and Ordinance No. 647, Series of 2000;

7 (xxvi) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000B," as  
9 authorized by the General Bond Ordinance and Ordinance No. 648, Series of 2000;

10 (xxvii) the "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2000C," as  
12 authorized by the General Bond Ordinance and Ordinance No. 649, Series of 2000;

13 (xxviii) the "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001A," as  
15 authorized by the General Bond Ordinance and Ordinance No. 539, Series of 2001;

16 (xxix) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001B," as  
18 authorized by the General Bond Ordinance and Ordinance No. 540, Series of 2001;

19 (xxx) the "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2001D," as  
21 authorized by the General Bond Ordinance and Ordinance No. 675, Series of 2001;

22 (xxxii) the "City and County of Denver, Colorado, for and on behalf of its  
23 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002A1-A3,"  
24 as authorized by the General Bond Ordinance and Ordinance No. 715, Series of 2002;

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

1 (xxxiii) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002D," as  
3 authorized by the General Bond Ordinance and Ordinance No. 801, Series of 2002;

4 (xxxiv) "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002E," as  
6 authorized by the General Bond Ordinance and Ordinance No. 802, Series of 2002;

7 (xxxv) "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Revenue Bonds, Series 2003A," as authorized  
9 by the General Bond Ordinance and Ordinance No. 298, Series of 2003;

10 (xxxvi) "City and County of Denver, Colorado, for and on behalf of its  
11 Department of Aviation, Airport System Revenue Bonds, Series 2003B," as authorized  
12 by the General Bond Ordinance and Ordinance No. 299, Series of 2003;

13 (xxxvii) "City and County of Denver, Colorado, for and on behalf of its  
14 Department of Aviation, Airport System Revenue Bonds, Series 2004A," as authorized  
15 by the General Bond Ordinance and Ordinance No. 748, Series of 2004;

16 (xxxviii) "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Revenue Bonds, Series 2004B," as authorized  
18 by the General Bond Ordinance and Ordinance No. 749, Series of 2004;

19 (xxxix) "City and County of Denver, Colorado, for and on behalf of its  
20 Department of Aviation, Airport System Revenue Bonds, Series 2005A," as authorized  
21 by the General Bond Ordinance and Ordinance No. 559, Series of 2005;

22 (xl) "City and County of Denver, Colorado, for and on behalf of its Department  
23 of Aviation, Airport System Revenue Bonds, Series 2005B1-B2," as authorized by the  
24 General Bond Ordinance and Ordinance No. 785, Series of 2005;

25 (xli) "City and County of Denver, Colorado, for and on behalf of its Department  
26 of Aviation, Airport System Revenue Bonds, Series 2005C1-C2," as authorized by the  
27 General Bond Ordinance and Ordinance No. 786, Series of 2005;

1 (xlii) "City and County of Denver, Colorado, for and on behalf of its  
2 Department of Aviation, Airport System Revenue Bonds, Series 2006A," as authorized  
3 by the General Bond Ordinance and Ordinance No. 495, Series of 2006; and

4 (xliii) "City and County of Denver, Colorado, for and on behalf of its  
5 Department of Aviation, Airport System Revenue Bonds, Series 2006B," as authorized  
6 by the General Bond Ordinances and Ordinance No. 496, Series of 2006;

7 (collectively the "Senior Bonds"); and

8 (7) WHEREAS, certain of the Senior Bonds have been paid at maturity or upon prior  
9 redemption, have been defeased and therefore are deemed to have been paid pursuant to the  
10 General Bond Ordinance, or have been purchased and retired in advance of their respective  
11 maturities, with the consequence that such Senior Bonds are no longer Outstanding under the  
12 General Bond Ordinance; and

13 (8) WHEREAS, the Senior Bonds that remain Outstanding are secured by an  
14 irrevocable and first lien (but not necessarily an exclusively first lien) on the Net Revenues of  
15 the Airport System, on a parity with the lien thereon in favor of each other; and

16 (9) WHEREAS, pursuant to the General Bond Ordinance, which authorizes the  
17 issuance of bonds payable from the Net Revenues of the Airport System and having a lien  
18 thereon subordinate to the lien thereon of the Senior Bonds and any additional bonds on a  
19 parity therewith, there have also been issued: (i) the "City and County of Denver, Colorado,  
20 Airport System Subordinate Revenue Bonds, Series 1990B," as authorized by Ordinance No.  
21 568, Series of 1990, cited as the "1990 Airport System General Subordinate Bond Ordinance"  
22 (the "1990 Subordinate Bond Ordinance"), and Ordinance No. 569, Series of 1990; (ii) the  
23 "City and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series  
24 1990C," as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 570,  
25 Series of 1990; (iii) the "City and County of Denver, Colorado, Airport System Subordinate  
26 Revenue Bonds, Series 1990D," as authorized by the 1990 Subordinate Bond Ordinance and  
27 Ordinance No. 571, Series of 1990; (iv) the "City and County of Denver, Colorado, Airport  
28 System Subordinate Revenue Bonds, Series 1990E," as authorized by the 1990 Subordinate  
29 Bond Ordinance and Ordinance No. 572, Series of 1990; (v) the "City and County of Denver,  
30 Colorado, Airport System Subordinate Revenue Bonds, Series 1991B," as authorized by the

1 1990 Subordinate Bond Ordinance and Ordinance No. 443, Series of 1991; and (vi) the "City  
2 and County of Denver, Colorado, Airport System Subordinate Revenue Bonds, Series 1991C,"  
3 as authorized by the 1990 Subordinate Bond Ordinance and Ordinance No. 444, Series of  
4 1991 (collectively, the "Series 1990-91 Subordinate Bonds"); and

5 (10) WHEREAS, all of the Outstanding Series 1990-91 Subordinate Bonds were  
6 purchased and retired with the proceeds of:

7 (i) the "City and County of Denver, Colorado, for and on behalf of its  
8 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997A," as  
9 authorized by Ordinance No. 549, Series of 1997, cited as the "1997 Airport System  
10 Subordinate Bond Ordinance" (the "Subordinate Bond Ordinance"), and Ordinance No.  
11 550, Series of 1997;

12 (ii) the "City and County of Denver, Colorado, for and on behalf of its  
13 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997B," as  
14 authorized by the Subordinate Bond Ordinance and Ordinance No. 551, Series of 1997;  
15 and

16 (iii) the "City and County of Denver, Colorado, for and on behalf of its  
17 Department of Aviation, Airport System Subordinate Revenue Bonds, Series 1997C," as  
18 authorized by the Subordinate Bond Ordinance and Ordinance No. 552, Series of 1997  
19 (collectively the "Series 1997 Subordinate Bonds"); and

20 (11) WHEREAS, the Series 1997A Subordinate Bonds, the Series 1997B Subordinate  
21 Bonds and the Series 1997C Subordinate Bonds have previously been defeased and are  
22 deemed to have been paid under Section 1101 of the Subordinate Bond Ordinance, and the  
23 Series 1997 Subordinate Bonds are no longer Outstanding under the Subordinate Bond  
24 Ordinance; and

25 (12) WHEREAS, the City has also issued the "City and County of Denver, Colorado,  
26 for and on behalf of its Department of Aviation, Airport System Subordinate Revenue  
27 Refunding Bonds, Series 2001C1-C4," as authorized by the Subordinate Bond Ordinance and  
28 Ordinance No. 814, Series of 2001, and such Subordinate Bonds remain Outstanding under  
29 the Subordinate Bond Ordinance; and



1 (13) WHEREAS, the City has also authorized to be issued (i) the "City and County of  
2 Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
3 Commercial Paper Notes, Series 2000A," by the Subordinate Bond Ordinance and Ordinance  
4 No. 344, Series of 2000; and (ii) the "City and County of Denver, Colorado, for and on behalf of  
5 its Department of Aviation, Airport System Subordinate Taxable Commercial Paper Notes,  
6 Series 2000B," by the Subordinate Bond Ordinance and Ordinance No. 345, Series of 2000,  
7 which notes (collectively the "Series 2000 Commercial Paper Notes") constitute Subordinate  
8 Bonds under the Subordinate Bond Ordinance; and

9 (14) WHEREAS, none of the Series 2000 Commercial Paper Notes remain authorized  
10 to be issued or are Outstanding under the Subordinate Bond Ordinance; and

11 (15) WHEREAS, the City has also authorized to be issued (i) the "City and County of  
12 Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate  
13 Commercial Paper Notes, Series A," and (ii) the "City and County of Denver, Colorado, for and  
14 on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes,  
15 Series B," which notes (collectively the "Series A-B Commercial Paper Notes") remain  
16 authorized to be issued as Subordinate Bonds under the Subordinate Bond Ordinance; and

17 (16) WHEREAS, the Council has also adopted in supplementation of the General  
18 Bond Ordinance: (i) Ordinance No. 456, Series of 1988, authorizing the payment of additional  
19 interest on certain Airport System revenue bonds from the proceeds thereof; (ii) Ordinance  
20 No. 614, Series of 1992, providing for the administration of certain passenger facility charges;  
21 (iii) Ordinance No. 890, Series of 1996, additionally providing for the administration of certain  
22 passenger facility charges; (iv) Ordinance No. 820, Series of 1998, additionally providing for  
23 the administration of certain passenger facility charges; (v) Ordinance No. 538, Series of 2001,  
24 additionally providing for the administration of certain passenger facility charges;  
25 (vi) Ordinance No 716, Series of 2002, additionally providing for the administration of certain  
26 passenger facility charges; (vii) Ordinance No. 747, Series of 2004, additionally providing for  
27 the administration of certain passenger facility charges; (viii) Ordinance No. 470, Series of  
28 2005, adopting certain amendments to the General Bond Ordinance; (ix) Ordinance No. 494,  
29 Series of 2006, providing for the administration of certain passenger facility charges; and (x)  
30 the Passenger Facility Charges Ordinance, Series of 2007, filed prior to the enactment hereof  
31 and additionally providing for the administration of certain passenger facility charges; and

1           (17) WHEREAS, none of the Net Revenues of the Airport System have been pledged  
2 to any outstanding bonds or other obligations, except in respect of the Senior Bonds (and  
3 certain Obligations relating thereto), the Subordinate Bonds (and certain Subordinate Credit  
4 Facility Obligations relating thereto), the Series A-B Commercial Paper Notes, and of certain  
5 Subordinate Hedge Facility Obligations incurred under the Subordinate Bond Ordinance; and

6           (18) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager of the  
7 Department has executed a resolution (the "Series 2007D-E Manager's Resolution")  
8 approving, authorizing and requesting the issuance by the City, for and on behalf of the  
9 Department, of the "City and County of Denver, Colorado, for and on behalf of its Department  
10 of Aviation, Airport System Revenue Bonds, Series 2007D" and "City and County of Denver,  
11 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds,  
12 Series 2007E" as set forth herein, for the purposes of (i) defraying the Cost of acquiring,  
13 improving, and equipping Airport Facilities, and (ii) paying certain Costs relating thereto; and

14           (19) WHEREAS, the Council has determined and does hereby declare:

15           A. The procedures and requirements of Article V, Chapter 20 of the Revised  
16 Municipal Code of the City and County of Denver have been completely and timely met  
17 in respect of the negotiated sale of the Series 2007D-E Bonds to the respective  
18 Underwriters;

19           B. The Series 2007D-E Bonds are to be issued pursuant to the Series  
20 2007D-E Manager's Resolution and the provisions of the General Bond Ordinance (as  
21 supplemented hereby); and the Series 2007D-E Bonds constitute "Bonds" as defined  
22 therein; and

23           C. All acts, conditions and things required by law and by the General Bond  
24 Ordinance to exist, have happened and have been performed as a condition to the  
25 issuance of the Series 2007D-E Bonds, do or will exist, have happened or will happen,  
26 and have been or will have been performed in regular and due time, form and manner  
27 as required by law, including without limitation the approval, following a public hearing,  
28 of a plan of financing pursuant to which the Series 2007D-E Bonds are to be issued, all  
29 in accordance with and to the extent required by Section 147(f) of the Tax Code.

1 (20) WHEREAS, simultaneously with the issuance of the Series 2007D-E Bonds,  
2 there are also expected to be issued the "City and County of Denver, Colorado, for and  
3 on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A,"  
4 "City and County of Denver, Colorado, for and on behalf of its Department of Aviation,  
5 Airport System Revenue Bonds, Series 2007B," and "City and County of Denver,  
6 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue  
7 Bonds, Series 2007C;"

8 (21) WHEREAS, there have been filed with the City's Clerk and Recorder:

9 A. the proposed form of the Series 2007D-E Bond Purchase Agreement, City  
10 Clerk File No. 07-652;

11 B. the Preliminary Official Statement, City Clerk File No. 07-652-A

12 C. the proposed form of the Series 2007D-E Bonds Continuing Disclosure  
13 Undertaking, City Clerk File No. 07-652-B

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

15 **ARTICLE I**  
16 **DEFINITIONS, RATIFICATION, EFFECTIVE DATE,**  
17 **PUBLICATION AND AUTHENTICATION**

18  
19 Section 101. Supplemental Ordinance. This ordinance (referred to herein as "this  
20 Supplemental Ordinance") is supplemental to, and is adopted for and on behalf of the  
21 Department in accordance with the provisions of, the General Bond Ordinance.

22 Section 102. Meanings and Construction.

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

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

28 (1) "Bond Insurer" means collectively the Series 2007D Bond Insurer  
29 and the Series 2007E Bond Insurer.

1                   (2)    "Consent Agent" means American National Bank (formerly The  
2 Bank of Cherry Creek N.A.), and any successor thereof, as provided in Section  
3 506 hereof.

4                   (3)    "General Bond Ordinance" means the "1984 Airport System  
5 General Bond Ordinance," as amended and supplemented from time to time by  
6 any Supplemental Ordinance.

7                   (4)    "Official Statement" means a final Official Statement relating to the  
8 Series 2007D-E Bonds, in substantially the form of the Preliminary Official  
9 Statement, with such omissions, insertions, endorsements and variations as may  
10 be required by the circumstances and as are not inconsistent with the provisions  
11 of this Supplemental Ordinance.

12                   (5)    "Preliminary Official Statement" means the Preliminary Official  
13 Statement relating to the Series 2007D-E Bonds, as filed with the Clerk.

14                   (6)    "Pricing Certificate" means, with respect to the Series 2007D-E  
15 Bonds, a certificate executed by the Treasurer and evidencing the determinations  
16 made pursuant to Section 302C of this Supplemental Ordinance.

17                   (7)    "Securities Depository" means The Depository Trust Company,  
18 hereby designated as the depository for the Series 2007D-E Bonds, and includes  
19 any nominee or successor thereof.

20                   (8)    "Series 2007D Bond Insurance Policy" means the municipal bond  
21 new issue insurance policy issued by the Series 2007D Bond Insurer that  
22 guarantees payment of the principal of and interest on the Series 2007D Bonds.

23                   (9)    "Series 2007D Bond Insurer" means MBIA Insurance Corporation,  
24 or any successor thereto or assignee thereof.

25                   (10) "Series 2007D-E Bond Purchase Agreement" means the contract  
26 between the City, for and on behalf of the Department, and the Series 2007D  
27 Underwriters and the Series 2007E Underwriters for the purchase of the Series

1 2007D Bonds and Series 2007E, respectively, in substantially the form filed with  
2 the Clerk.

3 (11) "Series 2007D Bonds" means those securities issued hereunder  
4 and designated as the "City and County of Denver, Colorado, for and on behalf of  
5 its Department of Aviation, Airport System Revenue Bonds, Series 2007D."

6 (12) "Series 2007D Improvement Project" means the project to be  
7 financed with the proceeds of the Series 2007D Bonds used to acquire, improve,  
8 and equip certain Airport Facilities. The Series 2007D Improvement Project  
9 constitutes an Improvement Project within the meaning of the General Bond  
10 Ordinance.

11 (13) "Series 2007D-E Paying Agent" means, with respect to the Series  
12 2007D Bonds and the Series 2007E Bonds, the Treasurer, and includes any  
13 successor thereof.

14 (14) "Series 2007D Underwriters" means Lehman Brothers Inc., Piper  
15 Jaffray & Co., Citigroup Global Markets Inc., and RBC Capital Markets.

16 (15) "Series 2007D-E Bonds" means together the Series 2007D Bonds  
17 and the Series 2007E Bonds.

18 (16) "Series 2007D-E Bonds Continuing Disclosure Undertaking" means  
19 the Continuing Disclosure Undertaking relating to the Series 2007D-E Bonds, in  
20 substantially the form filed with the Clerk.

21 (17) "Series 2007D-E Bonds Registrar" means the Treasurer, and  
22 includes any successor thereof.

23 (18) "Series 2007E Bond Insurance Policy" means the municipal bond  
24 new issue insurance policy issued by the Series 2007E Bond Insurer that  
25 guarantees payment of the principal of and interest on the Series 2007E Bonds.

26 (19) "Series 2007E Bond Insurer" means Ambac Assurance  
27 Corporation, or any successor thereto or assignee thereof.

1                   (20) "Series 2007E Bonds" means those securities issued hereunder  
2 and designated as the "City and County of Denver, Colorado, for and on behalf of  
3 its Department of Aviation, Airport System Revenue Bonds, Series 2007E."

4                   (22) "Series 2007E Improvement Project" means the project to be  
5 financed with the proceeds of the Series 2007E Bonds used to acquire, improve,  
6 and equip certain Airport Facilities. The Series 2007E Improvement Project  
7 constitutes an Improvement Project within the meaning of the General Bond  
8 Ordinance.

9                   (23) "Series 2007E Underwriters" means Lehman Brothers Inc., Piper  
10 Jaffray & Co., Citigroup Global Markets Inc., and RBC Capital Markets.

11                   (24) "Underwriters" means collectively the Series 2007D Underwriters  
12 and the Series 2007E Underwriters.

13           Section 103. Ratification. All action heretofore taken (not inconsistent with the  
14 provisions of this Supplemental Ordinance) by the Council, the Manager, the Manager of  
15 Revenue (the "Treasurer"), and the other officers of the City relating to:

16                   A. Series 2007D Improvement Project. The Series 2007D Improvement Project;  
17 and

18                   B. Series 2007E Improvement Project. The Series 2007E Improvement Project;  
19 and

20                   C. Series 2007D-E Bonds. The sale and issuance of the Series 2007D-E Bonds  
21 be, and the same hereby is, authorized, ratified, approved, and confirmed, including,  
22 without limitation, the distribution of the Preliminary Official Statement, the execution  
23 and delivery of the Official Statement (if executed and delivered prior to the date of  
24 enactment of this Supplemental Ordinance) and the execution of the Series 2007D-E  
25 Bond Purchase Agreement by the Treasurer (if so executed prior to the publication of  
26 the bill for this Supplemental Ordinance and this Supplemental Ordinance and if in  
27 conformity with the Pricing Certificate).

1           Section 104. Bond Insurance Policies. The purchase from the Bond Insurer of the  
2 Series 2007D Bond Insurance Policy and the Series 2007E Bond Insurance Policy is hereby  
3 approved, and the officers of the City are directed to take such action (including the payment of  
4 premiums) as may be necessary to obtain and maintain the Series 2007D Bond Insurance  
5 Policy and the Series 2007E Bond Insurance Policy.

6           Section 105. Ordinance an Irrepealable Contract. This Supplemental Ordinance and  
7 the General Bond Ordinance shall constitute an irrevocable contract between the City, for and  
8 on behalf of the Department, and the owners of the Series 2007D-E Bonds, except as  
9 otherwise provided herein and otherwise in the General Bond Ordinance.

10          Section 106. Repealer. All ordinances, resolutions, bylaws, orders, and other  
11 instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of  
12 such inconsistency; but nothing herein shall be construed to repeal any provision of the  
13 General Bond Ordinance, it being intended that any inconsistent provision therein shall remain  
14 applicable to any other Bonds hereafter issued thereunder. This repealer shall not be  
15 construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof,  
16 heretofore repealed.

17          Section 107. Severability. If any section, subsection, paragraph, clause, or other  
18 provision of this Supplemental Ordinance shall for any reason be held to be invalid or  
19 unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause,  
20 or other provision shall not affect any of the remaining provisions of this Supplemental  
21 Ordinance.

22          Section 108. Effective Date. This Supplemental Ordinance shall take effect  
23 immediately upon its final passage and publication.

24          Section 109. Publications. The bill for this Supplemental Ordinance and this  
25 Supplemental Ordinance are hereby authorized and directed to be published as required by  
26 the Charter.

27          Section 110. Recordation and Authentication. This Supplemental Ordinance shall be  
28 recorded after its passage in the office of the Clerk, and authenticated by the signature of the  
29 Mayor and attested and countersigned by the Clerk.

1 Section 111. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer and Manager  
2 and other officers and employees of the City are hereby authorized and directed to take all  
3 action necessary or appropriate to effect the provisions of this Supplemental Ordinance,  
4 including without limitation:

5 A. Official Statement and Basic Agreements. If not previously executed and  
6 delivered, the execution and delivery of the Official Statement (dated as the Manager  
7 and Treasurer may determine), the Series 2007D-E Bond Purchase Agreement, and the  
8 Series 2007D-E Bonds Continuing Disclosure Undertaking, with such omissions,  
9 insertions, endorsements, and variations as to any recitals of fact or other provisions as  
10 may by the circumstances be required;

11 B. Blue Sky Documents. The execution of such instruments and the taking of  
12 such other action in cooperation with the Series 2007D Underwriters and the Series  
13 2007E Underwriters as they may reasonably request in order to qualify the Series  
14 2007D-E Bonds for offer and sale under the securities laws and regulations of such  
15 states and other jurisdictions of the United States as the Series 2007D Underwriters and  
16 the Series 2007E Underwriters may designate, but said actions shall not constitute  
17 consent to process in any other jurisdiction;

18 C. Certificates and Agreements. The execution and delivery of such certificates  
19 and opinions as are required by the Series 2007D-E Bond Purchase Agreement and as  
20 may otherwise be reasonably required by the Series 2007D Underwriters and the Series  
21 2007E Underwriters or the Bond Insurer and the execution and delivery of such  
22 agreements as are necessary or desirable; and

23 D. Series 2007D-E Bonds. The preparation, execution and delivery of the Series  
24 2007D-E Bonds and the payment of the Costs of issuing the Series 2007D-E Bonds.

25 **ARTICLE II**  
26 COUNCIL'S DETERMINATIONS, NECESSITY OF  
27 SERIES 2007D IMPROVEMENT PROJECT, SERIES 2007D BONDS, SERIES 2007E  
28 IMPROVEMENT PROJECT, SERIES 2007E BONDS,  
29 TERMS OF BOND SALE AND OBLIGATIONS OF CITY

30 Section 201. Authority for this Ordinance. This Supplemental Ordinance is executed  
31 pursuant to the City's powers as a home-rule city organized and operating under the Charter



1 and Article XX of the State Constitution and pursuant to the Supplemental Public Securities  
2 Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of which  
3 are hereby elected, to the extent not inconsistent herewith), and the General Bond Ordinance;  
4 and the City hereby determines that each and every matter and thing as to which provision is  
5 made herein is necessary in order to carry out and to effect the purposes hereof.

6 Section 202. Necessity and Approval of Series 2007D Improvement Project, Series  
7 2007D Bonds, Series 2007E Improvement Project, and Series 2007E Bonds. The Council  
8 hereby determines and declares that the Series 2007D Improvement Project, the Series  
9 2007D Bonds, Series 2007E Improvement Project, and the Series 2007E Bonds are necessary  
10 and in the best interests of the City and its residents.

11 Section 203. Terms of Bond Sale. The Series 2007D-E Bond Purchase Agreement is  
12 hereby authorized and approved; and the Series 2007D Bonds shall be sold and delivered to  
13 the Series 2007D Underwriters and the Series 2007E Bonds shall be sold and delivered to the  
14 Series 2007E Underwriters, all in accordance with the Series 2007D-E Bond Purchase  
15 Agreement, bearing interest and otherwise upon the terms and conditions therein and herein  
16 provided.

17 Section 204. Tender for Delivery. The Series 2007D Underwriters and the Series  
18 2007E Underwriters are required to accept delivery of the Series 2007D-E Bonds, respectively,  
19 and to make payment as provided in the Series 2007D-E Bond Purchase Agreement. The  
20 validity and enforceability of the Series 2007D-E Bonds shall be approved by Hogan & Hartson  
21 L.L.P., Denver, Colorado, as bond counsel, and by Bookhardt & O'Toole, Denver, Colorado, as  
22 bond counsel.

23 **ARTICLE III**  
24 **AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE**  
25 **OF SERIES 2007D-E BONDS**

26 Section 301. Authorization of Series 2007D-E Bonds. There are hereby authorized to  
27 be issued by the City, for and on behalf of the Department, for the purpose of defraying the  
28 Cost of the Series 2007D Improvement Project, the "City and County of Denver, Colorado, for  
29 and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in  
30 the maximum aggregate principal amount of \$204,000,000, payable as to all Bond  
31 Requirements solely out of the Net Revenues of the Airport System and certain funds and

1 accounts to the extent provided in the General Bond Ordinance and this Supplemental  
2 Ordinance. There are hereby authorized to be issued by the City, for and on behalf of the  
3 Department, for the purpose of defraying the Cost of the Series 2007E Improvement Project,  
4 the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation,  
5 Airport System Revenue Bonds, Series 2007E" in the maximum aggregate principal amount of  
6 \$57,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the  
7 Airport System and certain funds and accounts to the extent provided in the General Bond  
8 Ordinance and this Supplemental Ordinance. The Net Revenues and such funds and  
9 accounts are thereby and hereby pledged to the payment of the Bond Requirements of the  
10 Series 2007D-E Bonds, respectively, as therein and herein provided.

11 Section 302. Series 2007D-E Bond Details.

12 A. Series 2007D Bonds. The Series 2007D Bonds shall be issued as fully  
13 registered bonds, dated as of the date of delivery, in the denomination of \$5,000 each,  
14 or any integral multiple thereof (provided that no Series 2007D Bond may be in a  
15 denomination which exceeds the principal coming due on any maturity date, no Series  
16 2007D Bond may be issued for more than one maturity, and no Series 2007D Bond  
17 may bear interest at more than one rate). The Series 2007D Bonds shall be numbered  
18 as the Series 2007D-E Bonds Registrar may determine and shall bear interest from the  
19 date of the Series 2007D Bonds to maturity (computed on the basis of a 360-day year  
20 and 12 months of 30 days each) at their nominal rates per annum, payable  
21 semiannually on May 15 and November 15 in each year commencing November 15,  
22 2007, except that Series 2007D Bonds which are reissued upon transfer, exchange or  
23 replacement shall bear interest at the rates shown below from the most recent interest  
24 payment date to which interest has been paid or duly provided for, or if no interest has  
25 been paid, from the date of the Series 2007D Bonds. The Series 2007D Bonds shall  
26 bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term  
27 Bonds or Serial Bonds, or both, in regular numerical order not later than November 15,  
28 2037.

29 B. Series 2007E Bonds. The Series 2007E Bonds shall be issued as fully  
30 registered bonds, dated as of the date of delivery, in the denomination of \$5,000 each,  
31 or any integral multiple thereof (provided that no Series 2007E Bond may be in a

1 denomination which exceeds the principal coming due on any maturity date, no Series  
2 2007E Bond may be issued for more than one maturity, and no Series 2007E Bond may  
3 bear interest at more than one rate). The Series 2007E Bonds shall be numbered as  
4 the Series 2007D-E Bonds Registrar may determine and shall bear interest from the  
5 date of the Series 2007E Bonds to maturity (computed on the basis of a 360-day year  
6 and 12 months of 30 days each) at their nominal rates per annum, payable  
7 semiannually on May 15 and November 15 in each year commencing November 15,  
8 2007, except that Series 2007E Bonds which are reissued upon transfer, exchange or  
9 replacement shall bear interest at the rates shown below from the most recent interest  
10 payment date to which interest has been paid or duly provided for, or if no interest has  
11 been paid, from the date of the Series 2007E Bonds. The Series 2007E Bonds shall  
12 bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term  
13 Bonds or Serial Bonds, or both, in regular numerical order not later than November 15,  
14 2037.

15 C. Pricing Delegation. Until November 30, 2007, the Treasurer is hereby  
16 authorized, without further approval of the Council, to determine in conformity with the  
17 standards set forth in this Supplemental Ordinance and after the Series 2007D-E Bonds  
18 have been priced in the market: (i) the respective principal amount of the Series 2007D-  
19 E Bonds; (ii) the respective coupon interest rate or rates on the Series 2007D-E Bonds,  
20 (iii) the respective maturity or maturities of the Series 2007D-E Bonds (any of which  
21 may include Series 2007D-E Bonds bearing different interest rates) and the amount and  
22 date of any mandatory sinking fund redemption; (iv) provisions for the optional  
23 redemption of any or all of the Series 2007D-E Bonds prior to maturity; and (v) the  
24 respective purchase price of the Series 2007D-E Bonds; all as may be necessary to  
25 effect the Series 2007D Improvement Project and the Series 2007E Improvement  
26 Project, respectively, and in a manner to achieve the most favorable net effective  
27 interest rate on the Series 2007D-E Bonds; provided that the principal amount of the  
28 Series 2007D Bonds shall not exceed \$204,000,000, and the principal amount of the  
29 Series 2007E Bonds shall not exceed \$57,000,000, the estimated true interest cost of  
30 the Series 2007D Bonds and the Series 2007E Bonds, respectively, shall not exceed  
31 5.60%, the Underwriter's discount (if applicable) relating to the Series 2007D Bonds and  
32 the Series 2007E Bonds, respectively, shall not exceed .750% of the principal amount

1           thereof, and the Series 2007D Bonds and the Series 2007E Bonds, respectively, shall  
2           be subject to redemption at the option of the City, if at all, at a redemption premium not  
3           exceeding 102% of the principal amount so redeemed. Such determinations shall be  
4           evidenced by a Pricing Certificate filed with the Clerk, and except as otherwise  
5           expressly provided herein or in the General Bond Ordinance, the terms of the Series  
6           2007D-E Bonds shall be as set forth in the Pricing Certificate.

7           Section 303. Payment of Bond Requirements. The principal or Redemption Price of  
8           any Series 2007D-E Bond shall be payable to the owner thereof as shown on the registration  
9           books maintained by the Series 2007D-E Bonds Registrar upon maturity or prior redemption  
10          thereof and upon presentation and surrender at the principal office of the Series 2007D-E  
11          Paying Agent. If any Series 2007D-E Bond shall not be paid upon such presentation and  
12          surrender at or after maturity, it shall continue to draw interest at the rate borne by said Series  
13          2007D-E Bond, respectively, until the principal thereof is paid in full. Payment of interest on  
14          any Series 2007D Bond and Series 2007E Bonds shall be made (i) by check or draft mailed by  
15          the Series 2007D-E Paying Agent, on or before each interest payment date, to the owner  
16          thereof, at his or her address as it last appears on the registration books kept by the Series  
17          2007D-E Bonds Registrar, at the close of business on the fifteenth day (whether or not a  
18          business day) next preceding such interest payment date (the "Regular Record Date"), or  
19          (ii) by wire transfer on the applicable interest payment date to the owner at the close of  
20          business on the applicable Regular Record Date, if such owner shall have provided written  
21          notice and completed wire instructions for a wire transfer address in the continental United  
22          States to the Series 2007D-E Paying Agent not less than 15 days prior to such Regular Record  
23          Date (which notice may provide that it will remain in effect with respect to subsequent interest  
24          payment dates unless and until changed or revoked by subsequent notice). Any such interest  
25          not so timely paid or duly provided for shall cease to be payable to the person who is the  
26          owner at the close of business on the Regular Record Date and shall be payable to the person  
27          who is the owner at the close of business on a Special Record Date for the payment of any  
28          such defaulted interest. Such Special Record Date shall be fixed by the Series 2007D-E  
29          Bonds Registrar whenever moneys become available for payment of the defaulted interest,  
30          and notice of the Special Record Date shall be given to the owners of the Series 2007D-E  
31          Bonds not less than ten days prior to the Special Record Date by first-class mail to each such  
32          owner as shown on the registration books kept by the Series 2007D-E Bonds Registrar on a

1 date selected by the Series 2007D-E Bonds Registrar, stating the date of the Special Record  
2 Date and the date fixed for the payment of such defaulted interest. The Series 2007D-E  
3 Paying Agent may make payments of interest on any Series 2007D-E Bonds by such  
4 alternative means as may be mutually agreed to between the owner of such Series 2007D  
5 Bonds, Series 2007E Bonds, and the Series 2007D-E Paying Agent, provided, however, that  
6 the City shall not be required to make funds available to the Series 2007D-E Paying Agent  
7 prior to the dates established pursuant to Section 302A hereof. All such payments shall be  
8 made in lawful money of the United States of America.

9 Section 304. Optional Redemption. The Series 2007D-E Bonds may be subject to  
10 redemption prior to maturity at the option of the City as described in the Pricing Certificate and  
11 in the Series 2007D-E Bonds, respectively. Such redemption may be in whole or in part at any  
12 time in principal amounts equal to authorized denominations in such order of maturities as may  
13 be determined by the City, at the Redemption Price designated therein.

14 Section 305. Selection of Series 2007D-E Bonds for Redemption. If less than all of the  
15 Series 2007D-E Bonds bearing the same rate and maturing on any fixed maturity date are  
16 called for prior redemption at the City's option, the Treasurer shall select the Series 2007D  
17 Bonds, Series 2007E Bonds, or portions thereof to be redeemed by lot in such manner as the  
18 Treasurer shall deem equitable (giving proportionate weight to Series 2007D Bonds or Series  
19 2007E Bonds in denominations larger than a single unit of authorized denomination).

20 In the event a portion of any Series 2007D Bond or Series 2007E Bond is so redeemed,  
21 the Series 2007D-E Bonds Registrar shall, without charge to the owner of such Series 2007D  
22 Bonds or Series 2007E Bonds, authenticate a replacement Series 2007D Bond or Series  
23 2007E Bond for the unredeemed portion thereof.

24 Section 306. Redemption Procedure. Except as otherwise provided herein, the Series  
25 2007D-E Bonds shall be called for prior redemption and shall be paid by the Paying Agent  
26 upon such notice and otherwise in the manner provided by the General Bond Ordinance. The  
27 Series 2007D-E Bonds Registrar shall not be required to transfer or exchange any Series  
28 2007D Bond or Series 2007E Bond after published notice of the redemption of such Series  
29 2007D Bond or Series 2007E Bond has been given (except the unredeemed portion of such  
30 Series 2007D Bond or Series 2007E Bond, if redeemed in part) or to transfer or exchange any

1 Series 2007D Bond or Series 2007E Bond during the period of 15 days next preceding the day  
2 such notice is given.

3 In addition, the Series 2007D-E Bonds Registrar is hereby authorized to comply with  
4 any operational procedures and requirements of the Securities Depository relating to  
5 redemption of Series 2007D-E Bonds and notice thereof. The City and the Series 2007D-E  
6 Bonds Registrar shall have no responsibility or obligation with respect to the accuracy of the  
7 records of the Securities Depository or a nominee therefor or any Participant (as defined  
8 below) with respect to any ownership interest in the Series 2007D-E Bonds or the delivery to  
9 any Participant, beneficial owner or any other person (except to a registered owner of the  
10 Series 2007D-E Bonds) of any notice with respect to the Series 2007D-E Bonds, including any  
11 notice of redemption.

12 Section 307. Other Notice of Redemption. In addition to the notice provided for in  
13 Section 306 herein, further notice of any prior redemption shall be given as follows, but failure  
14 to give such further notice by means provided in this section, or any defect therein, shall not  
15 affect the validity of any proceedings for redemption if notice thereof is given as provided in  
16 Section 306 herein:

17 A. Supplemental Information. Each such further notice of redemption shall contain  
18 the information required for a notice of prior redemption under Section 306 herein, plus:  
19 (i) the CUSIP numbers of all Series 2007D-E Bonds being redeemed; (ii) the date the  
20 Series 2007D-E Bonds were originally issued; (iii) the rate of interest borne by each  
21 Series 2007D-E Bond being redeemed; (iv) the maturity date of each Series 2007D-E  
22 Bond being redeemed; and (v) any other descriptive information determined by the City  
23 in its sole discretion to be necessary to identify accurately the Series 2007D-E Bonds  
24 being redeemed; and

25 B. Additional Recipients. Each such further notice of redemption shall be sent at  
26 least 30 days before the redemption date by registered or certified mail or overnight  
27 delivery service to: (i) the Securities Depository; (ii) to one or more national information  
28 services that disseminate notices of redemption of obligations similar to the Series  
29 2007D-E Bonds; (iii) any rating agency that shall then be maintaining a rating on the  
30 Series 2007D-E Bonds; and (iv) *The Bond Buyer*.

1           Section 308. Custodial Deposit. Notwithstanding the provisions of Article III of the  
2 General Bond Ordinance or of Section 302 hereof, the Series 2007D-E Bonds shall initially be  
3 evidenced by one Series 2007D Bond or Series 2007E Bond due in each maturity, in the  
4 aggregate principal amount of such maturity; shall initially be registered in the name of the  
5 Securities Depository, or any nominee thereof; and may not thereafter be transferred or  
6 exchanged except (i) to any successor of the Securities Depository, or any nominee of such  
7 successor, upon the merger, consolidation, sale of substantially all of the assets or other  
8 reorganization of the Securities Depository or its successor, which successor of the Securities  
9 Depository must be a qualified and registered "clearing agency" under §17A of the Securities  
10 Exchange Act of 1934, as amended; (ii) to any new depository or nominee thereof (a) upon the  
11 resignation of the Securities Depository or a successor or new depository under clause (i) of  
12 this paragraph or this clause (ii), or (b) upon a determination of the City that the Securities  
13 Depository or such successor or new depository is no longer able to carry out its functions and  
14 the designation by the City of another depository institution acceptable to the depository then  
15 holding the Series 2007D-E Bonds which new depository institution must be a qualified and  
16 registered "clearing agency" under §17A of the Securities Exchange Act of 1934, as amended,  
17 to carry out the functions of the Securities Depository or such successor or new depository; or  
18 (iii) to any holder as specified in the transfer instructions in the paragraph below (a) upon the  
19 resignation of the Securities Depository or upon a determination by the City that the Securities  
20 Depository is no longer able to carry out its functions, and (b) upon the failure by the City, after  
21 reasonable investigation, to locate another qualified depository institution under clause (ii) to  
22 carry out the functions of the Securities Depository.

23           In the case of a transfer to a successor of the Securities Depository or its nominee as  
24 referred to in clause (i) of the first paragraph hereof or in the case of a designation of a new  
25 depository pursuant to clause (ii) of the first paragraph hereof, upon receipt of the respective  
26 Outstanding Series 2007D-E Bonds by the Series 2007D-E Bonds Registrar, together with  
27 written instructions for transfer satisfactory to the Series 2007D-E Bonds Registrar, new  
28 respective Series 2007D-E Bonds shall be issued to such successor or new depository, as the  
29 case may be, or its nominee, as is specified in such written transfer instructions. In the case of  
30 a resignation or determination under clause (ii) of the first paragraph hereof and the failure  
31 after reasonable investigation to locate another qualified depository institution for the Series  
32 2007D-E Bonds as provided in clause (ii) of the first paragraph hereof, and upon receipt of the

1 Outstanding Series 2007D-E Bonds by the Series 2007D-E Bonds Registrar together with  
2 written instructions for transfer satisfactory to the Series 2007D-E Bonds Registrar, new Series  
3 2007D-E Bonds shall be issued in authorized denominations, as provided in and subject to the  
4 limitations of Section 302 hereof and in such denominations as are requested in such written  
5 transfer instructions; provided the Series 2007D-E Bonds Registrar shall not be required to  
6 deliver such new Series 2007D-E Bonds within a period of less than 60 days from the date of  
7 receipt of such written transfer instructions.

8 The City, the Series 2007D-E Bonds Registrar and the Series 2007D-E Paying Agent  
9 shall be entitled to treat the registered owner of any Series 2007D-E Bond as the absolute  
10 owner and owner of record for all purposes hereof and any applicable laws, notwithstanding  
11 any notice to the contrary received by any or all of them. So long as the registered owner of  
12 any Series 2007D Bond or Series 2007E Bond is the Securities Depository or a nominee  
13 thereof, the Securities Depository shall disburse any payments received, through participating  
14 underwriters, securities brokers or dealers, banks, trust companies, closing corporations or  
15 other persons or entities for which the Securities Depository holds Series 2007D-E Bonds  
16 ("Participants") or otherwise, to the beneficial owners. Neither the City, nor the Paying Agent  
17 shall have any responsibility or obligation for the payment to any Participant, any beneficial  
18 owner or any other person (except a registered owner of Series 2007D-E Bonds) of the Debt  
19 Service Requirements or Redemption Price due in connection with the Series 2007D-E Bonds.  
20 The City, the Series 2007D-E Bonds Registrar and the Series 2007D-E Paying Agent shall  
21 have no responsibility for maintaining, supervising or reviewing the records kept by the  
22 Securities Depository.

23 Notwithstanding any other provision of the General Bond Ordinance or this  
24 Supplemental Ordinance to the contrary, so long as any Series 2007D Bond or Series 2007E  
25 Bond is registered in the name of the Securities Depository, or any nominee thereof, all  
26 payments with respect to the Redemption Price due in connection with any Series 2007D-E  
27 Bonds and all notices with respect to such Series 2007D-E Bonds shall be made and given,  
28 respectively, in the manner provided in the Blanket Issuer Letter of Representations dated  
29 June 22, 1995 with the Securities Depository.

30 Section 309. Execution, Recordation and Authentication. The Series 2007D-E Bonds  
31 shall be signed by the Mayor and countersigned by the Auditor, both of which signatures may



1 be by facsimile, and the Series 2007D-E Bonds shall bear the official seal of the City or a  
2 facsimile thereof attested by the manual or facsimile signature of the Clerk. A record thereof  
3 shall be made by the Auditor, in such record to show the date of issue, date of payment, and  
4 date and amount of interest payments as the same shall accrue. The Series 2007D-E Bonds  
5 shall also be approved by the manual or facsimile signature of the Manager and shall be  
6 authenticated by the Series 2007D-E Bonds Registrar as provided in Section 316 of the  
7 General Bond Ordinance.

8 By authenticating the Series 2007D-E Bonds, the Series 2007D-E Bonds Registrar shall  
9 be deemed to have assented to the provisions of the General Bond Ordinance, as  
10 supplemented by this Supplemental Ordinance. If the Series 2007D-E Bonds Registrar, or its  
11 duly appointed successor pursuant to this section, shall resign, or if the City shall reasonably  
12 determine that such Series 2007D-E Bonds Registrar has become incapable of fulfilling its  
13 duties hereunder, the City may, upon notice mailed to each owner of Series 2007D-E Bonds at  
14 the address last shown on the registration books, appoint a successor Series 2007D-E Bonds  
15 Registrar.

16 Section 310. Bond Form. Subject to the provisions of this Supplemental Ordinance,  
17 each Series 2007D Bond and Series 2007E Bond shall be in substantially the form set forth in  
18 Exhibit A hereto (provided that any of the text may, with appropriate reference, be printed on  
19 the back of the Series 2007D Bonds or Series 2007E Bonds), with such omissions, insertions,  
20 endorsements, and variations as to any recitals of fact or other provisions as may be required  
21 by the circumstances, be required or permitted by the General Bond Ordinance, or be  
22 consistent with the General Bond Ordinance.

23 **ARTICLE IV**  
24 **USE OF BOND PROCEEDS; OTHER TRANSFERS**

25 Section 401. Disposition of Series 2007D Bond Proceeds. The net proceeds of the  
26 Series 2007D Bonds, upon the receipt thereof, shall be deposited in the following accounts  
27 and applied for purposes thereof:

28 A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any,  
29 determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the  
30 issuance of the Series 2007D Bonds.

1           B. Series 2007D Capitalized Interest Subaccount. Second, to a special and  
2 separate subaccount hereby created in the Capitalized Interest Account of the Project  
3 Fund designated as the "City and County of Denver, Colorado, for and on behalf of its  
4 Department of Aviation, Airport System Revenue Bonds, Series 2007D, Capitalized  
5 Interest Subaccount," (the "Series 2007D Capitalized Interest Subaccount"), an amount,  
6 and for such period, as the Treasurer determine to be necessary to pay capitalized  
7 interest on a portion of the Series 2007D Bonds. Amounts in the Series 2007D  
8 Capitalized Interest Subaccount shall be transferred to the Interest Account at the times  
9 and in the amounts provided in a payment schedule furnished by the Treasurer and  
10 expended therefrom for interest due and payable on the applicable Series 2007D  
11 Bonds; provided that nothing herein shall prevent the transfer of amounts from the  
12 Series 2007D Capitalized Interest Subaccount to the Series 2007D Project Account (as  
13 defined below) to the extent the Treasurer may determine such amounts are necessary  
14 to defray other Costs of the Series 2007D Improvement Project.

15           C. Series 2007D Project Account. Third, to the Project Fund for credit to a special  
16 and separate subaccount hereby created therein and designated as the "City and  
17 County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
18 System Revenue Bonds, Series 2007D Project Account," (the "Series 2007D Project  
19 Account"), an amount equal to the balance of the proceeds of the Series 2007D Bonds  
20 so received, for the payment of the Costs of the Series 2007D Improvement Project,  
21 including without limitation the payment of the initial premium due in respect of the  
22 Series 2007D Bond Insurance Policy (which payment may be made on behalf of the  
23 City by the Series 2007D Underwriters and treated as if it were received by the City and  
24 accounted for in the Series 2007D Project Account).

25           Section 402. Disposition of Series 2007E Bond Proceeds. The net proceeds of the  
26 Series 2007E Bonds, upon the receipt thereof, shall be deposited in the following accounts and  
27 applied for purposes thereof:

28           A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any,  
29 determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the  
30 issuance of the Series 2007E Bonds.

1           B. Series 2007E Capitalized Interest Subaccount. Second, to a special and  
2 separate subaccount hereby created in the Capitalized Interest Account of the Project  
3 Fund designated as the "City and County of Denver, Colorado, for and on behalf of its  
4 Department of Aviation, Airport System Revenue Bonds, Series 2007E, Capitalized  
5 Interest Subaccount," (the "Series 2007E Capitalized Interest Subaccount"), an amount,  
6 and for such period, as the Treasurer determine to be necessary to pay capitalized  
7 interest on a portion of the Series 2007E Bonds. Amounts in the Series 2007E  
8 Capitalized Interest Subaccount shall be transferred to the Interest Account at the times  
9 and in the amounts provided in a payment schedule furnished by the Treasurer and  
10 expended therefrom for interest due and payable on the applicable Series 2007E  
11 Bonds; provided that nothing herein shall prevent the transfer of amounts from the  
12 Series 2007E Capitalized Interest Subaccount to the Series 2007E Project Account (as  
13 defined below) to the extent the Treasurer may determine such amounts are necessary  
14 to defray other Costs of the Series 2007E Improvement Project.

15           C. Series 2007E Project Account. Third, to the Project Fund for credit to a special  
16 and separate subaccount hereby created therein and designated as the "City and  
17 County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
18 System Revenue Bonds, Series 2007E Project Account," (the "Series 2007E Project  
19 Account"), an amount equal to the balance of the proceeds of the Series 2007E Bonds  
20 so received, for the payment of the Costs of the Series 2007E Improvement Project,  
21 including without limitation the payment of the initial premium due in respect of the  
22 Series 2007E Bond Insurance Policy (which payment may be made on behalf of the  
23 City by the Series 2007E Underwriters and treated as if it were received by the City and  
24 accounted for in the Series 2007E Project Account).

25   **ARTICLE V**  
26   **MISCELLANEOUS**

27           Section 501. Tax Covenants. In furtherance of Section 1037 of the General Bond  
28 Ordinance, the City, for and on behalf of the Department, represents and specifically agrees as  
29 follows:

30           A.       General Covenants. (1) The City hereby covenants that it shall not  
31 (i) make any use of the proceeds of the Series 2007D-E Bonds, any funds reasonably

1 expected to be used to pay the principal of or interest on the Series 2007D-E Bonds, or  
2 or any other funds of the City; (ii) make or permit any use of the Airport Facilities financed  
3 with the Series 2007D-E Bonds or (iii) take (or omit to take) any other action with  
4 respect to the Series 2007D-E Bonds, the proceeds thereof, or otherwise, if such use,  
5 action or omission would, under the Tax Code, cause the interest on the Series 2007D-  
6 E Bonds to be included in gross income for federal income tax purposes.

7 (2) In particular, without limitation, the City hereby covenants that it shall not  
8 take (or omit to take) or permit or suffer any action to be taken if the result of the same  
9 cause the Series 2007D Bonds to be "arbitrage bonds" within the meaning of § 148 of  
10 the Tax Code.

11 (3) Also, in particular, without limitation, the City hereby covenants that it shall  
12 not take (or omit to take) or permit or suffer any action to be taken if the result of the  
13 same cause the Series 2007E Bonds to be "arbitrage bonds" within the meaning of  
14 § 148 of the Tax Code or to be "private activity bonds" within the meaning of § 141 of  
15 the Tax Code.

16 B. Rebate. (1) Except as otherwise expressly provided therein, the City shall pay  
17 to the United States in accordance with the requirements of § 148(f) of the Tax Code an  
18 amount (the "Rebate Amount") equal to the sum of (i) the excess of the amount earned  
19 on all nonpurpose investments allocable to the Series 2007D-E Bonds (other than  
20 investments attributable to such excess) over the amount that would have been earned  
21 if such nonpurpose investments were invested at a rate equal to the yield on the Series  
22 2007D-E Bonds, plus (ii) any income attributable to such excess.

23 (2) The City shall maintain within the Airport System Fund a special and  
24 separate accounts hereby created and to be known as the "City and County of Denver,  
25 Colorado, for and on behalf of its Department of Aviation, Airport System Revenue  
26 Bonds, Series 2007D Rebate Fund" (the "Series 2007D Rebate Fund") and the "City  
27 and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport  
28 System Revenue Bonds, Series 2007E Rebate Fund" (the "Series 2007E Rebate  
29 Fund"). The City shall maintain within the Series 2007D Rebate Fund and Series  
30 2007E Rebate Fund such subaccounts as may be necessary, and the City shall deposit  
31 to the credit of, and make disbursements to the United States and otherwise from, the

1 Series 2007D Rebate Fund and Series 2007E Rebate Fund such amounts, at such  
2 times, as shall be necessary hereunder.

3 (3) Any amounts so deposited to the credit of the Series 2007D Rebate Fund  
4 and Series 2007E Rebate Fund shall be derived from the Net Revenues of the Airport  
5 System or from such other legally available sources as the City may determine;  
6 provided, however, that the accumulation and application of Net Revenues for such  
7 purpose shall be subordinate in priority to the accumulation and application of Net  
8 Revenues required by Section 508 of the General Bond Ordinance.

9 (4) Notwithstanding any provision of this Section 501B, if the Treasurer shall  
10 obtain an opinion of an attorney or firm of attorneys whose experience in matters  
11 relating to the issuance of obligations by states and their political subdivisions is  
12 nationally recognized that any action required under this Section 501B is no longer  
13 required or that some further action is required to maintain the exclusion from federal  
14 income tax of interest on the Series 2007D-E Bonds, the City may rely conclusively on  
15 such opinion in complying with the requirements of this Section 501B, and the  
16 covenants contained herein shall be deemed to be modified to that extent.

17 C. Tax Certificate. The Treasurer is hereby authorized to execute a tax certificate  
18 on behalf of the City in implementation of the covenants and agreements set forth in this  
19 Section 501, or to make any election permitted by the Tax Code and determined by the  
20 Treasurer to be to the advantage of the City; and the representations, agreements, and  
21 elections set forth therein shall be deemed the representations, agreements, and  
22 elections of the City, as if the same were set forth herein.

23 Section 502. Bond Insurance Conditions. The City covenants for the benefit of the  
24 Bond Insurer as follows:

25 A. Notice of Bond Reserve Fund Draw. The City shall notify the Bond Insurer of  
26 any withdrawal from the Bond Reserve Fund to pay debt service and of any deficiency  
27 in the amount on deposit in the Bond Reserve Fund to meet the Minimum Bond  
28 Reserve.

1           B. Notice of Certain Redemptions. The City shall notify the Bond Insurer of any  
2 redemption of the Series 2007D-E Bonds pursuant to Section 304 hereof.

3           C. Notice of Default. The City shall give the Bond Insurer notice of any Event of  
4 Default with respect to the Series 2007D-E Bonds.

5           D. Cumulative Remedies; Restoration to Former Positions. Any remedy by the  
6 terms of the General Bond Ordinance conferred upon or reserved to the owners of the  
7 Series 2007D-E Bonds or the Bond Insurer is not intended to be exclusive of any other  
8 remedy but shall be cumulative. Discontinuance or abandonment of any remedial  
9 action under the General Bond Ordinance with respect to the Series 2007D-E Bonds  
10 shall result in the restoration of owners of the Series 2007D-E Bonds and the Bond  
11 Insurer to their former positions.

12           E. Deemed Owner for Default and Remedies. For all purposes of the General  
13 Bond Ordinance governing events of default and remedies, except the giving of notice  
14 of default pursuant to Section 1210 thereof, the Bond Insurer shall be deemed to be the  
15 sole owner of the Series 2007D-E Bonds.

16           F. Consent to Supplemental Ordinance. For all purposes of Article XIII of the  
17 General Bond Ordinance (except Section 1303 thereof), the Bond Insurer shall be  
18 deemed to be the owner of the Series 2007D-E Bonds. In the case of any  
19 Supplemental Ordinance requiring the consent of owners of the Series 2007D-E Bonds,  
20 at least fifteen (15) Business Days prior to adopting such proposed Supplemental  
21 Ordinance, the City shall give notice of such adoption, together with a copy of such  
22 Supplemental Ordinance, to any rating agency then maintaining a credit rating with  
23 respect to the Series 2007D-E Bonds.

24           G. Bond Insurer as Party in Interest. The Bond Insurer shall be included as a  
25 party in interest with respect to the Series 2007D-E Bonds, and as a party entitled to (a)  
26 notify the City of the occurrence of an Event of Default, and (b) request the City to  
27 intervene in judicial proceedings that affect the Series 2007D-E Bonds or the security  
28 therefor. The City shall be required to accept notice of an Event of Default from the  
29 Bond Insurer with respect to the Series 2007D-E Bonds.

1           H. Satisfaction and Discharge. Notwithstanding anything in the General Bond  
2 Ordinance to the contrary, in the event that the principal of or interest on the Series  
3 2007D-E Bonds shall be paid by the Bond Insurer pursuant to the respective Series  
4 2007D Bond Insurance Policy and Series 2007E Bond Insurance Policy (a) such Series  
5 2007D-E Bonds shall be deemed to be Outstanding under the General Bond Ordinance,  
6 (b) the pledge of Net Revenues and all covenants, agreements and other obligations of  
7 the City to owners of such Series 2007D-E Bonds shall continue to exist, and the Bond  
8 Insurer shall be fully subrogated to all the rights of such owners in accordance with the  
9 terms of the respective Series 2007D Bond Insurance Policy and Series 2007E Bond  
10 Insurance Policy, and (c) the amounts paid by the Bond Insurer pursuant to the  
11 respective Series 2007D Bond Insurance Policy and Series 2007E Bond Insurance  
12 Policy shall not be deemed paid and shall continue to be due and owing, until such  
13 amounts are paid by the City in accordance with the General Bond Ordinance.

14           I. Access to the Registration Books. Upon the occurrence of an Event of Default,  
15 which would require the Bond Insurer to make payments of principal of or interest on  
16 Series 2007D-E Bonds in accordance with the respective Series 2007D Bond Insurance  
17 Policy and Series 2007E Bond Insurance Policy, the Series 2007D-E Bonds Registrar  
18 shall provide access to the registration books to the Bond Insurer.

19           J. Notice to Bond Insurer; Provision of Information. All notices, consents or other  
20 communications required or permitted to be given to the Bond Insurer under the  
21 General Bond Ordinance shall be deemed sufficiently given if given in writing, mailed by  
22 first class mail, postage prepaid and addressed to the Bond Insurer.

23           K. Termination of Special Bond Insurance Requirements. The provisions of this  
24 Section 502 shall apply only so long as the Series 2007D Bond Insurance Policy and  
25 Series 2007E Bond Insurance Policy shall be in full force and effect and shall not have  
26 been dishonored or obligations remain to the Bond Insurer hereunder.

27           Section 503. Preservation of Enterprise Status. The City hereby covenants that it shall  
28 not take (or omit to take) any action with respect to the Department that would cause the  
29 Department to lose its status as an "enterprise" within the meaning of Section 20, Article X,  
30 State Constitution.

1           Section 504. Applicability of General Bond Ordinance. Except as otherwise provided  
2 herein, the provisions of the General Bond Ordinance govern the Series 2007D-E Bonds, the  
3 Series 2007D Improvement Project, and the Series 2007E Improvement Project. The rights,  
4 undertakings, covenants, agreements, obligations, warranties, and representations of the City  
5 set forth in the General Bond Ordinance shall in respect of the Series 2007D-E Bonds be  
6 deemed the rights, undertakings, covenants, agreements, obligations, warranties, and  
7 representations of the City for and on behalf of the Department.

8           Section 505. Amendments to General Bond Ordinance. The Series 2007D-E Bonds  
9 shall also be governed, to the extent permitted by Article XIII of the General Bond Ordinance,  
10 by any Supplemental Ordinance amending and restating the General Bond Ordinance and  
11 including, among others, the amendments set forth in Exhibit E to the Official Statement and  
12 identified therein as the Proposed Amendments (the "Proposed Amendments"); provided that  
13 certain of the Proposed Amendments may be adopted only with the written consent of the  
14 owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds  
15 outstanding at the time of the adoption of any such Supplemental Ordinance, after notice and  
16 otherwise in the manner provided by Article XIII of the General Bond Ordinance.

17           Section 506. Consent to Proposed Amendments. By the purchase and acceptance of  
18 the Series 2007D-E Bonds from time to time, the owners (including without limitation  
19 Participants in the Securities Depository and beneficial owners) thereof and the Bond Insurer  
20 shall be deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance  
21 of amendments to the General Bond Ordinance in substantially the form of the Proposed  
22 Amendments and (ii) appointed the Consent Agent as their agent, with irrevocable instructions  
23 to file a written consent to that effect at the time and place, and otherwise in the manner  
24 provided by Article XIII of the General Bond Ordinance. A notation to this effect, shall be  
25 printed on the Series 2007D-E Bonds. In so acting, the Consent Agent (who shall be  
26 compensated by the City for such services) may rely on an Attorney's Opinion, which shall be  
27 full and complete authorization and protection of the Consent Agent in respect of any action  
28 taken or suffered by it under the General Bond Ordinance in good faith.

29           Section 507. Endorsement of Bonds. A notation in substantially the following form shall  
30 be endorsed on the Series 2007D-E Bonds in respect of the Proposed Amendments:



1           “By the purchase and acceptance of this Bond from time to time, the  
2 owners (including without limitation Participants in the Securities Depository and  
3 beneficial owners) hereof and the Bond Insurer are deemed to have irrevocably  
4 (i) consented to the adoption by Supplemental Ordinance of amendments to the  
5 General Bond Ordinance in substantially the form of the Proposed Amendments  
6 set forth as Exhibit E to the Official Statement and (ii) appointed the Consent  
7 Agent as their agent, with irrevocable instructions to file a written consent to that  
8 effect at the time and place and otherwise in the manner provided by the General  
9 Bond Ordinance.”

10           In addition, copies of this notation, together with copies of the Proposed  
11 Amendments, shall be filed in one or more nationally Recognized Municipal Securities  
12 Information Repository.

1 COMMITTEE APPROVAL DATE: June 22, 2007

2 MAYOR-COUNCIL DATE: June 26, 2007

3 PASSED BY THE COUNCIL August 13 2007

4 [Signature] - PRESIDENT  
5 APPROVED [Signature] **ACTING MAYOR** 8/14/ 2007  
- MAYOR

6 ATTEST: [Signature] - CLERK AND RECORDER,  
7 EX-OFFICIO CLERK OF THE  
8 CITY AND COUNTY OF DENVER

9 NOTICE PUBLISHED IN THE DAILY JOURNAL Aug. 10, 2007 AND Aug. 16, 2007

10 PREPARED BY: HOGAN & HARTSON L.L.P. and BOOKHARDT & O'TOOLE; DATE: August 1, 2007

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

15 Arlene V. Dykstra, City Attorney  
16 BY: [Signature], Asst City Attorney  
17 DATE: 8/2/07



EXHIBIT A

(FORM OF SERIES 2007\_\_ BOND)

UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007\_\_

No. \_\_\_\_\_

Interest Rate      Maturity Date      Dated As Of      CUSIP  
\_\_\_\_\_ '\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:      DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer

1 on the applicable interest payment date to the owner at the close of business on the applicable  
 2 Regular Record Date, if such owner shall have provided written notice and completed wire  
 3 instructions for a wire transfer address in the continental United States to the Paying Agent not  
 4 less than 15 days prior to such Regular Record Date (which notice may provide that it will  
 5 remain in effect with respect to subsequent interest payment dates unless and until changed or  
 6 revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall  
 7 cease to be payable to the person who is the owner hereof at the close of business on the  
 8 Regular Record Date and shall be payable to the person who is the owner hereof at the close  
 9 of business on a Special Record Date for the payment of any defaulted interest. Notice of the  
 10 Special Record Date shall be given by first-class mail to the owner hereof as shown on the  
 11 registration books on a date selected by the Series 2007D-E Bonds Registrar, stating the date  
 12 of the Special Record Date and the date fixed for the payment of such defaulted interest.

13 The Series 2007\_\_\_ Bonds shall bear interest and mature in regular numerical order on  
 14 November 15 in each of the designated amounts of principal and years, as follows:

15	Maturity	Principal	Interest
16	(November 15)	Amount	Rate
17	_____	\$ _____	_____ %
18	_____	\$ _____	_____ %
19	_____	\$ _____	_____ %
20	_____	\$ _____	_____ %
21	_____	\$ _____	_____ %
22	_____	\$ _____	_____ %
23	_____	\$ _____	_____ %
24	_____	\$ _____	_____ %
25	_____	\$ _____	_____ %
26	_____	\$ _____	_____ %
27	_____	\$ _____	_____ %
28	_____	\$ _____	_____ %
29			

30  
 31 The Series 2007\_\_\_ Bonds maturing on and after November 15, \_\_\_\_\_ shall be subject  
 32 to redemption prior to maturity at the option of the City, on and after November 15, \_\_\_\_\_.  
 33 Such redemption may be in whole or in part at any time in principal amounts equal to  
 34 authorized denominations in such order of maturities as may be determined by the City, at a

1 Redemption Price equal to the principal amount thereof without premium, and accrued interest  
2 to the Redemption Date.

3 If less than all of the Series 2007\_\_ Bonds maturing on any date are redeemed, the  
4 Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may  
5 deem equitable (giving proportionate weight to Series 2007\_\_ Bonds in denominations larger  
6 than a single unit of authorized denomination). In the event a portion of any the Series 2007\_\_  
7 Bond is redeemed, the Series 2007D-E Bonds Registrar shall, without charge to the owner of  
8 such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

9 Prior redemption shall be in the manner and upon the conditions provided in the  
10 resolution approving, authorizing, and requesting the issuance of the Series 2007\_\_ Bonds,  
11 executed by the Manager of the Department on \_\_\_\_\_, 2007 (the "Manager's  
12 Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from  
13 time to time, including by Ordinance No. \_\_\_\_, Series of 2007, authorizing the issuance of the  
14 Series 2007\_\_ Bonds and adopted and made laws of the City prior to the issuance of the  
15 Series 2007\_\_ Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's  
16 Resolution and of the General Bond Ordinance are on file for public inspection in the office of  
17 the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein,  
18 defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

19 The Series 2007\_\_ Bonds do not constitute a debt or an indebtedness of the City within  
20 the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be  
21 considered or held to be general obligations of the City. The City has not pledged its full faith  
22 and credit for the payment of the Series 2007\_\_ Bonds. The Series 2007\_\_ Bonds are special  
23 obligations of the City, for and on behalf of the Department, and are payable and collectible  
24 solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport  
25 System and the funds and accounts to the extent provided in the Manager's Resolution and  
26 General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and  
27 the owner hereof may not look to any general or other fund for the payment of the Bond  
28 Requirements of this Bond.

1 Payment of the Bond Requirements due in connection with the Series 2007\_\_ Bonds  
2 shall (except as provided herein) be made solely from, and as security for such payment there  
3 are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the  
4 General Bond Ordinance, four special and separate subaccounts created by the General Bond  
5 Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund  
6 Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf  
7 of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the  
8 Bond Requirements of the Series 2007\_\_ Bonds and any other bonds issued pursuant to the  
9 General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to  
10 the extent therein provided, a special and separate account created by the General Bond  
11 Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf  
12 of the Department, covenants to accumulate and maintain from such Net Revenues a specified  
13 reserve for such purpose. To the extent provided in the Manager's Resolution and the General  
14 Bond Ordinance, the Bond Requirements of the Series 2007\_\_ Bonds may also be paid from  
15 the special and separate account created by the General Bond Ordinance and defined therein  
16 as the Capital Fund, and the special and separate subaccount created by the General Bond  
17 Ordinance and defined therein as the PFC Debt Service Account.

18 The Series 2007\_\_ Bonds are equally and ratably secured by a lien on the Net  
19 Revenues, and the Series 2007\_\_ Bonds constitute an irrevocable and first lien (but not  
20 necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of  
21 the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds,  
22 Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds,  
23 Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds,  
24 Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds,  
25 Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue  
26 Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B,  
27 Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding  
28 Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport  
29 System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds,  
30 Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System  
31 Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A,

1 Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A,  
2 Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A,  
3 Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series  
4 2005C1-C2, Airport System Reserve Bonds, Series 2006A, Airport System Revenue Bonds,  
5 Series 2006B, Airport System Revenue Bonds, Series 2007A, and Airport System Revenue  
6 Bonds, Series 2007B. Bonds and other securities, in addition to the Series 2007\_\_ Bonds,  
7 subject to express conditions, have been and may hereafter be issued and made payable from  
8 the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien  
9 or, subject to additional express conditions, having a lien thereon on a parity with the lien, of  
10 the Series 2007\_\_ Bonds, in accordance with the provisions of the General Bond Ordinance.

11 The Series 2007\_\_ Bonds are issued for the purposes of (i) acquiring, improving, and  
12 equipping certain Airport Facilities (ii) paying certain Costs relating to the Series 2007\_\_  
13 Bonds.

14 The Series 2007\_\_ Bonds are fully registered (*i.e.*, registered as to payment of both  
15 principal and interest), and are issuable in denominations authorized by the General Bond  
16 Ordinance. Upon surrender of any of such Bonds to the Series 2007D-E Bonds Registrar with  
17 a written instrument satisfactory to the Series 2007D-E Bonds Registrar duly executed by the  
18 owner or his or her duly authorized attorney, such Series 2007\_\_ Bond may, at the option of  
19 the owner or his or her duly authorized attorney, be exchanged for an equal aggregate  
20 principal amount of such Bonds of the same maturity or other authorized denominations,  
21 subject to such terms and conditions as are set forth in the General Bond Ordinance.

22 Every privilege of registration, transfer, discharge from registration, or conversion  
23 hereinabove provided shall be exercised only in accordance with and subject to the terms and  
24 provisions of the General Bond Ordinance.

25 Reference is made to the Manager's Resolution, the General Bond Ordinance, the  
26 Pricing Certificate, and to any and all modifications and amendments thereof, for an additional  
27 description of the nature and extent of the security for the Series 2007\_\_ Bonds, the funds and  
28 accounts or revenues pledged, the nature and extent and manner of enforcement of the  
29 pledge, the rights and remedies of the owners of the Series 2007\_\_ Bonds with respect

1 thereto, the terms and conditions upon which the Series 2007\_\_ Bonds are issued, and a  
2 statement of rights, duties, immunities, and obligations of the City and other rights and  
3 remedies of the owners of the Series 2007\_\_ Bonds.

4 This Bond is one of an authorized series of bonds of the City in the principal amount of  
5 \$[000,000,000], designated as the "City and County of Denver, Colorado, for and on behalf of  
6 its Department of Aviation, Airport System Revenue Bonds, Series 2007\_\_" (the "Series  
7 2007\_\_ Bonds" or the "Bonds"). The Series 2007\_\_ Bonds are issued by the City, for and on  
8 behalf of the Department, pursuant to the home rule powers granted to the City in accordance  
9 with its Charter under Article XX of the State Constitution, and pursuant to the General Bond  
10 Ordinance this recital is conclusive evidence of the validity of the Series 2007\_\_ Bonds and the  
11 regularity of their issuance.

12 To the extent and in the respects permitted by the General Bond Ordinance, the  
13 provisions of the General Bond Ordinance or any instrument amendatory thereof or  
14 supplemental thereto may be amended or otherwise modified by action of the City taken in the  
15 manner and subject to the conditions and exceptions prescribed in the General Bond  
16 Ordinance. The pledge of revenues and other obligations of the City under the General Bond  
17 Ordinance may be discharged at or prior to the respective maturities or prior redemption of the  
18 Series 2007\_\_ Bonds upon the making of provision for the payment thereof on the terms and  
19 conditions set forth in the General Bond Ordinance.

20 Subject to the provisions for registration for payment stated herein and endorsed  
21 hereon, this Series 2007\_\_ Bond is subject to the conditions, and every owner hereof by  
22 accepting the same agrees with the obligor and with every subsequent owner hereof that: (a)  
23 the delivery of this Series 2007\_\_ Bond to any transferee as registered owner shall vest title in  
24 this Series 2007\_\_ Bond in such transferee to the same extent for all purposes as would the  
25 delivery under like circumstances of any negotiable instrument payable to a registered owner;  
26 (b) the obligor and any agent of the obligor may treat the registered owner of this Series  
27 2007\_\_ Bond as the absolute owner hereof for all purposes and shall not be affected by any  
28 notice to the contrary; (c) the Bond Requirements of this Series 2007\_\_ Bond shall be paid,  
29 and this Series 2007\_\_ Bond is transferable, free from and without regard to any equities



1 between the obligor and the original or any intermediate registered owner hereof or any setoffs  
2 or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series  
3 2007\_\_ Bond shall be a good discharge to the obligor for the same.

4 By the purchase and acceptance of this Bond from time to time, the owners (including  
5 without limitation Participants in the Securities Depository and beneficial owners) hereof are  
6 deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of  
7 amendments to the General Bond Ordinance in substantially the form set forth in the Official  
8 Statement related to the Series 2007\_\_ Bonds and (ii) appointed the Consent Agent as their  
9 agent, with irrevocable instructions to file a written consent to that effect at the time and place  
10 and otherwise in the manner provided by the General Bond Ordinance.

11 It is further certified, recited, and warranted that all the requirements of law have been  
12 fully complied with by the proper officers of the City in the issuance of this Series 2007\_\_  
13 Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the  
14 State, and in particular the Charter and the General Bond Ordinance; and that this Series  
15 2007\_\_ Bond does not contravene any constitutional, Charter or statutory limitation. The  
16 Series 2007\_\_ Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the  
17 "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act,  
18 this recital shall be conclusive evidence of the validity and the regularity of the issuance of the  
19 Series 2007\_\_ Bonds after their delivery for value.

20 No recourse shall be had for the payment of the Bond Requirements of this Series  
21 2007\_\_ Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance  
22 or other instrument pertaining thereto, against any individual member of the Council, or any  
23 officer or other agent of the City, past, present or future, either directly or indirectly through the  
24 Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or  
25 by the enforcement of any penalty, or otherwise, all such liability, if any, being by the  
26 acceptance of this Series 2007\_\_ Bond and as a part of the consideration of its issuance  
27 specifically waived and released.

1 IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused  
2 this Series 2007\_\_ Bond to be signed and executed in the name of the City, for and on behalf  
3 of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and  
4 executed by the manual or facsimile signature of the City Auditor; has caused a manual or  
5 facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007\_\_ Bond  
6 to be executed and attested by the manual or facsimile signature of the City Clerk and  
7 Recorder; all as of \_\_\_\_\_, \_\_\_\_\_.

8 CITY AND COUNTY OF DENVER, COLORADO,  
9 for and on behalf of its Department of Aviation

10 By: \_\_\_\_\_  
11 Mayor

12 (SEAL)

13 Attest:

14 \_\_\_\_\_  
15 City Clerk and Recorder

16 Countersigned:

17 \_\_\_\_\_  
18 City Auditor

19

1

**CERTIFICATE OF AUTHENTICATION**

2

This is one of the Series 2007\_\_ Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2007D-E Bonds Registrar for such Series 2007\_\_ Bonds.

3

4

5

6

\_\_\_\_\_  
as the Series 2007D-E Bonds Registrar

7

Date of Authentication: \_\_\_\_\_, 2007

8

9

By: \_\_\_\_\_  
Authorized Signatory

10

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(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007\_\_ Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007\_\_ Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax identification number of transferee:

\_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2007\_\_ Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

1

(Statement of Insurance)

2

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D – MAXIMUM PRINCIPAL AMOUNT OF \$204,000,000  
SERIES 2007E – MAXIMUM PRINCIPAL AMOUNT OF \$57,000,000

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7



**City and County of Denver, Colorado**

for and on behalf of its Department of Aviation

Airport System Revenue Bonds

Series 2007A-B

**SERIES 2007A-B MANAGER'S RESOLUTION**

## A RESOLUTION

CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; APPROVING, AUTHORIZING, AND REQUESTING THE ISSUANCE OF THE “CITY AND COUNTY OF DENVER, COLORADO, FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION, AIRPORT SYSTEM REVENUE BONDS, SERIES 2007A” AND THE “CITY AND COUNTY OF DENVER, COLORADO, FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION, AIRPORT SYSTEM REVENUE BONDS, SERIES 2007B” FOR THE PURPOSE OF DEFRAYING THE COST OF ACQUIRING, IMPROVING AND EQUIPPING CERTAIN AIRPORT FACILITIES, AND REQUESTING THE EXECUTION OF CERTAIN AGREEMENTS AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the “City” and the “State,” respectively), is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the “Department”); and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the “Enterprise Ordinance”), the City designated the Department as an “enterprise” within the meaning of Section 20, Article X, State Constitution; and

(5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(6) WHEREAS, the Manager has determined and does hereby declare:

A. The procedures and requirements of Article V, Chapter 20 of the Revised Municipal Code of the City and County of Denver have been completely and timely met in respect of the negotiated sale of the Series 2007A-B Bonds (as defined herein) to the Underwriters (as defined herein);

B. The Series 2007A-B Bonds are to be issued pursuant to this Series 2007A-B Manager’s Resolution and the provisions of the General Bond Ordinance (as defined herein), and the Series 2007A-B Bonds shall constitute “Bonds” as such term is defined in the General Bond Ordinance;

C. All acts, conditions and things required by law and by the General Bond Ordinance to exist, to have happened and to have been performed as a condition to the

issuance of the Series 2007A-B Bonds, do or will exist, have happened or will happen, and have been or will have been performed in regular and due time, form and manner as required by law; including without limitation the approval, following a public hearing of a plan of financing pursuant to which the Series 2007A-B Bonds are to be issued, all in accordance with and to the extent required by Section 147(f) of the Tax Code;

(7) WHEREAS, prior to the enactment of the Series 2007A-B Supplemental Bond Ordinance (as defined herein) there will have been filed with the City's Clerk and Recorder:

- A. the proposed form of the Series 2007A-B Bond Purchase Agreement;
- B. the proposed form of the Preliminary Official Statement; and
- C. the proposed form of the Series 2007A-B Bonds Continuing Disclosure Undertaking.

**NOW, THEREFORE, BE IT RESOLVED BY THE MANAGER OF THE DEPARTMENT OF AVIATION OF THE CITY AND COUNTY OF DENVER:**

**ARTICLE I.  
SHORT TITLE, DEFINITIONS,  
AND EFFECTIVE DATE**

Section 1.01. Short Title.

A. This resolution may be cited as the “Series 2007A-B Manager’s Resolution” (the “Manager’s Resolution”).

Section 1.02. Meanings and Construction.

A. General Bond Ordinance Definitions. All defined terms in this Manager’s Resolution have the meanings set forth in Section 102A of the 1984 Airport System General Bond Ordinance (as amended and supplemented from time to time), except as otherwise expressly provided herein.

B. Additional Definitions. For all purposes of this Manager’s Resolution and any other document relating hereto, except where the context by clear implication otherwise requires:

(1) “Consent Agent” means American National Bank and any successor and assign thereof.

(2) “General Bond Ordinance” means the “1984 Airport System General Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Bond Ordinance, including without limitation the

Series 2007A-B Supplemental Bond Ordinance relating to the Series 2007A-B Bonds.

(3) “Official Statement” means the final Official Statement relating to the Series 2007A-B Bonds, in substantially the form of the Preliminary Official Statement, with such omissions, insertions, endorsements and variations as may be required by the circumstances and are not inconsistent with the provisions the Series 2007A-B Supplemental Bond Ordinance.

(4) “Preliminary Official Statement” means the Preliminary Official Statement relating to the Series 2007A-B Bonds, in substantially the form filed with the Clerk.

(5) “Securities Depository” means The Depository Trust Company, hereby designated as the depository for the Series 2007A-B Bonds, and includes any nominee or successor thereof.

(6) “Series 2007A Bond Insurance Policy” means the financial guaranty insurance policy issued by the Series 2007A Bond Insurer that guarantees payment of the principal of and interest on any Series 2007A Bonds.

(7) “Series 2007A Bond Insurer” means MBIA Insurance Corporation and any successor and assign thereof.

(8) “Series 2007A-B Bond Purchase Agreement” means the contract between the City, for and on behalf of its Department, and the Underwriters for

the purchase of the Series 2007A-B Bonds, in substantially the form filed with the Clerk.

(9) “Series 2007A Bonds” means those securities authorized hereunder and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A.”

(10) “Series 2007A Improvement Project” means the project to be financed with the proceeds of the Series 2007A Bonds used to acquire, improve and equip certain Airport Facilities. The Series 2007A Improvement Project shall constitute an Improvement Project within the meaning of the General Bond Ordinance.

(11) “Series 2007A-B Bonds” means together the Series 2007A Bonds and the Series 2007B Bonds.

(12) “Series 2007A-B Bonds Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking relating to the Series 2007A-B Bonds, in substantially the form filed with the Clerk.

(13) “Series 2007A-B Bonds Registrar” means the City Treasurer, and includes any successor thereof.

(14) “Series 2007A-B Supplemental Bond Ordinance” means Ordinance No. 375 Series of 2007, authorizing the issuance of the Series 2007A-B Bonds by the City, for and on behalf of the Department.

(15) “Series 2007B Bond Insurance Policy” means the financial guaranty insurance policy issued by the Series 2007B Bond Insurer that guarantees payment of the principal and interest on any Series 2007B Bonds.

(16) “Series 2007B Bond Insurer” means Ambac Assurance Corporation and any successor and assign thereof.

(17) “Series 2007B Bonds” means those securities authorized hereunder and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B.”

(18) “Series 2007B Improvement Project” means the project to be financed with the proceeds of the Series 2007B Bonds used to acquire, improve and equip certain Airport Facilities. The Series 2007B Improvement Project shall constitute an Improvement Project within the meaning of the General Bond Ordinance.

(19) “Underwriters” means Goldman Sachs & Co., Harvestons Securities, Inc., J.P. Morgan Securities Inc., and RBC Capital Markets.



Section 1.03. Bond Insurance Policies. The purchase from the Series 2007A Bond Insurer of the 2007A Bond Insurance Policy and the purchase from the Series 2007B Bond Insurer of the 2007B Bond Insurance Policy is hereby authorized, approved and requested.

Section 1.04. Ordinance an Irrepealable Contract. The Series 2007A-B Supplemental Bond Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and the owners of the Series 2007A-B Bonds, except as otherwise provided in the Series 2007A-B Supplemental Bond Ordinance and the General Bond Ordinance.

Section 1.05. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency, but nothing in the Series 2007A-B Supplemental Bond Ordinance shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 1.06. Severability. If any section, subsection, paragraph, clause, or other provision of this Manager’s Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Manager’s Resolution.

Section 1.07. Effective Date. This Manager’s Resolution shall take effect immediately upon its execution by the Manager.

**ARTICLE II.  
MANAGER'S DETERMINATIONS  
NECESSITY OF SERIES 2007A IMPROVEMENT PROJECT,  
SERIES 2007B IMPROVEMENT PROJECT,  
SERIES 2007A BONDS, SERIES 2007B BONDS  
AND TERMS OF BOND SALE**

Section 2.01. Authority for this Resolution. This Manager's Resolution is executed pursuant to and as contemplated by the Enterprise Ordinance, enacted pursuant to the City's powers as a home rule city organized and operating under the charter and Article XX of the State Constitution, and enacted pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended, and the Manager hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

Section 2.02. Necessity and Approval of the Series 2007A Improvement Project, Series 2007B Improvement Project, Series 2007A Bonds and Series 2007B Bonds. The Manager hereby determines and declares that the Series 2007A Improvement Project, Series 2007B Improvement Project, Series 2007A Bonds and Series 2007B Bonds are necessary and in the best interests of the City and its residents.

Section 2.03. Terms of Bond Sale. The Series 2007A-B Bond Purchase Agreement is hereby approved and authorized; and the Series 2007A-B Bonds shall be sold and delivered to the Underwriters, in accordance with the Series 2007A-B Bond Purchase Agreement, bearing interest and otherwise upon the terms and conditions therein and herein provided.

**ARTICLE II.  
MANAGER'S DETERMINATIONS  
NECESSITY OF SERIES 2007A IMPROVEMENT PROJECT,  
SERIES 2007B IMPROVEMENT PROJECT,  
SERIES 2007A BONDS, SERIES 2007B BONDS  
AND TERMS OF BOND SALE**

Section 2.01. Authority for this Resolution. This Manager's Resolution is executed pursuant to and as contemplated by the Enterprise Ordinance, enacted pursuant to the City's powers as a home rule city organized and operating under the charter and Article XX of the State Constitution, and enacted pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended, and the Manager hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

Section 2.02. Necessity and Approval of the Series 2007A Improvement Project, Series 2007B Improvement Project, Series 2007A Bonds and Series 2007B Bonds. The Manager hereby determines and declares that the Series 2007A Improvement Project, Series 2007B Improvement Project, Series 2007A Bonds and Series 2007B Bonds are necessary and in the best interests of the City and its residents.

Section 2.03. Terms of Bond Sale. The Series 2007A-B Bond Purchase Agreement is hereby approved and authorized; and the Series 2007A-B Bonds shall be sold and delivered to the Underwriters, in accordance with the Series 2007A-B Bond Purchase Agreement, bearing interest and otherwise upon the terms and conditions therein and herein provided.

**ARTICLE III.  
AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE  
OF SERIES 2007A-B BONDS**

Section 3.01. Authorization of Series 2007A-B Bonds. There are hereby approved, authorized and requested to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2007A Improvement Project, the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A,” in the maximum aggregate principal amount of \$325,000,000, and for the purpose of defraying the Cost of the Series 2007B Improvement Project, the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B,” in the maximum aggregate principal amount of \$32,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and the Series 2007A-B Supplemental Bond Ordinance. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Bond Requirements of the Series 2007A-B Bonds as therein and herein provided.

Section 3.02. Bond Details. The Series 2007A-B Bonds shall be issued in such form and with such terms, conditions, redemption features, and other details and under such procedures as are set forth in the Series 2007A-B Supplemental Bond Ordinance. The Series 2007A-B Bonds shall bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2037. The Treasurer is hereby authorized, without further approval of the Manager, to determine in conformity with the standards set forth in the Series 2007A-B Supplemental Bond Ordinance and after the Series 2007A-B Bonds have been priced in the

market: (i) the respective principal amounts of the Series 2007A-B Bonds; (ii) the respective coupon interest rate or rates on the Series 2007A-B Bonds; (iii) the respective maturity or maturities of the Series 2007A-B Bonds (any of which may include Series 2007A-B Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemption; (iv) provisions for the optional redemption of any or all of the Series 2007A-B Bonds prior to maturity; and (v) the purchase price of the Series 2007A-B Bonds; all as may be necessary to effect the Series 2007A Improvement Project and the Series 2007B Improvement Project, respectively, and in a manner to achieve the most favorable net effective interest rate on the Series 2007A-B Bonds; provided that the principal amount of the Series 2007A Bonds shall not exceed \$325,000,000 and the principal amount of the Series 2007B Bonds shall not exceed \$32,000,000, the estimated true interest cost of the Series 2007A Bonds and the Series 2007B Bonds, respectively, shall not exceed 5.60%, the Underwriter's discount (if applicable) relating to the Series 2007A Bonds and the Series 2007B Bonds, respectively, shall not exceed .750% of the principal amount thereof, and the Series 2007A Bonds and the Series 2007B Bonds, respectively, shall be subject to redemption at the option of the City, if at all, at a redemption premium not to exceed 102% of the principal amount so redeemed. Such determinations shall be evidenced by a Pricing Certificate filed with the Clerk, and except as otherwise expressly provided in the Series 2007A-B Supplemental Bond Ordinance or in the General Bond Ordinance, the terms of the Series 2007A-B Bonds shall be as set forth in the Pricing Certificate.

**ARTICLE IV.  
USE OF BOND PROCEEDS**

Section 4.01. Disposition of Series 2007A Bond Proceeds. The net proceeds of the Series 2007A Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2007A Bonds.

B. Series 2007A Capitalized Interest Subaccount. Second, to a special and separate subaccount hereby created in the Capitalized Interest Account of the Project Fund designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A, Capitalized Interest Subaccount,” (the “Series 2007A Capitalized Interest Subaccount”), an amount, and for such period, as the Treasurer may determine to be necessary to pay capitalized interest on a portion of the Series 2007A Bonds. Amounts in the Series 2007A Capitalized Interest Subaccount shall be transferred to the Interest Account at the times and in the amounts provided in a payment schedule furnished by the Treasurer and expended therefrom for interest due and payable on the applicable Series 2007A Bonds; provided that nothing herein shall prevent the transfer of amounts from the Series 2007A Capitalized Interest Subaccount to the Series 2007A Project Account (as defined below) to the extent the Treasurer may determine such amounts are necessary to defray other Costs of the Series 2007A Improvement Project.

C. Series 2007A Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A Project Account,” (the “Series 2007A Project Account”), an amount equal to the balance of the proceeds of the Series 2007A Bonds so received, for the payment of the Costs of the Series 2007A Improvement Project, including without limitation the payment of the initial premium due in respect of the Series 2007A Bond Insurance Policy (which payment may be made on behalf of the City by the Underwriters and treated as if it were received by the City and accounted for in the Series 2007A Project Account).

Section 4.02. Disposition of Series 2007B Bond Proceeds. The net proceeds of the Series 2007B Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2007B Bonds.

B. Series 2007B Capitalized Interest Subaccount. Second, to a special and separate subaccount hereby created in the Capitalized Interest Account of the Project Fund designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B, Capitalized Interest Subaccount,” (the “Series 2007B Capitalized Interest Subaccount”), an amount, and for such period, as the Treasurer may determine to be necessary to pay capitalized interest on a portion of the Series 2007B Bonds. Amounts in the Series 2007B

Capitalized Interest Subaccount shall be transferred to the Interest Account at the times and in the amounts provided in a payment schedule furnished by the Treasurer and expended therefrom for interest due and payable on the applicable Series 2007B Bonds; provided that nothing herein shall prevent the transfer of amounts from the Series 2007B Capitalized Interest Subaccount to the Series 2007B Project Account (as defined below) to the extent the Treasurer may determine such amounts are necessary to defray other Costs of the Series 2007B Improvement Project.

C. Series 2007B Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B Project Account,” (the “Series 2007B Project Account”), an amount equal to the balance of the proceeds of the Series 2007B Bonds so received, for the payment of the Costs of the Series 2007B Improvement Project, including without limitation the payment of the initial premium due in respect of the Series 2007B Bond Insurance Policy (which payment may be made on behalf of the City by the Underwriters and treated as if it were received by the city and accounted for in the Series 2007B Project Account).

**ARTICLE V.  
MISCELLANEOUS**

Section 5.01. Series 2007A-B Bond Purchase Agreement. The execution and delivery of the 2007A-B Bond Purchase Agreement is hereby authorized and requested.

Section 5.02. Preliminary Official Statement and Official Statement. The use and distribution of the Preliminary Official Statement and the execution, the delivery and use of the



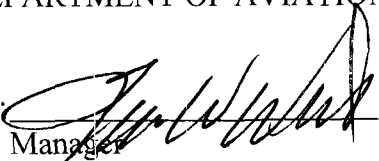
Official Statement, in substantially the form filed with the Clerk, and with such omissions, insertions and variations as may by the circumstances be required or permitted hereby or by the General Bond Ordinance, or may be consistent herewith or with the General Bond Ordinance, are hereby authorized and requested.

Section 5.03. Series 2007A-B Continuing Disclosure Undertaking. The execution and delivery of the Series 2007A-B Continuing Disclosure Undertaking are hereby authorized and requested.

Section 5.04. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 2007A Bonds, the Series 2007A Improvement Project, the Series 2007B Bonds and the 2007B Improvement Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 2007A-B Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City, for and on behalf of the Department.

DATED this 19th day of July 2007.

DEPARTMENT OF AVIATION

By:   
Manager



**City and County of Denver, Colorado**

for and on behalf of its Department of Aviation

Airport System Revenue Bonds

Series 2007C

**SERIES 2007C MANAGER'S RESOLUTION**

## A RESOLUTION

CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; APPROVING, AUTHORIZING, AND REQUESTING THE ISSUANCE OF THE “CITY AND COUNTY OF DENVER, COLORADO, FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION, AIRPORT SYSTEM REVENUE BONDS, SERIES 2007C” FOR THE PURPOSE OF DEFRAYING A PORTION OF THE COST OF REFUNDING CERTAIN OTHER AIRPORT SYSTEM REVENUE BONDS NOW OUTSTANDING, AND REQUESTING THE EXECUTION OF CERTAIN AGREEMENTS AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the “City” and the “State,” respectively), is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the “Department”); and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the “Enterprise Ordinance”), the City designated the Department as an “enterprise” within the meaning of Section 20, Article X, State Constitution; and

(5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(6) WHEREAS, the Manager has determined and does hereby declare:

A. The procedures and requirements of Article V, Chapter 20 of the Revised Municipal Code of the City and County of Denver have been completely and timely met in respect of the negotiated sale of the Series 2007C Bonds (as defined herein) to the Underwriters (as defined herein);

B. The Series 2007C Bonds are to be issued pursuant to this Series 2007C Manager’s Resolution and the provisions of the General Bond Ordinance (as defined herein), and the Series 2007C Bonds shall constitute “Bonds” as such term is defined in the General Bond Ordinance;

C. All acts, conditions and things required by law and by the General Bond Ordinance to exist, to have happened and to have been performed as a condition to the

issuance of the Series 2007C Bonds, do or will exist, have happened or will happen, and have been or will have been performed in regular and due time, form and manner as required by law;

(7) WHEREAS, prior to the enactment of the Series 2007C Supplemental Bond Ordinance (as defined herein) there will have been filed with the City's Clerk and Recorder:

- A. the proposed form of the Series 2007C Bond Purchase Agreement;
- B. the proposed form of the Preliminary Official Statement;
- C. the proposed form of the Escrow Agreement; and
- D. the proposed form of the Series 2007C Bonds Continuing Disclosure Undertaking.

**NOW, THEREFORE, BE IT RESOLVED BY THE MANAGER OF THE DEPARTMENT OF AVIATION OF THE CITY AND COUNTY OF DENVER:**

**ARTICLE I.  
SHORT TITLE, DEFINITIONS,  
AND EFFECTIVE DATE**

Section 1.01. Short Title.

A. This resolution may be cited as the “Series 2007C Manager’s Resolution” (the “Manager’s Resolution”).

Section 1.02. Meanings and Construction.

A. General Bond Ordinance Definitions. All defined terms in this Manager’s Resolution have the meanings set forth in Section 102A of the 1984 Airport System General Bond Ordinance (as amended and supplemented from time to time), except as otherwise expressly provided herein.

B. Additional Definitions. For all purposes of this Manager’s Resolution and any other document relating hereto, except where the context by clear implication otherwise requires:

(1) “Bond Insurance Policy” means the municipal bond new issue policy issued by the Bond Insurer that guarantees payment of the principal of and interest on any Series 2007C Bonds.

(2) “Bond Insurer” means MBIA Insurance Corporation and any successor and assign thereof.



(3) “Consent Agent” means American National Bank and any successor and assign thereof.

(4) “Escrow Agreement” means the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B Escrow Agreement,” by and between the City and the Escrow Bank, substantially in the form filed with the Clerk.

(5) “Escrow Bank” means Zions First National Bank and any successor or assign thereof.

(6) “General Bond Ordinance” means the “1984 Airport System General Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Bond Ordinance, including without limitation the Series 2007C Supplemental Bond Ordinance relating to the Series 2007C Bonds.

(7) “Official Statement” means the final Official Statement relating to the Series 2007C Bonds, in substantially the form of the Preliminary Official Statement, with such omissions, insertions, endorsements and variations as may be required by the circumstances and are not inconsistent with the provisions the Series 2007C Supplemental Bond Ordinance.

(8) “Preliminary Official Statement” means the Preliminary Official Statement relating to the Series 2007C Bonds, in substantially the form filed with the Clerk.

(9) “Refunded Bonds” means the Series 2003B Bonds being refunded as set forth in the Escrow Agreement.

(10) “Securities Depository” means The Depository Trust Company, hereby designated as the depository for the Series 2007C Bonds, and includes any nominee or successor thereof.

(11) “Series 2003B Escrow Account” means as such term is defined herein.

(12) “Series 2007C Bond Purchase Agreement” means the contract between the City, for and on behalf of its Department, and the Underwriters for the purchase of the Series 2007C Bonds, in substantially the form filed with the Clerk.

(13) “Series 2007C Bonds” means those securities authorized hereunder and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C.”

(14) “Series 2007C Bonds Registrar” means the City Treasurer, and includes any successor thereof.

(15) “Series 2007C Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking relating to the Series 2007C Bonds in substantially the form filed with the Clerk.

(16) “Series 2007C Refunding Project” means the project to be financed with the proceeds of the Series 2007C Bonds used to advance refund the Refunded Bonds by paying the principal of and interest and premium, if any, on the Refunded Bonds. The Series 2007C Refunding Project shall constitute a Refunding Project within the meaning of the General Bond Ordinance.

(17) “Series 2007C Supplemental Bond Ordinance” means Ordinance No. 376 Series of 2007, authorizing the issuance of the Series 2007C Bonds by the City, for and on behalf of the Department.

(18) “Underwriters” means Citigroup Global Markets Inc., J.P. Morgan Securities Inc., and Ramirez & Co., Inc.

Section 1.03. Bond Insurance Policy. The purchase from the Bond Insurer of the Bond Insurance Policy is hereby authorized, approved and requested.

Section 1.04. Ordinance an Irrepealable Contract. The Series 2007C Supplemental Bond Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and the owners of the Series 2007C Bonds, except as otherwise provided in the Series 2007C Supplemental Bond Ordinance and the General Bond Ordinance.

Section 1.05. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency, but nothing in the Series 2007C Supplemental Bond Ordinance shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent

provision therein shall remain applicable to any other bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 1.06. Severability. If any section, subsection, paragraph, clause, or other provision of this Manager's Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Manager's Resolution.

Section 1.07. Effective Date. This Manager's Resolution shall take effect immediately upon its execution by the Manager.

**ARTICLE II.  
MANAGER'S DETERMINATIONS  
NECESSITY OF SERIES 2007C REFUNDING PROJECT,  
SERIES 2007C BONDS, AND TERMS OF BOND SALE**

Section 2.01. Authority for this Resolution. This Manager's Resolution is executed pursuant to and as contemplated by the Enterprise Ordinance, enacted pursuant to the City's powers as a home rule city organized and operating under the charter and Article XX of the State Constitution, and enacted pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended, and the Manager hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

Section 2.02. Necessity and Approval of the Series 2007C Refunding Project, Series 2007C Bonds. The Manager hereby determines and declares that the Series 2007C Refunding Project and Series 2007C Bonds are necessary and in the best interests of the City and its residents.

Section 2.03. Terms of Bond Sale. The Series 2007C Bond Purchase Agreement is hereby approved and authorized; and the Series 2007C Bonds shall be sold and delivered to the Underwriters, in accordance with the Series 2007C Bond Purchase Agreement, bearing interest and otherwise upon the terms and conditions therein and herein provided.

**ARTICLE III.  
AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE  
OF SERIES 2007C BONDS**

Section 3.01. Authorization of Series 2007C Bonds. There are hereby approved, authorized and requested to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2007C Refunding Project, the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C,” in the maximum aggregate principal amount of \$245,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and the Series 2007C Supplemental Bond Ordinance. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Bond Requirements of the Series 2007C Bonds as therein and herein provided.

Section 3.02. Bond Details. The Series 2007C Bonds shall be issued in such form and with such terms, conditions, redemption features, and other details and under such procedures as are set forth in the Series 2007C Supplemental Bond Ordinance. The Series 2007C Bonds shall bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2033. The Treasurer is hereby authorized, without further approval of the Manager, to determine in conformity with the standards set forth in the Series 2007C Supplemental Bond Ordinance and

after the Series 2007C Bonds have been priced in the market: (i) the principal amounts of the Series 2007C Bonds; (ii) the coupon interest rate or rates on the Series 2007C Bonds; (iii) the maturity or maturities of the Series 2007C Bonds (any of which may include Series 2007C Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemption; (iv) provisions for the optional redemption of any or all of the Series 2007C Bonds prior to maturity; and (v) the purchase price of the Series 2007C Bonds; all as may be necessary to effect the Series 2007C Refunding Project and in a manner to achieve net present value savings to the City provided that the principal amount of the Series 2007C Bonds shall not exceed \$245,000,000, the estimated true interest cost of the Series 2007C Bonds shall not exceed 5.60%, the Underwriter's discount (if applicable) relating to the Series 2007C Bonds shall not exceed .750% of the principal amount thereof, and the Series 2007C Bonds shall be subject to redemption at the option of the City, if at all, at a redemption premium not to exceed 102% of the principal amount so redeemed. Such determinations shall be evidenced by a Pricing Certificate filed with the Clerk, and except as otherwise expressly provided in the Series 2007C Supplemental Bond Ordinance or in the General Bond Ordinance, the terms of the Series 2007C Bonds shall be as set forth in the Pricing Certificate.

#### **ARTICLE IV. USE OF BOND PROCEEDS**

Section 4.01. Disposition of Series 2007C Bond Proceeds. The net proceeds of the Series 2007C Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Series 2003B Escrow Account. First, to the special account hereby created with the Escrow Bank and designated as the "City and County of Denver,

Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B Escrow Account” (the “2003B Escrow Account”), the amount which, after taking into account the other amounts expected to be deposited therein, the Treasurer determines to be necessary to purchase the securities to fund the initial cash balance, as required by the Escrow Agreement. Amounts in the 2003B Escrow Account shall be used as provided in the Escrow Agreement.

B. Series 2007C Project Account. Second, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C Project Account,” (the “Series 2007C Project Account”), an amount equal to the balance of the proceeds of the Series 2007C Bonds so received, for the payment of the Costs of the Series 2007C Refunding Project, including without limitation the payment of the initial premium due in respect of the Bond Insurance Policy (which payment may be made on behalf of the City by the Underwriters and treated as if it were received by the City and accounted for in the Series 2007C Project Account).

Section 4.02. Other Transfers. The Treasurer is hereby authorized to transfer to the Series 2003B Escrow Account such other amounts, if any, legally available in the Bond Fund as the Treasurer determines to be necessary to effect the Series 2007C Refunding Project.

## **ARTICLE V. MISCELLANEOUS**

Section 5.01. Series 2007C Bond Purchase Agreement. The execution and delivery of the 2007C Bond Purchase Agreement is hereby authorized and requested.

Section 5.02. Escrow Agreement. The execution and delivery of the Escrow Agreement, in substantially the form filed with the Clerk, with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may by the circumstances be required or permitted hereby or by the General Bond Ordinance, or may be consistent herewith or with the General Bond Ordinance, are hereby authorized and requested.

Section 5.03. Preliminary Official Statement and Official Statement. The use and distribution of the Preliminary Official Statement and the execution, the delivery and use of the Official Statement, in substantially the form filed with the Clerk, and with such omissions, insertions and variations as may by the circumstances be required or permitted hereby or by the General Bond Ordinance, or may be consistent herewith or with the General Bond Ordinance, are hereby authorized and requested.

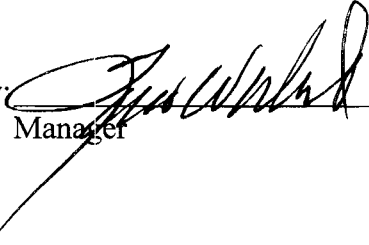
Section 5.04. Series 2007C Continuing Disclosure Undertaking. The execution and delivery of the Series 2007C Continuing Disclosure Undertaking are hereby authorized and requested.

Section 5.05. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 2007C Bonds, the Series 2007C Refunding Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 2007C Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City, for and on behalf of the Department.



DATED this 19th day of July 2007.

DEPARTMENT OF AVIATION

By:  \_\_\_\_\_  
Manager



**City and County of Denver, Colorado**

for and on behalf of its Department of Aviation

Airport System Revenue Bonds

Series 2007D-E

**SERIES 2007D-E MANAGER'S RESOLUTION**

## A RESOLUTION

CONCERNING THE AIRPORT FACILITIES OF THE CITY AND COUNTY OF DENVER; APPROVING, AUTHORIZING, AND REQUESTING THE ISSUANCE OF THE “CITY AND COUNTY OF DENVER, COLORADO, FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION, AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D” AND THE “CITY AND COUNTY OF DENVER, COLORADO, FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION, AIRPORT SYSTEM REVENUE BONDS, SERIES 2007E” FOR THE PURPOSE OF DEFRAYING THE COST OF ACQUIRING, IMPROVING AND EQUIPPING CERTAIN AIRPORT FACILITIES, AND REQUESTING THE EXECUTION OF CERTAIN AGREEMENTS AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the “City” and the “State,” respectively), is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

(3) WHEREAS, pursuant to Article XX, State Constitution, the Charter of the City, and the plenary grant of powers as a home-rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter of the City in the Department of Aviation of the City (the “Department”); and

(4) WHEREAS, by Ordinance No. 755, Series of 1993 (the “Enterprise Ordinance”), the City designated the Department as an “enterprise” within the meaning of Section 20, Article X, State Constitution; and

(5) WHEREAS, the Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(6) WHEREAS, the Manager has determined and does hereby declare:

A. The procedures and requirements of Article V, Chapter 20 of the Revised Municipal Code of the City and County of Denver have been completely and timely met in respect of the negotiated sale of the Series 2007D-E Bonds (as defined herein) to the Underwriters (as defined herein);

B. The Series 2007D-E Bonds are to be issued pursuant to this Series 2007D-E Manager’s Resolution and the provisions of the General Bond Ordinance (as defined herein), and the Series 2007D-E Bonds shall constitute “Bonds” as such term is defined in the General Bond Ordinance;

C. All acts, conditions and things required by law and by the General Bond Ordinance to exist, to have happened and to have been performed as a condition to the

issuance of the Series 2007D-E Bonds, do or will exist, have happened or will happen, and have been or will have been performed in regular and due time, form and manner as required by law; including without limitation the approval, following a public hearing of a plan of financing pursuant to which the Series 2007D-E Bonds are to be issued, all in accordance with and to the extent required by Section 147(f) of the Tax Code;

(7) WHEREAS, prior to the enactment of the Series 2007D-E Supplemental Bond Ordinance (as defined herein) there will have been filed with the City's Clerk and Recorder:

- A. the proposed form of the Series 2007D-E Bond Purchase Agreement;
- B. the proposed form of the Preliminary Official Statement; and
- C. the proposed form of the Series 2007D-E Bonds Continuing Disclosure Undertaking.

**NOW, THEREFORE, BE IT RESOLVED BY THE MANAGER OF THE DEPARTMENT OF AVIATION OF THE CITY AND COUNTY OF DENVER:**

**ARTICLE I.  
SHORT TITLE, DEFINITIONS,  
AND EFFECTIVE DATE**

Section 1.01. Short Title.

A. This resolution may be cited as the “Series 2007D-E Manager’s Resolution” (the “Manager’s Resolution”).

Section 1.02. Meanings and Construction.

A. General Bond Ordinance Definitions. All defined terms in this Manager’s Resolution have the meanings set forth in Section 102A of the 1984 Airport System General Bond Ordinance (as amended and supplemented from time to time), except as otherwise expressly provided herein.

B. Additional Definitions. For all purposes of this Manager’s Resolution and any other document relating hereto, except where the context by clear implication otherwise requires:

(1) “Consent Agent” means American National Bank and any successor and assign thereof.

(2) “General Bond Ordinance” means the “1984 Airport System General Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Bond Ordinance, including without limitation the

Series 2007D-E Supplemental Bond Ordinance relating to the Series 2007D-E Bonds.

(3) “Official Statement” means the final Official Statement relating to the Series 2007D-E Bonds, in substantially the form of the Preliminary Official Statement, with such omissions, insertions, endorsements and variations as may be required by the circumstances and are not inconsistent with the provisions the Series 2007D-E Supplemental Bond Ordinance.

(4) “Preliminary Official Statement” means the Preliminary Official Statement relating to the Series 2007D-E Bonds, in substantially the form filed with the Clerk.

(5) “Securities Depository” means The Depository Trust Company, hereby designated as the depository for the Series 2007D-E Bonds, and includes any nominee or successor thereof.

(6) “Series 2007D Bond Insurance Policy” means the financial guaranty insurance policy issued by the Series 2007D Bond Insurer that guarantees payment of the principal of and interest on any Series 2007D Bonds.

(7) “Series 2007D Bond Insurer” means MBIA Insurance Corporation and any successor and assign thereof.

(8) “Series 2007D-E Bond Purchase Agreement” means the contract between the City, for and on behalf of its Department, and the Underwriters for



the purchase of the Series 2007D-E Bonds, in substantially the form filed with the Clerk.

(9) “Series 2007D Bonds” means those securities authorized hereunder and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D.”

(10) “Series 2007D Improvement Project” means the project to be financed with the proceeds of the Series 2007D Bonds used to acquire, improve and equip certain Airport Facilities. The Series 2007D Improvement Project shall constitute an Improvement Project within the meaning of the General Bond Ordinance.

(11) “Series 2007D-E Bonds” means together the Series 2007D Bonds and the Series 2007E Bonds.

(12) “Series 2007D-E Bonds Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking relating to the Series 2007D-E Bonds in substantially the form filed with the Clerk.

(13) “Series 2007D-E Bonds Registrar” means the City Treasurer, and includes any successor thereof.

(14) “Series 2007D-E Supplemental Bond Ordinance” means Ordinance No. 415 Series of 2007, authorizing the issuance of the Series 2007D-E Bonds by the City, for and on behalf of the Department.

(15) “Series 2007E Bond Insurance Policy” means the financial guaranty insurance policy issued by the Series 2007E Bond Insurer that guarantees payment of the principal and interest on any Series 2007E Bonds.

(16) “Series 2007E Bond Insurer” means Ambac Assurance Corporation and any successor and assign thereof.

(17) “Series 2007E Bonds” means those securities authorized hereunder and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E.”

(18) “Series 2007E Improvement Project” means the project to be financed with the proceeds of the Series 2007E Bonds used to acquire, improve and equip certain Airport Facilities. The Series 2007E Improvement Project shall constitute an Improvement Project within the meaning of the General Bond Ordinance.

(19) “Underwriters” means Lehman Brothers Inc., Piper Jaffray & Co., Citigroup Global Markets Inc., and RBC Capital Markets.

Section 1.03. Bond Insurance Policies. The purchase from the Series 2007D Bond Insurer of the 2007D Bond Insurance Policy and the purchase from the Series 2007E Bond Insurer of the 2007E Bond Insurance Policy is hereby authorized, approved and requested.

Section 1.04. Ordinance an Irrepealable Contract. The Series 2007D-E Supplemental Bond Ordinance and the General Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and the owners of the Series 2007D-E Bonds, except as otherwise provided in the Series 2007D-E Supplemental Bond Ordinance and the General Bond Ordinance.

Section 1.05. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency, but nothing in the Series 2007D-E Supplemental Bond Ordinance shall be construed to repeal any provision of the General Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 1.06. Severability. If any section, subsection, paragraph, clause, or other provision of this Manager's Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Manager's Resolution.

Section 1.07. Effective Date. This Manager's Resolution shall take effect immediately upon its execution by the Manager.

**ARTICLE II.  
MANAGER'S DETERMINATIONS  
NECESSITY OF SERIES 2007D IMPROVEMENT PROJECT,  
SERIES 2007E IMPROVEMENT PROJECT,  
SERIES 2007D BONDS, SERIES 2007E BONDS  
AND TERMS OF BOND SALE**

Section 2.01. Authority for this Resolution. This Manager's Resolution is executed pursuant to and as contemplated by the Enterprise Ordinance, enacted pursuant to the City's powers as a home rule city organized and operating under the charter and Article XX of the State Constitution, and enacted pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended, and the Manager hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof.

Section 2.02. Necessity and Approval of the Series 2007D Improvement Project, Series 2007E Improvement Project, Series 2007D Bonds and Series 2007E Bonds. The Manager hereby determines and declares that the Series 2007D Improvement Project, Series 2007E Improvement Project, Series 2007D Bonds and Series 2007E Bonds are necessary and in the best interests of the City and its residents.

Section 2.03. Terms of Bond Sale. The Series 2007D-E Bond Purchase Agreement is hereby approved and authorized; and the Series 2007D-E Bonds shall be sold and delivered to the Underwriters, in accordance with the Series 2007D-E Bond Purchase Agreement, bearing interest and otherwise upon the terms and conditions therein and herein provided.

**ARTICLE III.  
AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE  
OF SERIES 2007D-E BONDS**

Section 3.01. Authorization of Series 2007D-E Bonds. There are hereby approved, authorized and requested to be issued by the City, for and on behalf of the Department, for the purpose of defraying the Cost of the Series 2007D Improvement Project, the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D,” in the maximum aggregate principal amount of \$204,000,000, and for the purpose of defraying the Cost of the Series 2007E Improvement Project, the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E,” in the maximum aggregate principal amount of \$57,000,000, payable as to all Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Bond Ordinance and the Series 2007D-E Supplemental Bond Ordinance. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Bond Requirements of the Series 2007D-E Bonds as therein and herein provided.

Section 3.02. Bond Details. The Series 2007D-E Bonds shall be issued in such form and with such terms, conditions, redemption features, and other details and under such procedures as are set forth in the Series 2007D-E Supplemental Bond Ordinance. The Series 2007D-E Bonds shall bear interest at a coupon rate or rates not exceeding 6.50% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2037. The Treasurer is hereby authorized, without further approval of the Manager, to determine in conformity with the standards set forth in the Series 2007D-E Supplemental Bond Ordinance and after the Series 2007D-E Bonds have been priced in the

market: (i) the respective principal amounts of the Series 2007D-E Bonds; (ii) the respective coupon interest rate or rates on the Series 2007D-E Bonds; (iii) the respective maturity or maturities of the Series 2007D-E Bonds (any of which may include Series 2007D-E Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemption; (iv) provisions for the optional redemption of any or all of the Series 2007D-E Bonds prior to maturity; and (v) the purchase price of the Series 2007D-E Bonds; all as may be necessary to effect the Series 2007D Improvement Project and the Series 2007E Improvement Project, respectively, and in a manner to achieve the most favorable net effective interest rate on the Series 2007D-E Bonds; provided that the principal amount of the Series 2007D Bonds shall not exceed \$204,000,000 and the principal amount of the Series 2007E Bonds shall not exceed \$57,000,000, the estimated true interest cost of the Series 2007D Bonds and the Series 2007E Bonds, respectively, shall not exceed 5.60%, the Underwriter's discount (if applicable) relating to the Series 2007D Bonds and the Series 2007E Bonds, respectively, shall not exceed .750% of the principal amount thereof, and the Series 2007D Bonds and the Series 2007E Bonds, respectively, shall be subject to redemption at the option of the City, if at all, at a redemption premium not to exceed 102% of the principal amount so redeemed. Such determinations shall be evidenced by a Pricing Certificate filed with the Clerk, and except as otherwise expressly provided in the Series 2007D-E Supplemental Bond Ordinance or in the General Bond Ordinance, the terms of the Series 2007D-E Bonds shall be as set forth in the Pricing Certificate.

**ARTICLE IV.  
USE OF BOND PROCEEDS**

Section 4.01. Disposition of Series 2007D Bond Proceeds. The net proceeds of the Series 2007D Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2007D Bonds.

B. Series 2007D Capitalized Interest Subaccount. Second, to a special and separate subaccount hereby created in the Capitalized Interest Account of the Project Fund designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D, Capitalized Interest Subaccount,” (the “Series 2007D Capitalized Interest Subaccount”), an amount, and for such period, as the Treasurer may determine to be necessary to pay capitalized interest on a portion of the Series 2007D Bonds. Amounts in the Series 2007D Capitalized Interest Subaccount shall be transferred to the Interest Account at the times and in the amounts provided in a payment schedule furnished by the Treasurer and expended therefrom for interest due and payable on the applicable Series 2007D Bonds; provided that nothing herein shall prevent the transfer of amounts from the Series 2007D Capitalized Interest Subaccount to the Series 2007D Project Account (as defined below) to the extent the Treasurer may determine such amounts are necessary to defray other Costs of the Series 2007D Improvement Project.

C. Series 2007D Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D Project Account,” (the “Series 2007D Project Account”), an amount equal to the balance of the proceeds of the Series 2007D Bonds so received, for the payment of the Costs of the Series 2007D Improvement Project, including without limitation the payment of the initial premium due in respect of the Series 2007D Bond Insurance Policy (which payment may be made on behalf of the City by the Underwriters and treated as if it were received by the City and accounted for in the Series 2007D Project Account).

Section 4.02. Disposition of Series 2007E Bond Proceeds. The net proceeds of the Series 2007E Bonds, upon the receipt thereof, shall be deposited in the following accounts and applied for purposes thereof:

A. Bond Reserve Fund. First, to the Bond Reserve Fund an amount, if any, determined by the Treasurer as necessary to fund the Minimum Bond Reserve upon the issuance of the Series 2007E Bonds.

B. Series 2007E Capitalized Interest Subaccount. Second, to a special and separate subaccount hereby created in the Capitalized Interest Account of the Project Fund designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E, Capitalized Interest Subaccount,” (the “Series 2007E Capitalized Interest Subaccount”), an amount, and for such period, as the Treasurer may determine to be necessary to pay capitalized interest on a portion of the Series 2007E Bonds. Amounts in the Series 2007E



Capitalized Interest Subaccount shall be transferred to the Interest Account at the times and in the amounts provided in a payment schedule furnished by the Treasurer and expended therefrom for interest due and payable on the applicable Series 2007E Bonds; provided that nothing herein shall prevent the transfer of amounts from the Series 2007E Capitalized Interest Subaccount to the Series 2007E Project Account (as defined below) to the extent the Treasurer may determine such amounts are necessary to defray other Costs of the Series 2007E Improvement Project.

C. Series 2007E Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E Project Account,” (the “Series 2007E Project Account”), an amount equal to the balance of the proceeds of the Series 2007E Bonds so received, for the payment of the Costs of the Series 2007E Improvement Project, including without limitation the payment of the initial premium due in respect of the Series 2007E Bond Insurance Policy (which payment may be made on behalf of the City by the Underwriters and treated as if it were received by the city and accounted for in the Series 2007E Project Account).

**ARTICLE V.  
MISCELLANEOUS**

Section 5.01. Series 2007D-E Bond Purchase Agreement. The execution and delivery of the 2007D-E Bond Purchase Agreement is hereby authorized and requested.

Section 5.02. Preliminary Official Statement and Official Statement. The use and distribution of the Preliminary Official Statement and the execution, the delivery and use of the

Official Statement, in substantially the form filed with the Clerk, and with such omissions, insertions and variations as may by the circumstances be required or permitted hereby or by the General Bond Ordinance, or may be consistent herewith or with the General Bond Ordinance, are hereby authorized and requested.

Section 5.03. Series 2007D-E Continuing Disclosure Undertaking. The execution and delivery of the Series 2007D-E Continuing Disclosure Undertaking are hereby authorized and requested.

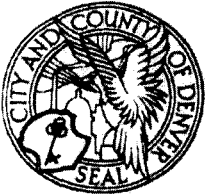
Section 5.04. Applicability of General Bond Ordinance. Except as otherwise provided herein, the provisions of the General Bond Ordinance govern the Series 2007D Bonds, the Series 2007D Improvement Project, the Series 2007E Bonds and the 2007E Improvement Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Bond Ordinance shall in respect of the Series 2007D-E Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City, for and on behalf of the Department.

DATED this 2nd day of August 2007.

DEPARTMENT OF AVIATION

By:   
Manager

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# CITY AND COUNTY OF DENVER

John W. Hickenlooper  
Mayor

DEPARTMENT OF REVENUE

CLAUDE PUMILIA  
MANAGER OF REVENUE

ROOM 300  
144 W. COLFAX AVE.  
DENVER, COLORADO 80202  
PHONE: (720) 865-7200

Honorable Michael Hancock  
Denver City Council President  
City and County Building, Room 451  
Denver, CO 80202

June 25, 2007

Dear Council President Hancock:

In keeping with the provisions of Section 20-93 of the Denver Revised Municipal Code (the "DRMC"), I am hereby notifying you of the Department of Revenue's intent to issue Airport System Revenue Bonds, Series 2007A-E (together the 2007A through E Bonds). The Bonds will be tax-exempt and each series will be structured consistent with the Airport's 2007 Plan of Finance.

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Bonds are special obligations of the City, for and on behalf of the Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Series 2007A through E Bonds.

In keeping with the intent of 20-93(b) of the DRMC, the President of Council will be notified promptly of any material change. The accompanying *Attachments A-E* contains a more detailed description of the financings. I do not anticipate formally communicating technical changes in the financing.

Sincerely,

Handwritten signature of Claude Pumilia in cursive.

Claude Pumilia  
Manager of Revenue

Attachment

C: Honorable Dennis J. Gallagher, Auditor  
Stephanie O'Malley, Clerk and Recorder  
Debra Bartleson, City Council Liaison  
Helen Raabe, City Attorney's Office

**DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2007A-B**

**I. The Proposed Financing**

The Airport System Revenue Bonds, Series A-B will be issued as tax exempt, fixed rate debt with an approximate total par amount of \$300 million. Bond proceeds will go toward various construction and improvement projects at the Airport, including 1700 parking spaces and a regional jet facility on Concourse B as part of the 2007 Airport Plan of Finance. It is expected that most of the Series A-B Bonds will be insured and receive Aaa/AAA/AAA ratings from Moody's, Standard and Poor's, and Fitch when rated. Currently, these rating agencies maintain A1/A+/A+ ratings respectively on the Airport's underlying, uninsured credit.

**II. Security for the Bonds**

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a senior lien pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Bonds.

**III. The Sale Process**

The bonds will be sold in a negotiated sale with Goldman Sachs serving as the Senior Underwriter. The co-managers are JP Morgan, RBC Capital, and Harvestons Securities. The City uses the financial advising services of First Albany Capital and Estrada Hinojosa for airport financings.

**IV. The Proposed Timetable of Events**

Major events in the proposed timetable are noted below:

<i>Date</i>	<i>Event</i>
June 25, 2007	20-93 Notification read to Council
June 26, 2007	Mayor-Council Meeting
July 16, 2007	First Council reading of the Ordinance
July 23, 2007	Second Council reading of the Ordinance
July 25, 2007	Price the Bonds
August 14, 2007	Close the transaction

**V. Counsel**

Hogan & Hartson and Bookhardt & O'Toole serve as co-Bond Counsel on DIA bond transactions. Firms were selected through a competitive process conducted through the City Attorney's Office.

**VI. Other Information**

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.

Attachment B:

**DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2007C**

I. The Proposed Financing

The Airport System Revenue Bonds, Series C will be issued as tax exempt, fixed rate debt with an approximate total par amount of \$160 million. Bond proceeds will be used to advance refund the outstanding 1998B and 2003B issues as part of the 2007 Airport Plan of Finance. Refunding the outstanding bonds is projected to offer present value savings and lower debt service costs. It is expected that most of the Series C Bonds will be insured and receive Aaa/AAA/AAA ratings from Moody's, Standard and Poor's, and Fitch when rated. Currently, these rating agencies maintain A1/A+/A+ ratings respectively on the Airport's underlying, uninsured credit.

II. Security for the Bonds

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a senior lien pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Bonds.

III. The Sale Process

The bonds will be sold in a negotiated sale with Citigroup serving as the Senior Underwriter. The co-managers are JP Morgan and Ramirez & Co. The City uses the financial advising services of First Albany Capital and Estrada Hinojosa for airport financings.

IV. The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

<i>Date</i>	<i>Event</i>
June 25, 2007	20-93 Notification read to Council
June 26, 2007	Mayor-Council Meeting
July 16, 2007	First Council reading of the Ordinance
July 23, 2007	Second Council reading of the Ordinance
July 25, 2007	Price the Bonds
August 14, 2007	Close the transaction

V. Counsel

Hogan & Hartson and Bookhardt & O'Toole serve as co-Bond Counsel on DIA bond transactions. Firms were selected through a competitive process conducted through the City Attorney's Office.

VI. Other Information

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.

Attachment C:

**DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2007 D**

I. The Proposed Financing

The Airport System Revenue Bonds, Series D will be issued as tax exempt, fixed rate debt with an approximate total par amount of \$200 million. Bond proceeds will be used to advance fund various construction and improvement projects at the Airport as part of the 2008 Airport Capital Improvement Plan. The advance funding is being undertaken to lock in historically low interest rates in anticipation of future construction plans. It is expected that most of the Series D Bonds will be insured and receive Aaa/AAA/AAA ratings from Moody's, Standard and Poor's, and Fitch when rated. Currently, these rating agencies maintain A1/A+/A+ ratings respectively on the Airport's underlying, uninsured credit.

II. Security for the Bonds

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a senior lien pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Bonds.

III. The Sale Process

The bonds will be sold in a negotiated sale with Lehman Brothers serving as the Senior Underwriter. The co-managers are Piper Jaffray and RBC Capital. The City uses the financial advising services of First Albany Capital and Estrada Hinojosa for airport financings.

IV. The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

<i>Date</i>	<i>Event</i>
June 20, 2007	Consent agenda
June 25, 2007	20-93 Notification read to Council
June 26, 2007	Mayor-Council Meeting
July 16, 2007	First Council reading of the Ordinance
July 23, 2007	Second Council reading of the Ordinance
August 9, 2007	Price the Bonds
August 30, 2007	Close the transaction

V. Counsel

Hogan & Hartson and Bookhardt & O'Toole serve as co-Bond Counsel on DIA bond transactions. Firms were selected through a competitive process conducted through the City Attorney's Office.

VI. Other Information

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.



## DESCRIPTION OF THE AIRPORT SYSTEM REVENUE BONDS, SERIES 2007 E

### I. The Proposed Financing

The Airport System Revenue Bonds, Series E will be issued as tax exempt, variable rate debt with an approximate total par amount of \$360 million. Bond proceeds will be used to current refund the outstanding 1997E bonds as part of the 2007 Airport Plan of Finance. The current refunding of the outstanding bonds is expected to provide present value savings as well as lower debt service costs. The Series E bonds will be issued as variable rate demand bonds and Auction Rate Securities in conjunction with the 2006 forward starting fixed payor 70% of 1-month LIBOR swap to create synthetic fixed rate debt. It is expected that most of the Series E Bonds will be insured and receive Aaa/AAA/AAA ratings from Moody's, Standard and Poor's, and Fitch when rated. Currently, these rating agencies maintain A1/A+/A+ ratings respectively on the Airport's underlying, uninsured credit. The Series E Bonds issued as variable rate demand bonds will have a liquidity provider.

### II. Security for the Bonds

The City has by ordinance designated the Department of Aviation as an Enterprise within the meaning of the TABOR Amendment to the Colorado State Constitution. The Bonds are special obligations of the City, issued for and on behalf of the Department of Aviation. The bonds are payable solely from and secured by a senior lien pledge of the Net Revenues of the Airport System. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the owners of the Bonds. Neither the full faith and credit, nor the taxing power of the City, will be pledged in payment of the Bonds.

### III. The Sale Process

The bonds will be sold in a negotiated sale with Bear Stearns serving as the Senior Underwriter. The co-managers are Piper Jaffray and UBS. The City uses the financial advising services of First Albany Capital and Estrada Hinojosa for airport financings.

### IV. The Proposed Timetable of Events

Major events in the proposed timetable are noted below:

<i>Date</i>	<i>Event</i>
June 25, 2007	20-93 Notification read to Council
June 26, 2007	Mayor-Council Meeting
July 16, 2007	First Council reading of the Ordinance
July 23, 2007	Second Council reading of the Ordinance
October 16, 2007	Price the Bonds
October 17, 2007	Close the transaction

### V. Counsel

Hogan & Hartson and Bookhardt & O'Toole serve as co-Bond Counsel on DIA bond transactions. Firms were selected through a competitive process conducted through the City Attorney's Office.

### VI. Other Information

I know of no event that will affect the financing as described herein. In keeping with the intent of the 20-93 of the DRMC, the President of Council will be notified promptly of any material change to the financing. I do not anticipate formally communicating technical changes of an immaterial nature or minor changes in the timetable.

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**CITY AND COUNTY OF DENVER, COLORADO  
OMNIBUS CERTIFICATE  
SERIES 2007A-B**

The undersigned hereby certify that they are, respectively, the duly chosen and acting or designated Mayor, Auditor, Clerk and Recorder, Manager of the Department of Aviation, Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer, and City Attorney of the City and County of Denver, Colorado (the "City"). Except as otherwise provided herein, all defined terms used herein shall have the meanings given them in the Ordinance, as defined in paragraph 8 below. The undersigned further certify as follows:

1. The City is a legally and regularly created, established, organized and existing municipal corporation and political subdivision of the State of Colorado under the provisions of Article XX of the Constitution of the State of Colorado and the Charter of the City (the "Charter"), its full corporate name being "City and County of Denver."

2. From at least August 1, 2007, to and including the date hereof, the following have been and now are, the duly chosen, qualified and acting officers of the City:

Mayor	John W. Hickenlooper
Auditor	Dennis Gallagher
Clerk and Recorder, <i>ex-officio</i> Clerk	Stephanie Y. O'Malley
Manager of the Department of Aviation	Turner West
Manager of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	Claude Pumilia
City Attorney	Arlene V. Dykstra, Esq.

3. From at least August 1, 2007, to and including the date hereof, the Council members of the City have been and now are:

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

4. Each of the foregoing officers has duly taken and filed an oath of office; each of them legally required to give bond or undertaking has given or filed such bond or undertaking in the form and amount required by law and has otherwise duly qualified; and each of them is the duly chosen, qualified, and acting officer legally holding the respective office designated.

5. The regular meetings of the Council are held in the Council Chambers, Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, commencing at the hour of 5:30 p.m. on Monday of each calendar week; but when any such day falls upon a legal holiday, the Council meets on the next succeeding Tuesday.

6. Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), by which the City designated the Department of Aviation as an "Enterprise" within the meaning of Section 20, Article X, Colorado Constitution, provides that the City owns the Department of Aviation; the Manager of the Department of Aviation is the governing body of the Department of Aviation; and the Department of Aviation has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department of Aviation or from any other available funds, as authorized by ordinance after the approval and authorization by the Manager of the Department of Revenue. In support thereof, the City hereby certifies that (i) the Department of Aviation has no taxing power, (ii) the Department of Aviation does not receive any substantial support from any other City fund, (iii) the City expects the Department of Aviation to continue operating as a business on a self-supporting basis and without reliance on grants from the City, the State or other local governments, and (iv) in calendar year 2006 the Airport System received, and in calendar year 2007 it anticipates receiving, under 10% of its annual revenues in grants or other forms of subsidy from all State and local governments combined, including inter-fund transfers and contributions, whether in the form of cash, services, construction, repair or maintenance of Airport System assets, or any other thing of value.

7. As contemplated by the Enterprise Ordinance, the Manager of the Department of Aviation has executed a resolution approving, authorizing and requesting the issuance by the City, for and on behalf of its Department of Aviation, of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B."

8. There is no reason within our knowledge why the City may not deliver its \$188,350,000 aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A (the "Series 2007A Bonds") and its \$24,250,000 aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B (the "Series 2007B Bonds" and together with the Series 2007A Bonds, the "Bonds"), authorized by the 1984 Airport System General Bond Ordinance, enacted on November 26, 1984, as Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), as supplemented and amended from time to time, including by the Series 2007A-B Airport System Supplemental Bond Ordinance, enacted on July 30, 2007, as Ordinance No. 375, Series of 2007 (the "Ordinance").

9. Except as set forth in the Ordinance, there are no bonds or other securities of the City which are payable from the Net Revenues of the Airport System or secured by a lien thereon on a parity with the Senior Bonds.

10. No referendum petitions have been filed with respect to the Ordinance, and to the best of our knowledge no such petitions are being circulated or planned for circulation.

11. Pursuant to the provisions of the Revised Municipal Code of the City following written notification of the Department of Revenue's intent to issue the Bonds, from the Treasurer to the President of the Council, dated June 25, 2007, and formally communicated to Council on June 25, 2007, the Council assigned the matter to the Economic Development Committee.

12. The City has duly authorized the execution and delivery of the Official Statement, the Bond Purchase Agreement with respect to the Series 2007A-B Bonds (the "Bond Purchase Agreement"), the Continuing Disclosure Undertaking with respect to the Series 2007A-B Bonds (the "Continuing Disclosure Undertaking"), and all other agreements and documents as may be required to be executed and delivered by the City in order to carry out, give effect to and consummate the transactions contemplated by such documents and the Ordinance; and the execution and delivery of such documents, under the circumstances contemplated thereby, and the compliance by the City with the provisions thereof, will not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement or other instrument to which the City is subject or by which it is bound.

13. To the best of our knowledge, neither the Mayor, any member of the City Council, nor any other officer, employee or agent of the City is interested, directly or indirectly, in the profits of any contract or services to be performed in connection with the Series 2007A Improvement Project and Series 2007B Improvement Project (except in the performance of his or her official rights, privileges, powers and duties, and except lawful compensation or salary as such officer, employee or agent); nor have such persons solicited or received any pay, commission, money or anything of value or derived any benefit, profit or advantage, directly or indirectly, from or by reason of any dealings with or service for the City in connection with the issuance of the Bonds.

14. All meetings of the City Council at which any action has been taken with respect to the Bonds, have been open to the public at all times.

15. The Daily Journal is a daily newspaper, is the official newspaper of the city, and is printed, published, and of general circulation in the City. All notices required to have been published in connection with the issuance of the Bonds have been published therein.

16. In accordance with Section 5(d)(6) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meaning given them in the Bond Purchase Agreement) the undersigned Mayor, Manager of the Department of Aviation, and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify:

(a) The representations and agreements of the City contained in the Bond Purchase Agreement are true and correct as of the date of the Closing;

(b) Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (i) contesting or affecting the validity or authority for the issuance or delivery of the Bonds or seeking to restrain or enjoin the issuance or delivery of the Bonds; (ii) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007A-B Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (iii) contesting or affecting the validity of the Concession Agreements or seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (iv) contesting the completeness or accuracy of the Official Statement; or (v) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007A-B Manager's Resolution, the Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking;

(c) The financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period;

(d) Since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in the or contemplated by the Official Statement; and

(e) No default has occurred and is continuing under the Ordinance.

17. In accordance with Section 5(d)(9) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meanings given them in the Bond Purchase Agreement), the undersigned Manager of the Department of Aviation and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify (i) at the time of the adoption of the Series 2007A-B Supplemental Ordinance, the City was not in default in making any payments required by Art. V of the Ordinance and (ii) that the Official Statement was complete and accurate as of its date of delivery to the Underwriters and, with respect to Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portion of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE" and in Appendices F, I and J) does not, as of the Closing date, contain any untrue statement of a

material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.


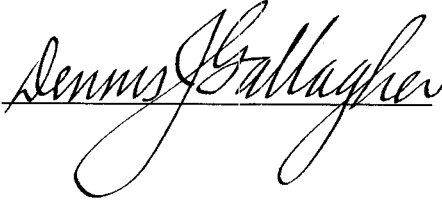
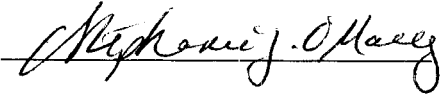
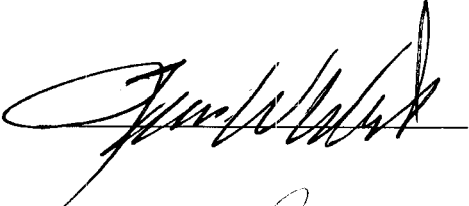
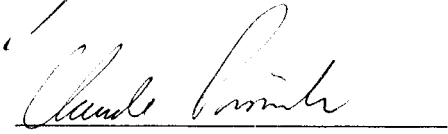
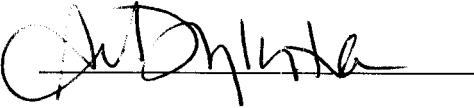
18. In the opinion of the undersigned City Attorney, the issuance of the Bonds has been duly authorized and all conditions precedent to the delivery of the Bonds have been fulfilled.

19. The manual or facsimile signatures of the Mayor, the Auditor, the Clerk and Recorder and the Manager of the Department of Aviation which appear on the Bonds are true and proper manual signatures or facsimiles of their respective signatures and the facsimile seal of the City which appears on the Bonds is a true and proper facsimile of the legally adopted, proper and only official seal for the City; and such manual or facsimile signatures and seal, as they appear on the Bonds are hereby respectively adopted. Attached hereto as Exhibit A-1 is a specimen of the form of the Series 2007A Bonds. Attached hereto as Exhibit A-2 is a specimen form of the Series 2007B Bonds.

20. On or prior to the date hereof, the Manager of the Department of Aviation and the Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, manually executed counterparts of the Official Statement.

21. On the respective dates of such signings and on the date hereof, the undersigned were, and now are, the duly sworn, qualified and acting officers of the City authorized to execute the Bonds, the Ordinance, the Official Statement (except for the information relating to the Bond Insurers), the Bond Purchase Agreement, the Continuing Disclosure Undertaking, and such certificates and opinions as are required by the Bond Purchase Agreement and then did and now do hold the offices indicated by the official titles set opposite our respective names below.

IN WITNESS WHEREOF, we have hereunto set our hands and the corporate seal of the City this 29th day of August 2007.

SIGNATURE	OFFICIAL TITLE	TERMS OF OFFICE EXPIRES
	Mayor, City and County of Denver	July 16, 2011
	Auditor, City and County of Denver	July 16, 2011
	Clerk and Recorder, <i>ex-officio</i> Clerk, City and County of Denver	No fixed term
	Manager of the Department of Aviation	No fixed term
	Manager of the Department of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	No fixed term
	City Attorney	No fixed term

(SEAL)





**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007A**

No. A-1 \$17,925,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2023	August 29, 2007	2491814 L9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVENTEEN MILLION NINE HUNDRED TWENTY FIVE THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007A**

No. A-2 \$25,185,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2024	August 29, 2007	2491814 M7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY FIVE MILLION ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007A**

No. A-3 \$26,445,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2026	August 29, 2007	2491814 N5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY SIX MILLION FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007A**

No. A-4 \$27,770,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2027	August 29, 2007	2491814 P0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY SEVEN MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay hereon from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
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FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007A**

No. A-5 \$91,025,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2030	August 29, 2007	2491814 Q8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETY ONE MILLION TWENTY FIVE THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted

interest. Notice of the Special Record Date shall be given by first-class mail to the owner hereof as shown on the registration books on a date selected by the Series 2007A-B Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

The Series 2007A Bonds shall bear interest and mature in regular numerical order on November 15 in each of the designated amounts of principal and years, as follows:

<u>Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$ 17,925,000	5.00%
2024	\$ 25,185,000	5.00%
2026	\$ 26,445,000	5.00%
2027	\$ 27,770,000	5.00%
2030	\$ 91,025,000	5.00%

The Series 2007A Bonds maturing on and after November 15, 2018 shall be subject to redemption prior to maturity at the option of the City, on and after November 15, 2017. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount thereof without premium, and accrued interest to the Redemption Date.

The Series 2007A Bonds maturing on November 15, 2030 are also subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on November 15 in each of the years and in the principal amounts set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>
2028	\$ 29,155,000
2029	\$ 30,615,000
2030 (final maturity)	\$ 31,255,000

If less than all of the Series 2007A Bonds maturing on any date are redeemed, the Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may deem equitable (giving proportionate weight to Series 2007A Bonds in denominations larger than a single unit of authorized denomination). In the event a portion of any the Series 2007A Bond is redeemed, the Series 2007A-B Bonds Registrar shall, without charge to the owner of such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

Prior redemption shall be in the manner and upon the conditions provided in the resolution approving, authorizing, and requesting the issuance of the Series 2007A Bonds, executed by the Manager of the Department on July 18, 2007 (the

"Manager's Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from time to time, including by Ordinance No. 375, Series of 2007, authorizing the issuance of the Series 2007A Bonds and adopted and made laws of the City prior to the issuance of the Series 2007A Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's Resolution and of the General Bond Ordinance are on file for public inspection in the office of the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein, defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

The Series 2007A Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be considered or held to be general obligations of the City. The City has not pledged its full faith and credit for the payment of the Series 2007A Bonds. The Series 2007A Bonds are special obligations of the City, for and on behalf of the Department, and are payable and collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport System and the funds and accounts to the extent provided in the Manager's Resolution and General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this Bond.

Payment of the Bond Requirements due in connection with the Series 2007A Bonds shall (except as provided herein) be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the General Bond Ordinance, four special and separate subaccounts created by the General Bond Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Series 2007A Bonds and any other bonds issued pursuant to the General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to the extent therein provided, a special and separate account created by the General Bond Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf of the Department, covenants to accumulate and maintain from such Net Revenues a specified reserve for such purpose. To the extent provided in the Manager's Resolution and the General Bond Ordinance, the Bond Requirements of the Series 2007A Bonds may also be paid from the special and separate account created by the General Bond Ordinance and defined therein as the Capital Fund, and the special and separate subaccount created by the General Bond Ordinance and defined therein as the PFC Debt Service Account.

The Series 2007A Bonds are equally and ratably secured by a lien on the Net Revenues, and the Series 2007A Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds,

Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B, Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A, Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport System Reserve Bonds, Series 2006A, Airport System Revenue Bonds, Series 2006B, Airport System Revenue Bonds, Series 2007B, Airport System Revenue Bonds, Series 2007C, Airport System Revenue Bonds, Series 2007D, and Airport System Revenue Bonds, Series 2007E. Bonds and other securities, in addition to the Series 2007A Bonds, subject to express conditions, have been and may hereafter be issued and made payable from the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien of, subject to additional express conditions, having a lien thereon on a parity with the lien of the Series 2007A Bonds, in accordance with the provisions of the General Bond Ordinance.

The Series 2007A Bonds are issued for the purposes of (i) acquiring, improving, and equipping certain Airport Facilities (ii) paying certain Costs relating to the Series 2007A Bonds.

The Series 2007A Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest) and are issuable in denominations authorized by the General Bond Ordinance. Upon surrender of any of such Bonds to the Series 2007A-B Bonds Registrar with a written instrument satisfactory to the Series 2007A-B Bonds Registrar duly executed by the owner or his or her duly authorized attorney, such Series 2007A Bond may, at the option of the owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity or other authorized denominations, subject to such terms and conditions as are set forth in the General Bond Ordinance.

Every privilege of registration, transfer, discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of the General Bond Ordinance.

Reference is made to the Manager's Resolution, the General Bond Ordinance, the Pricing Certificate, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Series 2007A Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Series 2007A Bonds with respect thereto, the terms and conditions upon which the Series 2007A Bonds are issued, and a statement of rights, duties, immunities, and obligations of the City and other rights and remedies of the owners of the Series 2007A Bonds.



This Bond is one of an authorized series of bonds of the City in the principal amount of \$188,350,000, designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds" or the "Bonds"). The Series 2007A Bonds are issued by the City, for and on behalf of the Department, pursuant to the home rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and pursuant to the General Bond Ordinance this recital is conclusive evidence of the validity of the Series 2007A Bonds and the regularity of their issuance.

To the extent and in the respects permitted by the General Bond Ordinance, the provisions of the General Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Ordinance. The pledge of revenues and other obligations of the City under the General Bond Ordinance may be discharged at or prior to the respective maturities or prior redemption of the Series 2007A Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the General Bond Ordinance.

Subject to the provisions for registration for payment stated herein and endorsed hereon, this Series 2007A Bond is subject to the conditions, and every owner hereof by accepting the same agrees with the obligor and with every subsequent owner hereof that: (a) the delivery of this Series 2007A Bond to any transferee as registered owner shall vest title in this Series 2007A Bond to such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to a registered owner; (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2007A Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Bond Requirements of this Series 2007A Bond shall be paid, and this Series 2007A Bond is transferable, free from and without regard to any equities between the obligor and the original or any intermediate registered owner hereof or any setoffs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2007A Bond shall be a good discharge to the obligor for the same.

By the purchase and acceptance of this Bond from time to time, the owners (including without limitation Participants in the Securities Depository and beneficial owners) hereof are deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of amendments to the General Bond Ordinance in substantially the form set forth in the Official Statement related to the Series 2007A Bonds and (ii) appointed the Consent Agent as their agent, with irrevocable instructions to file a written consent to that effect at the time and place and otherwise in the manner provided by the General Bond Ordinance.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Series 2007A Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond

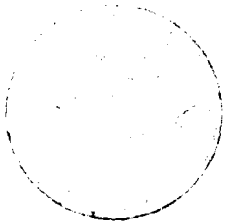
Ordinance; and that this Series 2007A Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2007A Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2007A Bonds after their delivery for value.

No recourse shall be had for the payment of the Bond Requirements of this Series 2007A Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance or other instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Series 2007A Bond and as a part of the consideration of its issuance specifically waived and released.

IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused this Series 2007A Bond to be signed and executed in the name of the City, for and on behalf of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007A Bond to be executed and attested by the manual or facsimile signature of the City Clerk and Recorder; all as of August 29, 2007.

CITY AND COUNTY OF DENVER,  
COLORADO,  
for and on behalf of its Department of Aviation

By: [Signature]  
Mayor



(SEAL)

Attest:

[Signature]  
City Clerk and Recorder

SPECIMEN

Countersigned:

[Signature]  
City Auditor

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2007A Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2007A-B Bonds Registrar for such Series 2007A Bonds.

Series 2007A-B Bonds Registrar

By: *Charles Kumbia*  
Authorized Signatory

Date of Authentication: August 29, 2007

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007A Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007A-B Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax identification number of transferee:

\_\_\_\_\_

ASSIGNMENT

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2007A Bond in every particular, without alteration or enlargement or any change whatsoever.

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), Denver, Colorado.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described Obligations, the full and complete payment required to be made by or on behalf of the Issuer to the Treasurer or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean

\$188,350,000  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS,  
SERIES 2007A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment of surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instrument to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust

National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process of the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

**MBIA INSURANCE CORPORATION**

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System



August 29, 2007

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the Net Revenues of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

August 29, 2007

Page 4

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

*Hogan + Hartson LLP*

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1975 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

August 29, 2007

Page 3

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A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

August 29, 2007

Page 4

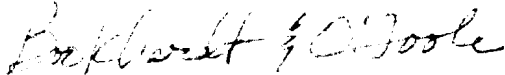
**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,



BOOKHARDT & O'TOOLE

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007B**

No. B-1 \$24,250,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2032	August 29, 2007	2491814 R6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY FOUR MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007A-B Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at



the close of business on a Special Record Date for the payment of any defaulted interest. Notice of the Special Record Date shall be given by first-class mail to the owner hereof as shown on the registration books on a date selected by the Series 2007A-B Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

The Series 2007B Bonds shall bear interest and mature in regular numerical order on November 15 in each of the designated amounts of principal and years, as follows:

<u>Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2032	\$ 24,250,000	5.00%

The Series 2007B Bonds maturing on and after November 15, 2018 shall be subject to redemption prior to maturity at the option of the City, on and after November 15, 2017. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations, in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount thereof without premium, and accrued interest to the Redemption Date.

If less than all of the Series 2007B Bonds maturing on any date are redeemed, the Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may deem equitable (giving proportionate weight to Series 2007B Bonds in denominations larger than a single unit of authorized denomination). In the event a portion of any the Series 2007B Bond is redeemed, the Series 2007A-B Bonds Registrar shall, without charge to the owner of such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

Prior redemption shall be in the manner and upon the conditions provided in the resolution approving, authorizing, and requesting the issuance of the Series 2007B Bonds, executed by the Manager of the Department on July 18, 2007 (the "Manager's Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from time to time, including by Ordinance No. 375, Series of 2007, authorizing the issuance of the Series 2007B Bonds and adopted and made laws of the City prior to the issuance of the Series 2007B Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's Resolution and of the General Bond Ordinance are on file for public inspection in the office of the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein, defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

The Series 2007B Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be considered or held to be general obligations of the City. The City has not pledged its full faith and credit for the payment of the Series 2007B Bonds. The Series 2007B Bonds are special obligations of the City, for and on behalf of the

Department, and are payable and collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport System and the funds and accounts to the extent provided in the Manager's Resolution and General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this Bond.

Payment of the Bond Requirements due in connection with the Series 2007B Bonds shall (except as provided herein) be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the General Bond Ordinance, four special and separate subaccounts created by the General Bond Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Series 2007B Bonds and any other bonds issued pursuant to the General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to the extent therein provided, a special and separate account created by the General Bond Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf of the Department, covenants to accumulate and maintain from such Net Revenues a specified reserve for such purpose. To the extent provided in the Manager's Resolution and the General Bond Ordinance, the Bond Requirements of the Series 2007B Bonds may also be paid from the special and separate account created by the General Bond Ordinance and defined therein as the Capital Fund, and the special and separate subaccount created by the General Bond Ordinance and defined therein as the PFC Debt Service Account.

The Series 2007B Bonds are equally and ratably secured by a lien on the Net Revenues, and the Series 2007B Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B, Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A, Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport System Reserve Bonds, Series 2006A, Airport System Revenue Bonds, Series 2006B, Airport System Revenue Bonds, Series 2007A,

Airport System Revenue Bonds, Series 2007C, Airport System Revenue Bonds, Series 2007D, and Airport System Revenue Bonds, Series 2007E. Bonds and other securities, in addition to the Series 2007B Bonds, subject to express conditions, have been and may hereafter be issued and made payable from the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien or, subject to additional express conditions, having a lien thereon on a parity with the lien, of the Series 2007B Bonds, in accordance with the provisions of the General Bond Ordinance.

The Series 2007B Bonds are issued for the purposes of (i) acquiring, improving, and equipping certain Airport Facilities (ii) paying certain Costs relating to the Series 2007B Bonds.

The Series 2007B Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest), and are issuable in denominations authorized by the General Bond Ordinance. Upon surrender of any of such Bonds to the Series 2007A-B Bonds Registrar with a written instrument satisfactory to the Series 2007A-B Bonds Registrar duly executed by the owner or his or her duly authorized attorney, such Series 2007B Bond may, at the option of the owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity or other authorized denominations, subject to such terms and conditions as are set forth in the General Bond Ordinance.

Every privilege of registration, transfer, discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of the General Bond Ordinance.

Reference is made to the Manager's Resolution, the General Bond Ordinance, the Pricing Certificate, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Series 2007B Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Series 2007B Bonds with respect thereto, the terms and conditions upon which the Series 2007B Bonds are issued, and a statement of rights, duties, immunities, and obligations of the City and other rights and remedies of the owners of the Series 2007B Bonds.

This Bond is one of an authorized series of bonds of the City in the principal amount of \$24,250,000, designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds" or the "Bonds"). The Series 2007B Bonds are issued by the City, for and on behalf of the Department, pursuant to the home rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and pursuant to the General Bond Ordinance this recital is conclusive evidence of the validity of the Series 2007B Bonds and the regularity of their issuance.

To the extent and in the respects permitted by the General Bond Ordinance, the provisions of the General Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Ordinance. The pledge of revenues and other obligations of the City under the General Bond Ordinance may be discharged at or prior to the respective maturities or prior redemption of the Series 2007B Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the General Bond Ordinance.

Subject to the provisions for registration for payment stated herein and endorsed hereon, this Series 2007B Bond is subject to the conditions, and every owner hereof by accepting the same agrees with the obligor and with every subsequent owner hereof that: (a) the delivery of this Series 2007B Bond to any transferee as registered owner shall vest title in this Series 2007A Bond in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to a registered owner; (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2007B Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Bond Requirements of this Series 2007B Bond shall be paid, and this Series 2007B Bond is transferable, free from and without regard to any equities between the obligor and the original or any intermediate registered owner hereof or any setoffs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2007B Bond shall be a good discharge to the obligor for the same.

By the purchase and acceptance of this Bond from time to time, the owners (including without limitation Participants in the Securities Depository and beneficial owners) hereof are deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of amendments to the General Bond Ordinance in substantially the form set forth in the Official Statement related to the Series 2007B Bonds and (ii) appointed the Consent Agent as their agent, with irrevocable instructions to file a written consent to that effect at the time and place and otherwise in the manner provided by the General Bond Ordinance.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Series 2007B Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond Ordinance; and that this Series 2007B Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2007B Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2007B Bonds after their delivery for value.

No recourse shall be had for the payment of the Bond Requirements of this Series 2007B Bond or for any claim based thereon, or otherwise, upon the General

Bond Ordinance or other instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Series 2007B Bond and as a part of the consideration of its issuance specifically waived and released.

**SPECIMEN**

IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused this Series 2007B Bond to be signed and executed in the name of the City, for and on behalf of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007B Bond to be executed and attested by the manual or facsimile signature of the City Clerk and Recorder; all as of August 29, 2007.

CITY AND COUNTY OF DENVER,  
COLORADO,  
for and on behalf of its Department of Aviation

By:   
\_\_\_\_\_  
Mayor

(SEAL)



Attest:

  
\_\_\_\_\_  
City Clerk and Recorder

**SPECIMEN**

Countersigned:

  
\_\_\_\_\_  
City Auditor

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2007B Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2007A-B Bonds Registrar for such Series 2007B Bonds.

Series 2007A-B Bonds Registrar

By: 

\_\_\_\_\_  
Authorized Signatory

Date of Authentication: August 29, 2007

**SPECIMEN**

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007B Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007A-B Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of transferee:

\_\_\_\_\_

**NOTE:** The signature to this Assignment must correspond with the name as written on the face of the within Series 2007B Bond in every particular, without alteration or enlargement or any change whatsoever.

**SPECIMEN**



## STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. 26909BE (the "Policy") with respect to payments due for principal of and interest on this Series 2007B Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the Bank of New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payment required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

www.hhlaw.com

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

*Hogan + Hartson LLP*

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

August 29, 2007

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993 designating the Department as an "enterprise" within the meaning of Section 20, Article IX of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

August 29, 2007

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A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.



August 29, 2007

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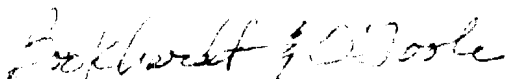
**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,



BOOKHARDT & O'TOOLE



**CITY AND COUNTY OF DENVER, COLORADO  
OMNIBUS CERTIFICATE  
SERIES 2007C**

The undersigned hereby certify that they are, respectively, the duly chosen and acting or designated Mayor, Auditor, Clerk and Recorder, Manager of the Department of Aviation, Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer, and City Attorney of the City and County of Denver, Colorado (the "City"). Except as otherwise provided herein, all defined terms used herein shall have the meanings given them in the Ordinance, as defined in paragraph 8 below. The undersigned further certify as follows:

1. The City is a legally and regularly created, established, organized and existing municipal corporation and political subdivision of the State of Colorado under the provisions of Article XX of the Constitution of the State of Colorado and the Charter of the City (the "Charter"), its full corporate name being "City and County of Denver."

2. From at least August 1, 2007, to and including the date hereof, the following have been and now are, the duly chosen, qualified and acting officers of the City:

Mayor	John W. Hickenlooper
Auditor	Dennis Gallagher
Clerk and Recorder, <i>ex-officio</i> Clerk	Stephanie Y. O'Malley
Manager of the Department of Aviation	Turner West
Manager of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	Claude Pumilia
City Attorney	Arlene V. Dykstra, Esq.

3. From at least August 1, 2007, to and including the date hereof, the Council members of the City have been and now are:

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

4. Each of the foregoing officers has duly taken and filed an oath of office; each of them legally required to give bond or undertaking has given or filed such bond or undertaking in the form and amount required by law and has otherwise duly qualified; and each of them is the duly chosen, qualified, and acting officer legally holding the respective office designated.

5. The regular meetings of the Council are held in the Council Chambers, Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, commencing at the hour of 5:30 p.m. on Monday of each calendar week; but when any such day falls upon a legal holiday, the Council meets on the next succeeding Tuesday.

6. Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), by which the City designated the Department of Aviation as an "Enterprise" within the meaning of Section 20, Article X, Colorado Constitution, provides that the City owns the Department of Aviation; the Manager of the Department of Aviation is the governing body of the Department of Aviation; and the Department of Aviation has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department of Aviation or from any other available funds, as authorized by ordinance after the approval and authorization by the Manager of the Department of Revenue. In support thereof, the City hereby certifies that (i) the Department of Aviation has no taxing power, (ii) the Department of Aviation does not receive any substantial support from any other City fund, (iii) the City expects the Department of Aviation to continue operating as a business on a self-supporting basis and without reliance on grants from the City, the State or other local governments, and (iv) in calendar year 2006 the Airport System received, and in calendar year 2007 it anticipates receiving, under 10% of its annual revenues in grants or other forms of subsidy from all State and local governments combined, including inter-fund transfers and contributions, whether in the form of cash, services, construction, repair or maintenance of Airport System assets, or any other thing of value.

7. As contemplated by the Enterprise Ordinance, the Manager of the Department of Aviation has executed a resolution approving, authorizing and requesting the issuance by the City, for and on behalf of its Department of Aviation, of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C."

8. There is no reason within our knowledge why the City may not deliver its \$34,635,000 aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C (the "Series 2007C Bonds" or "Bonds") authorized by the 1984 Airport System General Bond Ordinance, enacted on November 26, 1984, as Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), as supplemented and amended from time to time, including by the Series 2007C Airport System Supplemental Bond Ordinance, enacted on July 30, 2007, as Ordinance No. 376, Series of 2007 (the "Ordinance").

9. Except as set forth in the Ordinance, there are no bonds or other securities of the City which are payable from the Net Revenues of the Airport System or secured by a lien thereon on a parity with the Senior Bonds.

10. No referendum petitions have been filed with respect to the Ordinance, and to the best of our knowledge no such petitions are being circulated or planned for circulation.

11. Pursuant to the provisions of the Revised Municipal Code of the City following written notification of the Department of Revenue's intent to issue the Bonds, from the Treasurer to the President of the Council, dated June 25, 2007, and formally communicated to Council on June 25, 2007, the Council assigned the matter to the Economic Development Committee.

12. The City has duly authorized the execution and delivery of the Official Statement, the Bond Purchase Agreement with respect to the Series 2007C Bonds (the "Bond Purchase Agreement"), the Continuing Disclosure Undertaking with respect to the Series 2007C Bonds (the "Continuing Disclosure Undertaking"), and all other agreements and documents as may be required to be executed and delivered by the City in order to carry out, give effect to and consummate the transactions contemplated by such documents and the Ordinance; and the execution and delivery of such documents, under the circumstances contemplated thereby, and the compliance by the City with the provisions thereof, will not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement or other instrument to which the City is subject or by which it is bound.

13. To the best of our knowledge, neither the Mayor, any member of the City Council, nor any other officer, employee or agent of the City is interested, directly or indirectly, in the profits of any contract or services to be performed in connection with the Series 2007C Refunding Project (except in the performance of his or her official rights, privileges, powers and duties, and except lawful compensation or salary as such officer, employee or agent); nor have such persons solicited or received any pay, commission, money or anything of value or derived any benefit, profit or advantage, directly or indirectly, from or by reason of any dealings with or service for the City in connection with the issuance of the Bonds.

14. All meetings of the City Council at which any action has been taken with respect to the Bonds, have been open to the public at all times.

15. The Daily Journal is a daily newspaper, is the official newspaper of the city, and is printed, published, and of general circulation in the City. All notices required to have been published in connection with the issuance of the Bonds have been published therein.

16. In accordance with Section 5(d)(6) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meaning given them in the Bond Purchase Agreement) the undersigned Mayor, Manager of the Department of Aviation, and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify:

(a) The representations and agreements of the City contained in the Bond Purchase Agreement are true and correct as of the date of the Closing;

(b) Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (i) contesting or affecting the validity or authority for the issuance or delivery of the Bonds or seeking to restrain or enjoin the issuance or delivery of the Bonds; (ii) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking; (iii) contesting or affecting the validity of the Concession Agreements or seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (iv) contesting the completeness or accuracy of the Official Statement; or (v) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, the Bonds, the Official Statement, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking;

(c) The financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period;

(d) Since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in the or contemplated by the Official Statement; and

(e) No default has occurred and is continuing under the Ordinance.

17. In accordance with Section 5(d)(9) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meanings given them in the Bond Purchase Agreement), the undersigned Manager of the Department of Aviation and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify (i) at the time of the adoption of the Series 2007C Supplemental Ordinance, the City was not in default in making any payments required by Art. V of the Ordinance and (ii) that the Official Statement was complete and accurate as of its date of delivery to the Underwriters and, with respect to Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portion of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE" and in Appendices F, I and J) does not, as of the Closing date, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

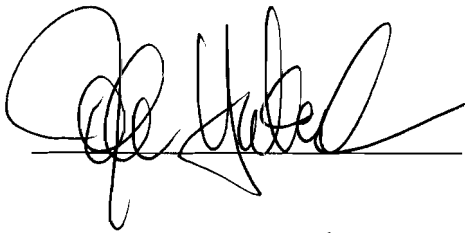

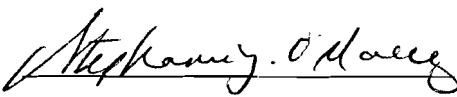
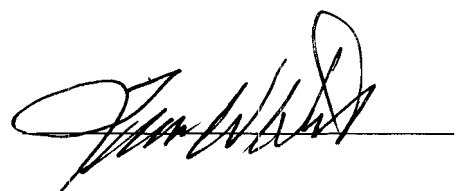
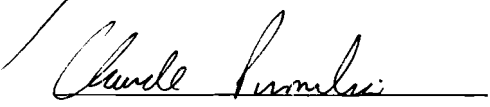
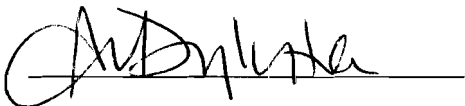
18. In the opinion of the undersigned City Attorney, the issuance of the Bonds has been duly authorized and all conditions precedent to the delivery of the Bonds have been fulfilled.

19. The manual or facsimile signatures of the Mayor, the Auditor, the Clerk and Recorder and the Manager of the Department of Aviation which appear on the Bonds are true and proper manual signatures or facsimiles of their respective signatures and the facsimile seal of the City which appears on the Bonds is a true and proper facsimile of the legally adopted, proper and only official seal for the City; and such manual or facsimile signatures and seal, as they appear on the Bonds are hereby respectively adopted. Attached hereto as Exhibit A is a specimen of the form of the Series 2007C Bonds.

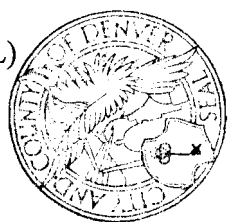
20. On or prior to the date hereof, the Manager of the Department of Aviation and the Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, manually executed counterparts of the Official Statement.

21. On the respective dates of such signings and on the date hereof, the undersigned were, and now are, the duly sworn, qualified and acting officers of the City authorized to execute the Bonds, the Ordinance, the Official Statement (except for the information relating to the Bond Insurer), the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Escrow Agreement and such certificates and opinions as are required by the Bond Purchase Agreement and then did and now do hold the offices indicated by the official titles set opposite our respective names below.

IN WITNESS WHEREOF, we have hereunto set our hands and the corporate seal of the City this 29th day of August 2007.

SIGNATURE	OFFICIAL TITLE	TERMS OF OFFICE EXPIRES
	Mayor, City and County of Denver	July 16, 2011
	Auditor, City and County of Denver	July 16, 2011
	Clerk and Recorder, <i>ex-officio</i> Clerk, City and County of Denver	No fixed term
	Manager of the Department of Aviation	No fixed term
	Manager of the Department of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	No fixed term
	City Attorney	No fixed term

(SEAL)





**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007C**

No. C-1 \$3,815,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2016	August 29, 2007	2491814 S4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE MILLION EIGHT HUNDRED FIFTEEN THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007C Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007C**

No. C-2 \$4,870,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2017	August 29, 2007	2491814 T2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR MILLION EIGHT HUNDRED SEVENTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promise to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007C Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007C**

No. C-3 \$25,950,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.00%	November 15, 2033	August 29, 2007	2491814 U9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY FIVE MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007C Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the owner hereof at

the close of business on a Special Record Date for the payment of any defaulted interest. Notice of the Special Record Date shall be given by first-class mail to the owner hereof as shown on the registration books on a date selected by the Series 2007C Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

The Series 2007C Bonds shall bear interest and mature in regular numerical order on November 15 in each of the designated amounts of principal and years, as follows:

<u>Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$ 3,815,000	5.00%
2017	\$ 4,870,000	5.00%
2033	\$ 25,950,000	5.00%

The Series 2007C Bonds maturing on and after November 15, 2018 shall be subject to redemption prior to maturity at the option of the City, on and after November 15, 2017. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount thereof without premium, and accrued interest to the Redemption Date.

If less than all of the Series 2007C Bonds maturing on any date are redeemed, the Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may deem equitable (giving proportionate weight to Series 2007C Bonds in denominations larger than a single unit of authorized denomination). In the event a portion of any the Series 2007C Bond is redeemed, the Series 2007C Bonds Registrar shall, without charge to the owner of such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

Prior redemption shall be in the manner and upon the conditions provided in the resolution approving, authorizing, and requesting the issuance of the Series 2007C Bonds, executed by the Manager of the Department on July 18, 2007 (the "Manager's Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from time to time, including by Ordinance No. 376, Series of 2007, authorizing the issuance of the Series 2007C Bonds and adopted and made laws of the City prior to the issuance of the Series 2007C Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's Resolution and of the General Bond Ordinance are on file for public inspection in the office of the City Clerk and Recorder in Denver, Colorado. Except as otherwise provided herein, defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

The Series 2007C Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be considered or held to be general obligations of the City. The

City has not pledged its full faith and credit for the payment of the Series 2007C Bonds. The Series 2007C Bonds are special obligations of the City, for and on behalf of the Department, and are payable and collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport System and the funds and accounts to the extent provided in the Manager's Resolution and General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this Bond.

Payment of the Bond Requirements due in connection with the Series 2007C Bonds shall (except as provided herein) be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the General Bond Ordinance, four special and separate subaccounts created by the General Bond Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Series 2007C Bonds and any other bonds issued pursuant to the General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to the extent therein provided, a special and separate account created by the General Bond Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf of the Department, covenants to accumulate and maintain from such Net Revenues a specified reserve for such purpose. To the extent provided in the Manager's Resolution and the General Bond Ordinance, the Bond Requirements of the Series 2007C Bonds may also be paid from the special and separate account created by the General Bond Ordinance and defined therein as the Capital Fund, and the special and separate subaccount created by the General Bond Ordinance and defined therein as the PFC Debt Service Account.

The Series 2007C Bonds are equally and ratably secured by a lien on the Net Revenues, and the Series 2007C Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B, Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A, Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, and Airport System

Revenue Bonds, Series 2005C1-C2, Airport System Revenue Bonds, Series 2006A, Airport System Revenue Bonds, Series 2006B, Airport System Revenue Bonds, Series 2007A, Airport System Revenue Bonds, Series 2007B, Airport System Revenue Bonds, Series 2007D, and Airport System Revenue Bonds, Series 2007E. Bonds and other securities, in addition to the Series 2007C Bonds, subject to express conditions, have been and may hereafter be issued and made payable from the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien or, subject to additional express conditions, having a lien thereon on a parity with the lien, of the Series 2007C Bonds, in accordance with the provisions of the General Bond Ordinance.

The Series 2007C Bonds are issued for the purposes of (i) refunding the Refunded Bonds and (ii) paying certain Costs relating to the Series 2007C Bonds.

The Series 2007C Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest), and are issuable in denominations authorized by the General Bond Ordinance. Upon surrender of any of such Bonds to the Series 2007C Bonds Registrar with a written instrument satisfactory to the Series 2007C Bonds Registrar duly executed by the owner or his or her duly authorized attorney, such Series 2007C Bond may, at the option of the owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity or other authorized denominations, subject to such terms and conditions as are set forth in the General Bond Ordinance.

Every privilege of registration, transfer, discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of the General Bond Ordinance.

Reference is made to the Manager's Resolution, the General Bond Ordinance, the Pricing Certificate, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Series 2007C Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Series 2007C Bonds with respect thereto, the terms and conditions upon which the Series 2007C Bonds are issued, and a statement of rights, duties, immunities, and obligations of the City and other rights and remedies of the owners of the Series 2007C Bonds.

This Bond is one of an authorized series of bonds of the City in the principal amount of \$34,635,000, designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds" or the "Bonds"). The Series 2007C Bonds are issued by the City, for and on behalf of the Department, pursuant to the home rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and pursuant to the General Bond Ordinance this recital is conclusive evidence of the validity of the Series 2007C Bonds and the regularity of their issuance.

To the extent and in the respects permitted by the General Bond Ordinance, the provisions of the General Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Ordinance. The pledge of revenues and other obligations of the City under the General Bond Ordinance may be discharged at or prior to the respective maturities or prior redemption of the Series 2007C Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the General Bond Ordinance.

Subject to the provisions for registration for payment stated herein and endorsed hereon, this Series 2007C Bond is subject to the conditions, and every owner hereof by accepting the same agrees with the obligor and with every subsequent owner hereof that: (a) the delivery of this Series 2007C Bond to any transferee as registered owner shall vest title in this Series 2007C Bond in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to a registered owner; (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2007C Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Bond Requirements of this Series 2007C Bond shall be paid, and this Series 2007C Bond is transferable, free from and without regard to any equities between the obligor and the original or any intermediate registered owner hereof or any setoffs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2007C Bond shall be a good discharge to the obligor for the same.

By the purchase and acceptance of this Bond from time to time, the owners (including without limitation Participants in the Securities Depository and beneficial owners) hereof are deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of amendments to the General Bond Ordinance in substantially the form set forth in the Official Statement related to the Series 2007C Bonds and (ii) appointed the Consent Agent as their agent, with irrevocable instructions to file a written consent to that effect at the time and place and otherwise in the manner provided by the General Bond Ordinance.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Series 2007C Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond Ordinance; and that this Series 2007C Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2007C Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2007C Bonds after their delivery for value.

No recourse shall be had for the payment of the Bond Requirements of this Series 2007C Bond or for any claim based thereon, or otherwise, upon the General

Bond Ordinance or other instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Series 2007C Bond and as a part of the consideration of its issuance specifically waived and released.

**SPECIMEN**



IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused this Series 2007C Bond to be signed and executed in the name of the City, for and on behalf of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007C Bond to be executed and attested by the manual or facsimile signature of the City Clerk and Recorder; all as of August 29, 2007.

CITY AND COUNTY OF DENVER,  
COLORADO,  
for and on behalf of its Department of Aviation

By: \_\_\_\_\_

Mayor

(SEAL)

Attest:

\_\_\_\_\_  
City Clerk and Recorder

Countersigned:

\_\_\_\_\_  
City Auditor

**SPECIMEN**

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2007C Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2007C Bonds Registrar for such Series 2007C Bonds.

**SPECIMEN**

Series 2007C Bonds Registrar

By: *Charles Sumner*  
Authorized Signatory

Date of Authentication: August 29, 2007

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007C Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007C Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of transferee:

\_\_\_\_\_

**NOTE:** The signature to this Assignment must correspond with the name as written on the face of the within Series 2007C Bond in every particular, without alteration or enlargement or any change whatsoever.

**SPECIMEN**

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), Denver, Colorado.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described Obligations, the full and complete payment required to be made by or on behalf of the Issuer to the Treasurer or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable Bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$34,635,000

CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment of surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instrument to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments

being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process of the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is noncancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 **Tel**  
+1.303.899.7333 **Fax**

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000  
Series 2007C - \$34,635,000**

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

August 29, 2007

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.



August 29, 2007

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It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

*Hogan + Hartson LLP*

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

August 29, 2007

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article 10 of the Colorado Constitution, the resolutions of the Manager of the Department authoring, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

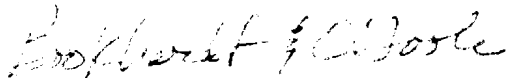
**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, of the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,



BOOKHARDT & O'TOOLE



**CITY AND COUNTY OF DENVER, COLORADO  
OMNIBUS CERTIFICATE  
SERIES 2007D**

The undersigned hereby certify that they are, respectively, the duly chosen and acting or designated Mayor, Auditor, Clerk and Recorder, Manager of the Department of Aviation, Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer, and City Attorney of the City and County of Denver, Colorado (the "City"). Except as otherwise provided herein, all defined terms used herein shall have the meanings given them in the Ordinance, as defined in paragraph 8 below. The undersigned further certify as follows:

1. The City is a legally and regularly created, established, organized and existing municipal corporation and political subdivision of the State of Colorado under the provisions of Article XX of the Constitution of the State of Colorado and the Charter of the City (the "Charter"), its full corporate name being "City and County of Denver."

2. From at least August 1, 2007, to and including the date hereof, the following have been and now are, the duly chosen, qualified and acting officers of the City:

Mayor	John W. Hickenlooper
Auditor	Dennis Gallagher
Clerk and Recorder, <i>ex-officio</i> Clerk	Stephanie Y. O'Malley
Manager of the Department of Aviation	Turner West
Manager of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	Claude Pumilia
City Attorney	Arlene V. Dykstra, Esq.

3. From at least August 1, 2007, to and including the date hereof, the Council members of the City have been and now are:

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

4. Each of the foregoing officers has duly taken and filed an oath of office; each of them legally required to give bond or undertaking has given or filed such bond or undertaking in the form and amount required by law and has otherwise duly qualified; and each of them is the duly chosen, qualified, and acting officer legally holding the respective office designated.

5. The regular meetings of the Council are held in the Council Chambers, Room 450, City and County Building, 1437 Bannock Street, Denver, Colorado, commencing at the hour of 5:30 p.m. on Monday of each calendar week; but when any such day falls upon a legal holiday, the Council meets on the next succeeding Tuesday.

6. Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), by which the City designated the Department of Aviation as an "Enterprise" within the meaning of Section 20, Article X, Colorado Constitution, provides that the City owns the Department of Aviation; the Manager of the Department of Aviation is the governing body of the Department of Aviation; and the Department of Aviation has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department of Aviation or from any other available funds, as authorized by ordinance after the approval and authorization by the Manager of the Department of Revenue. In support thereof, the City hereby certifies that (i) the Department of Aviation has no taxing power, (ii) the Department of Aviation does not receive any substantial support from any other City fund, (iii) the City expects the Department of Aviation to continue operating as a business on a self-supporting basis and without reliance on grants from the City, the State or other local governments, and (iv) in calendar year 2006 the Airport System received, and in calendar year 2007 it anticipates receiving, under 10% of its annual revenues in grants or other forms of subsidy from all State and local governments combined, including inter-fund transfers and contributions, whether in the form of cash, services, construction, repair or maintenance of Airport System assets, or any other thing of value.

7. As contemplated by the Enterprise Ordinance, the Manager of the Department of Aviation has executed a resolution approving, authorizing and requesting the issuance by the City, for and on behalf of its Department of Aviation, of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E."

8. There is no reason within our knowledge why the City may not deliver its \$147,815,000 aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D (the "Series 2007D Bonds" or the "Bonds"), authorized by the 1984 Airport System General Bond Ordinance, enacted on November 26, 1984, as Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), as supplemented and amended from time to time, including by the Series 2007D-E Airport System Supplemental Bond Ordinance, enacted on August 13, 2007, as Ordinance No. 415, Series of 2007 (the "Ordinance").



9. Except as set forth in the Ordinance, there are no bonds or other securities of the City which are payable from the Net Revenues of the Airport System or secured by a lien thereon on a parity with the Senior Bonds.

10. No referendum petitions have been filed with respect to the Ordinance, and to the best of our knowledge no such petitions are being circulated or planned for circulation.

11. Pursuant to the provisions of the Revised Municipal Code of the City following written notification of the Department of Revenue's intent to issue the Bonds, from the Treasurer to the President of the Council, dated June 25, 2007, and formally communicated to Council on June 25, 2007, the Council assigned the matter to the Economic Development Committee.

12. The City has duly authorized the execution and delivery of the Official Statement, the Bond Purchase Agreement with respect to the Series 2007D Bonds (the "Bond Purchase Agreement"), the Continuing Disclosure Undertaking with respect to the Series 2007D Bonds (the "Continuing Disclosure Undertaking"), and all other agreements and documents as may be required to be executed and delivered by the City in order to carry out, give effect to and consummate the transactions contemplated by such documents and the Ordinance; and the execution and delivery of such documents, under the circumstances contemplated thereby, and the compliance by the City with the provisions thereof, will not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement or other instrument to which the City is subject or by which it is bound.

13. To the best of our knowledge, neither the Mayor, any member of the City Council, nor any other officer, employee or agent of the City is interested, directly or indirectly, in the profits of any contract or services to be performed in connection with the Series 2007D Improvement Project (except in the performance of his or her official rights, privileges, powers and duties, and except lawful compensation or salary as such officer, employee or agent); nor have such persons solicited or received any pay, commission, money or anything of value or derived any benefit, profit or advantage, directly or indirectly, from or by reason of any dealings with or service for the City in connection with the issuance of the Bonds.

14. All meetings of the City Council at which any action has been taken with respect to the Bonds, have been open to the public at all times.

15. The Daily Journal is a daily newspaper, is the official newspaper of the city, and is printed, published, and of general circulation in the City. All notices required to have been published in connection with the issuance of the Bonds have been published therein.

16. In accordance with Section 5(d)(6) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meaning given them in the Bond Purchase Agreement) the undersigned Mayor, Manager of the Department of Aviation, and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify:

(a) The representations and agreements of the City contained in the Bond Purchase Agreement are true and correct as of the date of the Closing;

(b) Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (i) contesting or affecting the validity or authority for the issuance or delivery of the Bonds or seeking to restrain or enjoin the issuance or delivery of the Bonds; (ii) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007D-E Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (iii) contesting or affecting the validity of the Concession Agreements or seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (iv) contesting the completeness or accuracy of the Official Statement; or (v) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007D-E Manager's Resolution, the Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking;

(c) The financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period;

(d) Since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in the or contemplated by the Official Statement; and

(e) No default has occurred and is continuing under the Ordinance.

17. In accordance with Section 5(d)(9) of the Bond Purchase Agreement (capitalized terms in this paragraph having the meanings given them in the Bond Purchase Agreement), the undersigned Manager of the Department of Aviation and Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, hereby further certify (i) at the time of the adoption of the Series 2007D-E Supplemental Ordinance, the City was not in default in making any payments required by Art. V of the Ordinance and (ii) that the Official Statement was complete and accurate as of its date of delivery to the Underwriters and, with respect to Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portion of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE" and in Appendices F and I) does not, as of the Closing date, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

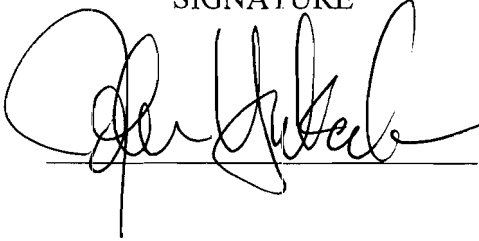
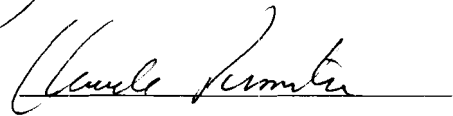
18. In the opinion of the undersigned City Attorney, the issuance of the Bonds has been duly authorized and all conditions precedent to the delivery of the Bonds have been fulfilled.

19. The manual or facsimile signatures of the Mayor, the Auditor, the Clerk and Recorder and the Manager of the Department of Aviation which appear on the Bonds are true and proper manual signatures or facsimiles of their respective signatures and the facsimile seal of the City which appears on the Bonds is a true and proper facsimile of the legally adopted, proper and only official seal for the City; and such manual or facsimile signatures and seal, as they appear on the Bonds are hereby respectively adopted. Attached hereto as Exhibit A is a specimen of the form of the Series 2007D Bonds.

20. On or prior to the date hereof, the Manager of the Department of Aviation and the Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer, manually executed counterparts of the Official Statement.

21. On the respective dates of such signings and on the date hereof, the undersigned were, and now are, the duly sworn, qualified and acting officers of the City authorized to execute the Bonds, the Ordinance, the Official Statement (except for the information relating to the Bond Insurers), the Bond Purchase Agreement, the Continuing Disclosure Undertaking, and such certificates and opinions as are required by the Bond Purchase Agreement and then did and now do hold the offices indicated by the official titles set opposite our respective names below.

IN WITNESS WHEREOF, we have hereunto set our hands and the corporate seal of the City this 29th day of August 2007.

SIGNATURE	OFFICIAL TITLE	TERMS OF OFFICE EXPIRES
	Mayor, City and County of Denver	July 16, 2011
	Auditor, City and County of Denver	July 16, 2011
	Clerk and Recorder, <i>ex-officio</i> Clerk, City and County of Denver	No fixed term
	Manager of the Department of Aviation	No fixed term
	Manager of the Department of Revenue, Chief Financial Officer, <i>ex officio</i> Treasurer	No fixed term
	City Attorney	No fixed term

(SEAL)



**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-1 \$17,240,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.50%	November 15, 2016	August 29, 2007	2491815 B0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVENTEEN MILLION TWO HUNDRED FORTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State" respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assignee, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
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FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-2 \$18,100,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.50%	November 15, 2017	August 29, 2007	2491815 C8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHTEEN MILLION ONE HUNDRED THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
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CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-3 \$19,050,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2018	August 29, 2007	2491815 D6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINETEEN MILLION FIFTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
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AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-4 \$20,050,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2019	August 29, 2007	2491815 E4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY MILLION FIFTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on



**UNITED STATES OF AMERICA  
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AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-5 \$21,105,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2020	August 29, 2007	2491815 F1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-ONE MILLION ONE HUNDRED FIVE THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
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SERIES 2007D**

No. D-6 \$22,210,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2021	August 29, 2007	2491815 G9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-TWO MILLION TWO HUNDRED TEN THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
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AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-7 \$23,380,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2022	August 29, 2007	2491815 H7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWENTY-THREE MILLION THREE HUNDRED EIGHTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

**UNITED STATES OF AMERICA  
STATE OF COLORADO  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BOND  
SERIES 2007D**

No. D-8 \$6,680,000

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As Of</u>	<u>CUSIP</u>
5.25%	November 15, 2023	August 29, 2007	2491815 J3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on May 15 and November 15 in each year, commencing on November 15, 2007, until the principal sum is paid or payment has been provided. If upon presentation at maturity payment of this Bond is not made as herein provided, interest shall continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Paying Agent, initially the Manager of the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), upon presentation and surrender of this Bond. Interest hereon will be paid (i) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2007D-E Bonds Registrar, initially the Treasurer, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the continental United States to the Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner hereof at the close of business on

the Regular Record Date and shall be payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Notice of the Special Record Date shall be given by first-class mail to the owner hereof as shown on the registration books on a date selected by the Series 2007D-E Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

The Series 2007D Bonds shall bear interest and mature in regular numerical order on November 15 in each of the designated amounts of principal and years, as follows:

<u>Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$ 17,240,000	5.50%
2017	\$ 18,100,000	5.50%
2018	\$ 19,050,000	5.25%
2019	\$ 20,050,000	5.25%
2020	\$ 21,105,000	5.25%
2021	\$ 22,210,000	5.25%
2022	\$ 23,365,000	5.25%
2023	\$ 24,570,000	5.25%

The Series 2007D Bonds maturing on and after November 15, 2018 shall be subject to redemption prior to maturity at the option of the City, on and after November 15, 2017. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount thereof without premium, and accrued interest to the Redemption Date.

If less than all of the Series 2007D Bonds maturing on any date are redeemed, the Treasurer shall select the Bonds to be redeemed by lot in such manner as the Treasurer may deem equitable (giving proportionate weight to Series 2007D Bonds in denominations larger than a single unit of authorized denomination). In the event a portion of any the Series 2007D Bond is redeemed, the Series 2007D-E Bonds Registrar shall, without charge to the owner of such Bond, authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

Prior redemption shall be in the manner and upon the conditions provided in the resolution approving, authorizing, and requesting the issuance of the Series 2007D Bonds, executed by the Manager of the Department on August 2, 2007 (the "Manager's Resolution") and in Ordinance No. 626, Series of 1984, as amended and supplemented from time to time, including by Ordinance No. 415, Series of 2007, authorizing the issuance of the Series 2007D Bonds and adopted and made laws of the City prior to the issuance of the Series 2007D Bonds (collectively, the "General Bond Ordinance"). Copies of the Manager's Resolution and of the General Bond Ordinance are on file for public inspection in the office of the City Clerk and Recorder in Denver,

Colorado. Except as otherwise provided herein, defined terms shall have the meanings ascribed to them in the General Bond Ordinance.

The Series 2007D Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and shall not be considered or held to be general obligations of the City. The City has not pledged its full faith and credit for the payment of the Series 2007D Bonds. The Series 2007D Bonds are special obligations of the City, for and on behalf of the Department, and are payable and collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport System and the funds and accounts to the extent provided in the Manager's Resolution and General Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this Bond.

Payment of the Bond Requirements due in connection with the Series 2007D Bonds shall (except as provided herein) be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Manager's Resolution and the General Bond Ordinance, four special and separate subaccounts created by the General Bond Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund Account, and Redemption Account within the Bond Fund, into which the City, for and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Series 2007D Bonds and any other bonds issued pursuant to the General Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to the extent therein provided, a special and separate account created by the General Bond Ordinance and defined therein as the Bond Reserve Fund, in which the City, for and on behalf of the Department, covenants to accumulate and maintain from such Net Revenues a specified reserve for such purpose. To the extent provided in the Manager's Resolution and the General Bond Ordinance, the Bond Requirements of the Series 2007D Bonds may also be paid from the special and separate account created by the General Bond Ordinance and defined therein as the Capital Fund, and the special and separate subaccount created by the General Bond Ordinance and defined therein as the PFC Debt Service Account.

The Series 2007D Bonds are equally and ratably secured by a lien on the Net Revenues, and the Series 2007D Bonds constitute an irrevocable and first lien (but not necessarily an exclusively first lien) upon the Net Revenues, on a parity with the lien thereon of the City's Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F, Airport System Revenue Bonds, Series 1992G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Bonds, Series 1998B, Airport System Revenue Refunding Bonds, Series 2000A, Airport System Revenue Refunding Bonds, Series 2000B, Airport System Revenue Refunding Bonds, Series 2000C, Airport System Revenue Refunding Bonds, Series 2001A, Airport System Revenue Refunding Bonds, Series 2001B, Airport System Revenue Refunding

Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2003B, Airport System Revenue Bonds, Series 2004A, Airport System Revenue Bonds, Series 2004B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport System Reserve Bonds, Series 2006A, Airport System Revenue Bonds, Series 2006B, Airport System Revenue Bonds, Series 2007A, Airport System Revenue Bonds, Series 2007B, Airport System Revenue Bonds, Series 2007C, and Airport System Revenue Bonds, Series 2007E. Bonds and other securities, in addition to the Series 2007D Bonds, subject to express conditions, have been and may hereafter be issued and made payable from the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien or, subject to additional express conditions, having a lien thereon on a parity with the lien, of the Series 2007D Bonds, in accordance with the provisions of the General Bond Ordinance.

The Series 2007D Bonds are issued for the purposes of (i) acquiring, improving, and equipping certain Airport Facilities (ii) paying certain Costs relating to the Series 2007D Bonds.

The Series 2007D Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest), and are issuable in denominations authorized by the General Bond Ordinance. Upon surrender of any of such Bonds to the Series 2007D-E Bonds Registrar with a written instrument satisfactory to the Series 2007D-E Bonds Registrar duly executed by the owner or his or her duly authorized attorney, such Series 2007D Bond may, at the option of the owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity or other authorized denominations, subject to such terms and conditions as are set forth in the General Bond Ordinance.

Every privilege of registration, transfer, discharge from registration, or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of the General Bond Ordinance.

Reference is made to the Manager's Resolution, the General Bond Ordinance, the Pricing Certificate, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Series 2007D Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Series 2007D Bonds with respect thereto, the terms and conditions upon which the Series 2007D Bonds are issued, and a statement of rights, duties, immunities, and obligations of the City and other rights and remedies of the owners of the Series 2007D Bonds.

This Bond is one of an authorized series of bonds of the City in the principal amount of \$147,815,000, designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue

Bonds, Series 2007D" (the "Series 2007D Bonds" or the "Bonds"). The Series 2007D Bonds are issued by the City, for and on behalf of the Department, pursuant to the home rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and pursuant to the General Bond Ordinance this recital is conclusive evidence of the validity of the Series 2007D Bonds and the regularity of their issuance.

To the extent and in the respects permitted by the General Bond Ordinance, the provisions of the General Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Ordinance. The pledge of revenues and other obligations of the City under the General Bond Ordinance may be discharged at or prior to the respective maturities or prior redemption of the Series 2007D Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the General Bond Ordinance.

Subject to the provisions for registration for payment stated herein and endorsed hereon, this Series 2007D Bond is subject to the conditions, and every owner hereof by accepting the same agrees with the obligor and with every subsequent owner hereof that: (a) the delivery of this Series 2007D Bond to any transferee as registered owner shall vest title in this Series 2007D Bond in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to a registered owner; (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2007D Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Bond Requirements of this Series 2007D Bond shall be paid, and this Series 2007D Bond is transferable, free from and without regard to any equities between the obligor and the original or any intermediate registered owner hereof or any setoffs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2007D Bond shall be a good discharge to the obligor for the same.

By the purchase and acceptance of this Bond from time to time, the owners (including without limitation Participants in the Securities Depository and beneficial owners) hereof are deemed to have irrevocably (i) consented to the adoption by Supplemental Ordinance of amendments to the General Bond Ordinance in substantially the form set forth in the Official Statement related to the Series 2007D Bonds and (ii) appointed the Consent Agent as their agent, with irrevocable instructions to file a written consent to that effect at the time and place and otherwise in the manner provided by the General Bond Ordinance.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Series 2007D Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Bond Ordinance; and that this Series 2007D Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2007D Bonds are also issued pursuant to



Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Series 2007D Bonds after their delivery for value.

No recourse shall be had for the payment of the Bond Requirements of this Series 2007D Bond or for any claim based thereon, or otherwise, upon the General Bond Ordinance or other instrument pertaining thereto, against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Series 2007D Bond and as a part of the consideration of its issuance specifically waived and released.

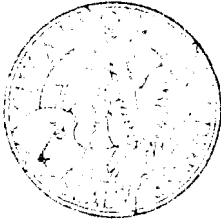
IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused this Series 2007D Bond to be signed and executed in the name of the City, for and on behalf of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series 2007D Bond to be executed and attested by the manual or facsimile signature of the City Clerk and Recorder; all as of August 29, 2007.

CITY AND COUNTY OF DENVER,  
COLORADO,  
for and on behalf of its Department of Aviation

By: \_\_\_\_\_

Mayor

(SEAL)



Attest:

\_\_\_\_\_  
City Clerk and Recorder

**SPECIMEN**

Countersigned:

\_\_\_\_\_  
City Auditor

**CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2007D Bonds described in the within-mentioned General Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2007D-E Bonds Registrar for such Series 2007D Bonds.

Series 2007D-E Bonds Registrar

By: \_\_\_\_\_

*[Handwritten Signature]*  
Authorized Signatory

Date of Authentication: August 29, 2007

**SPLC 01/11/07**

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2007D Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the books of the Series 2007D-E Bonds Registrar, with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Name and address of transferee:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Social Security or other tax  
identification number of transferee:

\_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2007D Bond in every particular, without alteration or enlargement or any change whatsoever.

## **STATEMENT OF INSURANCE**

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the City's Department of Revenue, ex-officio Treasurer (the "Treasurer"), Denver, Colorado.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described Obligations, the full and complete payment required to be made by or on behalf of the Issuer to the Treasurer or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$147,815,000  
CITY AND COUNTY OF DENVER  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment of surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instrument to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal

proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process of the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

**MBIA INSURANCE CORPORATION**

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

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Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 415, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation,

Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D Bonds, the form of the Series 2007D Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007D Bonds for and on behalf of the Department.
2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.
3. The Series 2007D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.
4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.



5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The opinions set forth in the first sentence of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007D Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D Bonds.

6. To the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D Bonds, including whether interest on the Series 2007D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D Bonds and the enforceability of the Series 2007D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

August 29, 2007  
Page 4

We are advised that MBIA Insurance Corporation has issued a financial guaranty insurance policy relating to the Series 2007D Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policy, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

*Hogan & Hartson LLP*

HOGAN & HARTSON LLP

**SPECIMEN**

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 415, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation,

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D Bonds, the form of the Series 2007D Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007D Bonds for and on behalf of the Department.
2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.
3. The Series 2007D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.
4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The opinions set forth in the first sentence of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007D Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D Bonds.

6. To the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D Bonds, including whether interest on the Series 2007D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D Bonds and the enforceability of the Series 2007D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

August 29, 2007  
Page 4

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

We are advised that MBIA Insurance Corporation has issued a financial guaranty insurance policy relating to the Series 2007D Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policy, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

*Bookhardt & O'Toole*

BOOKHARDT & O'TOOLE

SPECIMEN

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**CITY AND COUNTY OF DENVER, COLORADO  
CERTIFICATE OF RECORD BY AUDITOR**

I hereby certify that I am the duly elected, qualified, and acting Auditor of the City and County of Denver, Colorado (the "City"), and that:

Pursuant to Sections A7.1-1 and A12.5, Charter of Denver, as amended, I made a record of the following information on August 29, 2007, in books in my office kept for that purpose, in connection with the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A, in the aggregate principal amount of \$188,350,000 (the "Series 2007A Bonds"), the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bond, Series 2007B, in the aggregate principal amount of \$24,250,000 (the "Series 2007B Bonds"), the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bond, Series 2007C, in the aggregate principal amount of \$34,635,000 (the "Series 2007C Bonds") and the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bond, Series 2007D, in the aggregate principal amount of \$147,815,000 (the "Series 2007D Bonds" and together with the Series 2007A Bonds, the Series 2007B Bonds and the Series 2007C Bonds the "Series 2007A-D Bonds"):

- A. The aggregate principal amount of each of the Series 2007A-D Bonds;
- B. The date of issue of each of the Series 2007A-D Bonds;
- C. The dates of payment of each of the Series 2007A-D Bonds;
- D. The rates of interest borne by each of the Series 2007A-D Bonds; and
- E. The date and amount of the interest payments on each of the Series 2007A-D Bonds as the same shall accrue.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.

  
\_\_\_\_\_  
Auditor  
City and County of Denver



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**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A-B / SERIES 2007D**

**CERTIFICATE WITH RESPECT TO SECTION 704A OF**  
**GENERAL BOND ORDINANCE**

The undersigned hereby certify that they are the duly chosen and acting Manager of the Department of Revenue, Chief Financial Officer, *ex officio* Treasurer of the City and County of Denver, Colorado (the "City"), and the Deputy Manager of Aviation/Business and Technologies, and pursuant to Section 704A of the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), the undersigned further certify as follows:

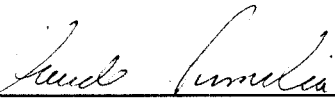
1. Attached hereto as Attachment 1 is a true and correct copy of the letter dated July 2, 2007, from BKD, LLP, an Independent Accountant as defined in the General Bond Ordinance (the "Independent Accountant's Letter"), accompanying the Independent Accountant's Report on Financial Statements and Supplementary Information, together with the Schedule of Compliance with Rate Maintenance Covenant as defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account (Unaudited) for the Year ended December 31, 2006 (the "Schedule").

2. The Schedule sets forth the information required pursuant to Section 704A of the General Bond Ordinance.

3. Since the date of the Independent Accountant's Letter, the City has not been advised by BKD, LLP of any restatement, withdrawal, revision or other modification of any of the information set forth in the Schedule or utilized in connection with the preparation of the Schedule, and the undersigned are not aware of any basis for the restatement, withdrawal, revision or other modification of any of the information set forth in the Schedule or utilized in connection with the preparation of the Schedule.

IN WITNESS WHEREOF, we have hereunto set our hands this 29<sup>th</sup> day of August, 2007.

CITY AND COUNTY OF DENVER, COLORADO,  
for and on behalf of its Department of Aviation

By:   
Manager of the Department of Revenue  
Chief Financial Officer, *ex officio* Treasurer

By:   
Deputy Manager of Aviation  
Business and Technologies



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver  
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport System as of and for the year ended December 31, 2005, were audited by other accountants whose report dated May 5, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of City and County of Denver that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City and County of Denver as of December 31, 2006 and 2005, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

July 2, 2007

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Compliance with Rate Maintenance Covenant  
as Defined in the 1984 Airport System General Bond Ordinance  
Airport Revenue Account (Unaudited)

Year ended December 31, 2006

Gross revenue:	
Facility rentals	\$ 237,394,015
Concession income	34,304,468
Parking income	110,534,937
Car rental income	41,641,365
Landing fees	92,389,849
Aviation fuel tax	12,714,401
Other sales and charges	11,871,715
Interest income	42,519,679
Miscellaneous income	<u>1,242,752</u>
Gross revenues as defined in the ordinance	584,613,181
Operation and maintenance expenses:	
Personnel services	97,592,363
Contractual services	139,652,041
Maintenance, supplies and materials	18,879,094
Miscellaneous expense	<u>1,500,000</u>
Operation and maintenance expenses as defined in the ordinance	<u>257,623,498</u>
Net revenue	326,989,683
Other available funds	<u>49,787,669</u>
Net revenue plus other available funds as defined in the ordinance	<u>\$ 376,777,352</u>
Debt service requirements as defined in the ordinance (1)	\$ 215,989,302
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	174%
<p>(1) Net of irrevocably committed Passenger Facility Charges of \$74,702,000 applied under Supplemental Bond Ordinance.</p>	

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**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A-B and SERIES 2007D**

**CERTIFICATE OF MANAGER OF DEPARTMENT OF AVIATION**  
**PURSUANT TO SECTION 704C OF GENERAL BOND ORDINANCE**

The undersigned hereby certifies that he is the duly chosen and acting Manager of the Department of Aviation of the City and County of Denver, Colorado (the "City") and pursuant to Section 704C of the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the "General Bond Ordinance"), on the date of the adoption of the Series 2007A-B Airport System Supplemental Bond Ordinance, Ordinance No. 375, Series of 2007 and on the date of the adoption of the Series 2007D-E Airport System Supplemental Bond Ordinance, Ordinance No. 415, Series of 2007, the City was not in default in making any payments required by Article V of the General Bond Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 29<sup>th</sup> day of August 2007.

By: \_\_\_\_\_

  
Manager of Department of Aviation

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**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007C**

**CERTIFICATE OF TREASURER**  
**PURSUANT TO SECTION 705 OF THE GENERAL BOND ORDINANCE**

Whereas, I am the Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer of the City and County of Denver, Colorado (the “City”); and

Whereas, the City, for and on behalf of its Department of Aviation, has authorized the issuance of the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C for the purposes of defraying the cost of refunding all of the outstanding City and County of Denver, Colorado, Airport System Revenue Bonds, Series 2003B maturing on November 15 in the years 2016, 2017, and 2033 (the “Refunded Bonds”).

In connection therewith, and pursuant to the provisions of Section 705 of the City’s 1984 Airport System General Bond Ordinance, as amended and supplemented from time to time (the “General Bond Ordinance”), I hereby certify as follows (capitalized terms used herein and not defined shall have the meanings ascribed to them in the General Bond Ordinance):

A. Redemption Instructions

1. I will give due and timely notice of the redemption and defeasance on November 15, 2007 (the “Redemption Date”) of the Refunded Bonds (“Notice of Redemption”), in the form attached.

2. The Notice of Redemption will be published forthwith and not more than 45 days nor less than 30 days prior to the Redemption Date in:

- (a) a newspaper of general circulation in the City and County of Denver, and
- (b) a financial newspaper published in New York, New York.

3. The Notice of Redemption will be given by the undersigned by sending a copy of the Notice of Redemption by first-class mail on a date not more than 45 days nor less than 30 days prior to the Redemption Date to each of the following:

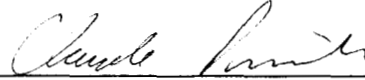
- (a) Lehman Brothers Inc., 399 Park Avenue, 16<sup>th</sup> Floor, New York, New York 10022.
- (b) the financial consultants for the Refunded Bonds, if any;

- (c) to any registered owner of the Refunded Bonds at the address appearing on the registry books or records in the custody of the Registrar for the Refunded Bonds;
- (d) the Depository Trust Company;
- (e) one or more national information services that disseminate notices of redemption of obligations similar to the Refunded Bonds;
- (f) any rating agency maintaining a rating on the Refunded Bonds;  
and
- (g) The Bond Buyer.

B. Moneys and Federal Securities Redemption.

Moneys and Federal Securities, in such amounts, of such maturities, bearing such interest, if any, and otherwise having such terms and qualifications to provide, together with such moneys, amounts sufficient to effect payment of the Bond Requirements of the Refunded Bonds, as the same become due, are held (or are required to be deposited) in an Escrow Account, with Zions First National Bank, Denver, Colorado (the "Bank"), as Escrow Agent, pursuant to the terms and conditions of the Series 2003B Escrow Agreement dated as of August 29, 2007, by and between the City and the Bank. Such moneys and Federal Securities are to be held in trust in accordance with Section 1101 of the General Bond Ordinance.

WITNESS my hand this 29<sup>th</sup> day of August 2007.

A handwritten signature in cursive script, appearing to read "Claude Smith", written above a horizontal line.

Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County of  
Denver, Colorado

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*John W. Hickenlooper*  
MAYOR



*City and County of Denver*

OFFICE OF THE MAYOR  
CITY AND COUNTY BUILDING  
DENVER, COLORADO • 80202-5390  
TELEPHONE: 720-865-9000 • FAX: 720-865-9040  
TTY/TTD: 720-865-9010

**CERTIFICATE OF APPROVAL  
OF THE ISSUANCE OF OBLIGATIONS BY THE  
CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

Section 1. The undersigned is the Mayor of the City and County of Denver, Colorado (the "City"), and is the elected chief executive officer of the City.

Section 2. The City, for and on behalf of its Department of Aviation, plans to implement a plan of financing for the issuance of one or more series of bonds, commercial paper, installment purchase agreements, and/or other obligations (together, the "Obligations") to finance the acquisition, improvement and equipping of facilities at or for Denver International Airport (the "Project") in an aggregate face amount not expected to exceed \$1,200,000,000 and to refund obligations previously issued by the City with respect to the Project in an aggregate face amount not expected to exceed \$160,000,000. The Project facilities to be financed and refinanced pursuant to the plan of financing include, without limitation, (i) airfield improvements, including runway and taxiway expansions and upgrades and airfield lighting improvements, (ii) terminal and concourse improvements, including concourse and terminal expansions and upgrades, baggage system improvements, central plant improvements, and train system improvements, (iii) cargo and maintenance facilities and improvements, (iv) roads, parking, and ground transportation facilities, (v) communications, computer systems, electronics, security, and fire protection improvements, (vi) environmental, utilities, and storm water drainage improvements, (vii) vehicles, equipment, and other personal property used in airport operations, and (viii) functionally related and subordinate facilities for any of the foregoing. The Project is owned by the City and encompasses 53 square miles of land located approximately 18 miles northeast of the central business district of the City. The street address for the Project is 8500 Peña Boulevard, Denver, Colorado 80249-6340.

Section 3. On July 13, 2007, a notice of public hearing was published in The Daily Journal, a newspaper of general circulation available to residents of the City, to inform residents of the City of the time and place of a hearing to be held on July 27, 2007, to consider approval of the plan of financing. A copy of the report regarding such public hearing and an affidavit of publication of such notice is attached to this Certificate.

Section 4. The notice was designed to apprise residents of the City of the proposed plan of financing and was published not less than 14 days before the scheduled date of the public hearing.

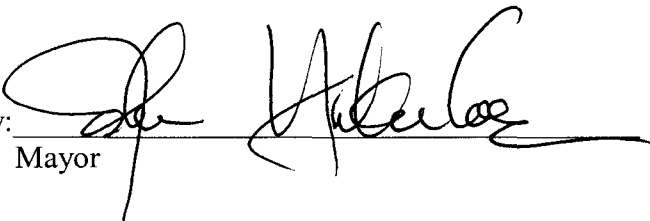
Section 5. On July 27, 2007, a public hearing was held in the McNichols Office Building, 2<sup>nd</sup> Floor Conference Room, 144 West Colfax Avenue, Denver, Colorado at 10:00 a.m.

Section 6. At the public hearing, a reasonable opportunity was afforded to all interested persons to express their views, both orally and in writing, on the plan of financing. No written or oral objection was heard at such hearing to the plan of financing.

Section 7. By this Certificate, the undersigned hereby approves the plan of financing and the use of the proceeds of the Obligations to provide for the Project improvements.

IN WITNESS WHEREOF, the undersigned has set his hand as of August 14, 2007.

CITY AND COUNTY OF DENVER, COLORADO

By:   
Mayor

# The Daily Journal

A Publication Of  
The McGraw-Hill Companies

## Publisher's Affidavit STATE OF COLORADO

City and County of Denver

I, John Rhoades, of the City and County of Denver, State of Colorado, being duly sworn, upon oath say that I am the Publishing Director of The Daily Journal; that I have personal knowledge of all the facts set forth in this affidavit; that said The Daily Journal is a public newspaper of general circulation having its principal office and place of business situated in said City and County of Denver; that said The Daily Journal is printed and published daily except Saturdays, Sundays and legal holidays; that said The Daily Journal is a daily newspaper within the meaning of the act of the General Assembly of the State of Colorado, approved April 7, 1921, and entitled, "An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of This Act" and as amended by an act of said General Assembly, entitled "An Act to Amend An Act Entitled 'An Act Concerning Legal Notices, Advertisements and Publications, and the Fees of Printers and Publishers Thereof, and to Repeal All Acts and Parts of Acts in Conflict with the Provisions of this Act,'" approved March 30, 1923, and as amended by an act of said General Assembly, approved May 18, 1931, entitled, "An Act to Amend Section 4 of Chapter 139, Session Laws of Colorado, 1923, Relating to Legal Notices and Advertisements," which said Act took effect on and after the first day of January, 1932, and as amended by an act of said General Assembly, entitled, "An Act to Amend Chapter 139 of the Session Laws of 1923 Relating to Legal Notices and Advertisements; to Define Newspapers Qualified to Publish Legal Notices and Advertisements and the Fees of Printers and Publishers Thereof, and to Provide That the Costs of Such Legal Notices and Advertisements Shall Be Taxed as Fees," approved March 5, 1935; and as amended by an act of said General Assembly entitled, "An Act Relating to Legal Notices and Advertisements, and Amending Section 1, of Chapter 113, Session Laws of 1931," approved March 25, 1935; and "An Act to Amend and as Amended by the General Assembly, concerning Rates for Legal Publications," 109-1-7 C.R.S. 1963 as amended, approved May 22, 1971, and effective January 1, 1972," that said newspaper had, prior to January 1, 1936, and has ever since said date, been admitted to the United States Mails as second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; that said newspaper is printed and published in whole in said City and County of Denver and has a general circulation therein; that said newspaper has been so printed and published as a public daily newspaper of general circulation in said City and County of Denver, uninterruptedly and continuously during the period of more than fifty-two consecutive weeks next prior to the first issue thereof containing the annexed legal notice and advertisement; that said legal notice and advertisement was published daily except Saturdays, Sundays and legal holidays in the regular edition of said newspaper for one day, that the publication of said legal notice and advertisement appeared in the regular

edition of said newspaper on the 13th day of July, A.D. 2007; and that therefore said legal notice and advertisement was duly published in a newspaper duly qualified for the purpose within the meaning of said above mentioned acts of the General Assembly of the State of Colorado.

Subscribed and sworn to, at the City and County of Denver, State of Colorado, before me, a Notary Public, this 17th day of July, A.D. 2007.

Witness my hand and official seal  
KARL JOHANNSON  
Notary Public  
My Commission Expires July 9, 2011

1114 West 7th Avenue, Suite 100  
Denver, Colorado 80204-4455

NOTARY PUBLIC  
STATE OF COLORADO  
My Commission Expires 07-09-2011

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## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City and County of Denver, Colorado, (the "City") will conduct a public hearing on Friday, July 27, 2007 at 10 a.m. in the McNichols Office Building, 2nd Floor Conference Room, 144 West Colfax Avenue, Denver, Colorado, on the approval of a plan of financing for the issuance of one or more series of bonds, commercial paper, installment purchase agreements, and/or other obligations (together, the "Obligations") to finance the acquisition, improvement and equipping of facilities at or for Denver International Airport (the "Project") in an aggregate face amount not expected to exceed \$1,200,000,000 and to refund obligations previously issued by the City with respect to the Project in an aggregate face amount not expected to exceed \$160,000,000.

The Project facilities to be financed and refinanced pursuant to the plan of financing include, without limitation, (i) airfield improvements, including runway and taxiway expansions and upgrades and airfield lighting improvements, (ii) terminal and concourse improvements, including concourse and terminal expansions and upgrades, baggage system improvements, central plant improvements, and train system improvements, (iii) cargo and maintenance facilities and improvements, (iv) roads, parking, and ground transportation facilities, (v) communications, computer systems, electronics, security, and fire protection improvements, (vi) environmental, utilities, and storm water drainage improvements, (vii) vehicles, equipment, and other personal property used in airport operations, and (viii) functionally related and subordinate facilities for any of the foregoing. The Project is owned by the City and encompasses 53 square miles of land located approximately 18 miles northeast of the central business district of the City. The street address for the Project is 2500 Peña Boulevard, Denver, Colorado 80249-8340.

All interested persons may attend the public hearing to express their views, both orally and in writing, on the proposed Obligations and on the location and nature of the Project.

Dated this 13th day of July, 2007.

Published: July 13, 2007 in The Daily Journal

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**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A  
TAX CERTIFICATE**

The undersigned hereby certify, represent and covenant for and on behalf of the Department of Aviation of the City and County of Denver, Colorado (the "City") as follows:

**I. IN GENERAL**

Section 1.1 This Certificate

(a) The City is issuing and delivering simultaneously with the delivery of this Certificate its "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the aggregate principal amount of \$188,350,000 (the "Series 2007A Bonds").

(b) The undersigned are the officers of the City delegated the responsibility for issuing the Series 2007A Bonds.

(c) The undersigned are familiar with the proceedings taken preliminary to and in the issuance of the Series 2007A Bonds, including the City's Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and the Series 2007A-B Airport System Supplemental Bond Ordinance. Such ordinances are collectively referred to herein as the "General Bond Ordinance."

(d) In order for interest on the Series 2007A Bonds to be excluded from gross income for federal income tax purposes under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations or rulings promulgated or proposed thereunder (collectively, the "Regulations"), certain restrictions under the Code and the Regulations must be complied with. The City desires to make certain certifications and representations and enter into certain covenants for the benefit of the owners of the Series 2007A Bonds from time to time, in order to ensure that interest on the Series 2007A Bonds will be and remain excludable from gross income for federal income tax purposes, and for the purpose of otherwise implementing the City's covenants set forth in the General Bond Ordinance.

(e) This Certificate is based on the facts and expectations in existence on the issue date of the Series 2007A Bonds. The expectations set forth in this Certificate are reasonable within the meaning of Regulations Section 1.148-2(b). We have made reasonable inquiries into factual matters relating to this Certificate that are not otherwise within the knowledge or control of the City. No matters have come to our attention that make unreasonable or incorrect the expectations or representations set forth in this Certificate.

(f) All capitalized terms used in this Certificate shall have the same meanings assigned to them in the General Bond Ordinance, except as otherwise specifically defined herein.

#### Section 1.2 Separate Issue Treatment

(a) The City is issuing the Series 2007A Bonds concurrently with the issuance of its:  
(i) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the aggregate principal amount of \$24,250,000 (the "Series 2007B Bonds"); (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the aggregate principal amount of \$34,635,000 (the "Series 2007C Bonds" and, together with the Series 2007B Bonds, the "Series 2007B-C Bonds"); and (iii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in the aggregate principal amount of \$147,815,000 (the "Series 2007D Bonds").

(b) The Series 2007A Bonds and the Series 2007B-C Bonds are collectively referred to herein as the "Series 2007A-B-C Bonds" and, except as provided in the following sentence, are treated as part of the same "issue" under Section 1.150-1(c) of the Regulations because all such bonds were sold at substantially the same time, pursuant to the same plan of financing, and are payable from the same source of funds. The Series 2007A Bonds and the Series 2007B-C Bonds finance separate purposes within the meaning of Section 1.150-1(c)(3) of the Regulations. Pursuant to Section 1.150-1(c) of the Regulations, the City shall treat the Series 2007A Bonds and the Series 2007B-C Bonds as separate issues for purposes of Sections 103 and 141 through 150 of the Code, other than for purposes of Sections 141(b)(5), 141(c)(1), 144(a), 148, 149(d) and 149(g).

(c) The Series 2007D Bonds are not part of the same "issue" as the Series 2007A-B-C Bonds under Section 1.150-1(c) of the Regulations because the first date on which there was a binding contract in writing for the Series 2007D Bonds was at least 15 days after the first date on which there was a binding contract in writing for the Series 2007A-B-C Bonds.

#### Section 1.2 Purposes of the Series 2007A Bonds

The Series 2007A Bonds are being issued for the purpose of defraying a portion of the cost of acquiring, improving and equipping certain facilities more fully described in Appendix A attached hereto, including the current refunding of the City's outstanding Airport System Subordinate Commercial Paper Notes, Series A (the "Series 2007A Improvement Project").

#### Section 1.3 Cost of Series 2007A Improvement Project

The estimated total cost of the Series 2007A Improvement Project is not less than the sum of the Sale Proceeds (defined below) and Investment Proceeds (defined below) to be derived therefrom.

## Section 1.4 Source and Use of Funds

(a) The Series 2007A Bonds are being sold at a price equal to the principal amount thereof plus net original issue premium of \$4,049,319.05, resulting in a gross amount from the sale of the Series 2007A Bonds of \$192,399,319.05 (the "Sale Proceeds"). The net amount received by the City from the sale of the Series 2007A Bonds is \$191,278,636.55, consisting of the Sale Proceeds less the Underwriters' compensation of \$1,120,682.50.

(b) The net amount received by the City from the sale of the Series 2007A Bonds as described in Section 1.4(a) above, and amounts derived from the investment and reinvestment thereof ("Investment Proceeds"), are expected to be allocated and expended as follows:

(i) \$9,856,983.34 of Sale Proceeds will be credited to the Bond Reserve Fund and used for the purposes described in Section 2.5 below;

(ii) \$9,179,398.32 of Sale Proceeds will be credited to the Series 2007A Capitalized Interest Subaccount, and together with Investment Proceeds derived therefrom, used to pay capitalized interest on the Series 2007A Bonds;

(iii) \$1,327,237.24 of Sale Proceeds will be credited to the Series 2007A Project Account and paid immediately to the Series 2007A-C Insurer named in Section 2.1(b) below in payment of a portion of the Premium described therein;

(iv) \$528,243.00 of Sale Proceeds will be credited to the Series 2007A Project Account and used immediately to pay costs of issuance (other than the Underwriters' compensation and Insurer's Premium described above) of the Series 2007A Bonds;

(v) \$140,344,722.65 of Sale Proceeds will be credited to the Series 2007A Project Account and, together with Investment Proceeds derived therefrom, used to pay costs of the Series 2007A Improvement Project; and

(vi) \$38,042,052.00 of Sale Proceeds will be credited to the Series 2007 Project account and used to retire the City's outstanding Airport System Subordinate Commercial Paper Notes, Series A on August 31, 2007.

## II. ARBITRAGE YIELD RESTRICTION

### Section 2.1 Yield

(a) Pursuant to Sections 1.150-1(c)(3)(ii) and 1.148-9(h)(1)(i) of the Regulations, the combined yield on the Series 2007A-B-C Bonds is to be used in applying the arbitrage and rebate provisions of Section 148 of the Code to the Series 2007A Bonds.

(b) MBIA Insurance Corporation (the "Series 2007A-C Insurer") will issue its financial guaranty insurance policy (the "Series 2007A-C Policy") insuring the timely payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds. Ambac

Assurance Corporation (the "Series 2007B Insurer" and, together with the Series 2007A-C Insurer, the "Insurers") will issue its financial guaranty insurance policy (the "Series 2007B Policy" and, together with the Series 2007A-C Policy, the "Policies") insuring the timely payment of the principal of and interest on the Series 2007B Bonds. As consideration for the Policies, the Insurers will be paid a total of \$1,816,966.00 (the "Premium"), consisting of \$1,582,342.94 for the Series 2007A-C Policy and \$234,623.06 for the Series 2007B Policy. The Policies each will be obtained as the result of an arms' length transaction in order to reduce the amount of interest payable on the Series 2007A-B-C Bonds. The Policies will each create a guarantee in substance, imposing a secondary liability that unconditionally shifts substantially all of the credit risk for all or part of the payments of principal and interest on the Series 2007A-B-C Bonds. The Premium is a reasonable, arm's length charge for the transfer of credit risk and will not include any payment for any direct or indirect services other than the transfer of credit risk. The Insurers will not be co-obligors on the Series 2007A-B-C Bonds and it is not expected that the Insurers will make any payments of principal or interest on the Series 2007A-B-C Bonds. (See Insurers' Certificates attached hereto as Appendix D). As represented in the Financial Advisor's Certificate attached hereto as Appendix C, the present value of the Premium is less than the present value of the expected interest savings on the Series 2007A-B-C Bonds as a result of the Policies. The Policies each are being treated as a "qualified guarantee" within the meaning of Regulations Section 1.148-4(f). Therefore, for purposes of the computation of the yield on the Series 2007A-B-C Bonds described in Section 2.1(c) below, the Premium has been treated as additional interest on the Series 2007A-B-C Bonds.

(c) The Underwriters have certified in the Underwriters' Certificate attached hereto as Appendix B that \$192,399,319.05 is the initial offering price of the Series 2007A Bonds to the public, being the price at which a substantial amount of the Series 2007A Bonds (at least 10 percent of each maturity) were sold to the public (excluding bond houses, brokers and other intermediaries) (the "Issue Price"). The City's financial advisors have certified in the Financial Advisors' Certificate attached hereto as Appendix C that the yield on the Series 2007A-B-C Bonds (determined pursuant to Section 1.148-4 of the Regulations) is not less than 4.8369%. We have no reason to believe such certifications are incorrect.

## Section 2.2. Temporary Period: Series 2007A Improvement Project

(a) The City reasonably expects that:

(i) At least 85 percent of the Net Sale Proceeds (i.e., Sale Proceeds not deposited in the Bond Reserve Fund) will be expended on the Series 2007A Improvement Project on or before August 29, 2010, for costs that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles;

(ii) The City has incurred, or within six months of the issue date of the Series 2007A Bonds will incur, substantial binding obligations to third parties to expend at least 5 percent of the Net Sale Proceeds on the Series 2007A Improvement Project; and

(iii) Completion of the Series 2007A Improvement Project and expenditure of the Net Sale Proceeds will proceed with due diligence.

(b) Accordingly, Sale Proceeds and Investment Proceeds may be invested at an unrestricted yield during the three-year period beginning on the issue date of the Series 2007A Bonds.

### Section 2.3 Reimbursement Allocations

(a) Prior to the issue date of the Series 2007A Bonds, certain funds of the City may have been expended to pay costs of the Series 2007A Improvement Project that are to be reimbursed with proceeds of the Series 2007A Bonds (collectively, the "Prior Expenditures").

(b) Not later than 60 days after payment of any Prior Expenditure, the City adopted a declaration of intent to reimburse the Prior Expenditure with proceeds of an obligation. The declaration of official intent generally described the portion of the Series 2007A Improvement Project to which the Prior Expenditure relates and stated the maximum principal amount of obligations expected to be issued. On the date of the declaration, the City reasonably expected that it would reimburse the Prior Expenditure with proceeds of an obligation. Attached hereto as Appendix F is a copy of the declaration of official intent to reimburse described above.

(c) Proceeds of the Series 2007A Bonds will be allocated to reimburse a Prior Expenditure no later than 18 months after the later of (i) the date of the Prior Expenditure, or (ii) the date the portion of the Series 2007A Improvement Project to which the Prior Expenditure relates is placed in service; but in no event more than three years after the date of the Prior Expenditure.

(d) All of the Prior Expenditures were properly chargeable to capital account (or would be so chargeable with a proper election) under general Federal income tax principles, and were not originally paid from proceeds of an obligation of the City.

(e) The City will not, within one year of an allocation of proceeds to reimburse a Prior Expenditure, use funds corresponding to the proceeds allocated to such reimbursement in a manner that results in the creation of "replacement proceeds" (as defined in the Section 1.148-1 of the Regulations) of the Series 2007A Bonds or of another issue.

### Section 2.4 Series 2007A Bond Fund

(a) All payments of principal (at maturity) of and interest on the Series 2007A Bonds are expected to be made from the Principal Account and Interest Account in the Bond Fund, respectively. Such accounts serve as debt service funds for the payment of principal (at maturity) of and interest on all bonds of the City which are secured by a lien on the Net Revenues on a parity with the lien thereon of the Series 2007A Bonds (the "Parity Bonds"). For the purposes of this Certificate, that portion of each such fund which is reasonably expected to be used to pay debt service on the Series 2007A Bonds is referred to as the "Series 2007A Principal Account" and "Series 2007A Interest Account," respectively. Amounts deposited into the Revenue Fund which are required to pay a portion of the next maturing principal of and next due interest on the Series 2007A Bonds are expected to be deposited monthly (but not more than one year prior to such payment). It is expected that all such amounts (together with investment

income thereon) will be used to pay such principal and interest within 13 months from the date of receipt.

(b) All payments of principal of the Series 2007A Bonds pursuant to the Mandatory Redemption Schedule are expected to be made from the Sinking Fund Account in the Bond Fund, which serves as a debt service fund for the payment of the Series 2007A Bonds and any Parity Bonds. For the purposes of this Certificate, that portion of the Sinking Fund Account which is reasonably expected to be used to pay the principal (upon mandatory redemption) of the Series 2007A Bonds is referred to as the "Series 2007A Sinking Fund Account." Amounts deposited into the Series 2007A Sinking Fund Account which are required to pay the principal of the Series 2007A Bonds next subject to redemption pursuant to the Mandatory Redemption Schedule are expected to be deposited monthly into the Series 2007A Sinking Fund Account beginning one year prior to any such Mandatory Redemption. It is expected that all such amounts so deposited into the Series 2007A Sinking Fund Account (together with investment income thereon) will be used to pay such principal within 13 months from the date of receipt.

(c) The City has imposed a passenger facility charge ("PFC") at the Airport, the revenues from which are deposited in the PFC Fund. The City is required to deposit a specified portion of PFC revenues it receives in each Fiscal Year through 2013 to the PFC Debt Service Account in the PFC Fund. All amounts in the PFC Debt Service Account are irrevocably committed to the payment of principal and interest on the Parity Bonds. For the purposes of this Certificate, that portion of the PFC Debt Service Account which is reasonably expected to be used to pay principal and interest on the Series 2007A Bonds is referred to as the "Series 2007A PFC Debt Service Account." It is expected that all amounts so deposited into the Series 2007A PFC Debt Service Account (together with investment income thereon) will be transferred to the Bond Fund and used to pay such principal and interest within 13 months from the date of receipt.

(d) The Series 2007A Principal Account, Series 2007A Interest Account, Series 2007A Sinking Fund Account, and Series 2007A PFC Debt Service Account (collectively, the "Series 2007A Bond Fund") are funds which will be used primarily to achieve proper matching of Net Revenues and debt service within each bond year, and each will be fully depleted at least once a year, except for reasonable carryover amounts not to exceed, in the aggregate, (i) the earnings on such funds for the immediately preceding bond year, or (ii) one-twelfth of the principal and interest payments on the Series 2007A Bonds for the immediately preceding bond year. Accordingly, amounts in such funds may be invested at an unrestricted yield pursuant to Section 1.148-2(e)(5)(ii) of the Regulations.

#### Section 2.5 Series 2007A Reserve Fund

(a) The General Bond Ordinance requires that amounts in the Revenue Fund be deposited not less frequently than monthly into the Bond Reserve Fund to accumulate an amount therein equal to the maximum amount of Bond Requirements due on the Series 2007A Bonds and any Parity Bonds in any succeeding Fiscal Year (the "Minimum Bond Reserve"). The Underwriters in the Underwriters' Certificate have certified that establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required. Once accumulated, the Minimum Bond Reserve is expected to be maintained as a continuing

reserve for the Series 2007A Bonds and such Parity Bonds over the term thereof. The Bond Reserve Fund may be allocated among the Series 2007A Bonds and such other Parity Bonds in proportion to their original face amounts subject to reasonable adjustment to take into account the universal cap provisions of Section 1.148-6(b) of the Code. The portion of the Bond Reserve Fund so allocable to the Series 2007A Bonds is referred to in this Certificate as the "Series 2007A Bond Reserve Fund" and the amount of the Minimum Bond Reserve so allocable to the Series 2007A Bonds is referred to in this Certificate as the "Series 2007A Minimum Bond Reserve."

(b) It is expected that any investment income derived from the investment of amounts in the Bond Reserve Fund will be used to accumulate the Minimum Bond Reserve or will be transferred as Gross Revenues to the Revenue Fund and expended for the required purposes thereof within 6 months of the date of their receipt.

(c) The Minimum Bond Reserve is not expected to exceed the least of (i) 10% of the aggregate original stated principal amounts of outstanding Parity Bond issues, (ii) the maximum annual principal and interest requirements of the outstanding Parity Bonds, and (iii) 125% of the average annual principal and interest requirements of the outstanding Parity Bonds. Accordingly, amounts accumulated in the Bond Reserve Fund, to the extent such amounts do not exceed any of the limits set forth in the preceding sentence, may be invested at an unrestricted yield. If any amounts are accumulated in excess of any such limit, then within 30 days of receipt the excess allocable to the Series 2007A Bond Reserve Fund will be invested at a yield not exceeding the Yield on the Series 2007A-B-C Bonds or the City will make yield reduction payments if permitted under Section 1.148-5(c) of the Regulations.

(d) Investments held in the Bond Reserve Fund must be allocated ratably among the Parity Bonds at least every 3 years and as of each date that (i) any additional parity bonds are issued, and (ii) any issue of parity bonds is retired.

(e) Not more than 10 percent of the Sale Proceeds of the Series 2007A Bonds will be deposited in the Bond Reserve Fund.

## Section 2.6 Other Funds

(a) All Gross Revenues of the Airport System are required by the General Bond Ordinance to be deposited in the Revenue Fund. Moneys in the Revenue Fund which are not thereafter deposited (as described in Sections 2.4 and 2.5 above) into the Series 2007A Bond Fund or into the Series 2007A Reserve Fund are expected to be used as described below for other purposes, including the payment of Operation and Maintenance Expenses and for the payment of debt service on Senior Bonds. Thus, it is not expected that amounts in the Revenue Fund in excess of the amounts required to make the deposits to the Series 2007A Bond Fund will be used to pay, and there is no reasonable assurance such amounts will be available to pay, the principal of and interest on the Series 2007A Bonds. It is expected that the Gross Revenues deposited into the Revenue Fund from time to time will be sufficient to pay the amounts required to be paid therefrom, including the deposits to the Series 2007A Bond Fund.

(i) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Operation and Maintenance Fund are expected to be expended on a current basis to pay the Operation and Maintenance Expenses of the Airport System. Amounts transferred from the Revenue Fund to the Operation and Maintenance Reserve Account in the Operation and Maintenance Fund are expected to be expended to defray deficiencies in amounts available in the Operation and Maintenance Fund to pay Operation and Maintenance Expenses.

(ii) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Capital Fund at the end of each Fiscal Year are expected to be expended to pay costs of acquiring, improving, or equipping Airport Facilities in connection with the future development of the Airport System or to pay the costs of major repairs, renewals and replacements. It is expected, however, that an amount will be accumulated and maintained in the Capital Fund as Other Available Moneys for purposes of the rate maintenance covenant of the General Bond Ordinance and, while not expected to be used to pay the principal of or interest on the Series 2007A Bonds, may be available for such purpose. Accordingly, except as otherwise permitted by an opinion of nationally recognized bond counsel, any portion of such amount allocable to the Series 2007A Bonds will be invested at a yield not exceeding the yield on the Series 2007A Bonds.

(iii) Amounts transferred from the Revenue Fund to the Bond Fund are expected to be expended on a current basis to pay debt service on the Senior Bonds.

(b) Except as set forth in this Certificate:

(i) No debt service fund, redemption fund, reserve fund, replacement fund or similar fund or account has been or will be created or established from which the principal of or premium, if any, or interest on the Series 2007A Bonds is expected to be directly or indirectly paid;

(ii) There will be no amounts (A) that are directly or indirectly pledged to pay the principal of or premium, if any, or interest on the Series 2007A Bonds, and (B) with respect to which there is any reasonable assurance that such amount will be available to pay principal or interest on the Series 2007A Bonds if the City encounters financial difficulties; and

(iii) There are and will be no other amounts that have a sufficient nexus with the Series 2007A Bonds or their governmental purpose to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2007A Bonds were not used or to be used for that purpose.

(c) As set forth in the Financial Advisor's Certificate, the weighted average maturity of the Series 2007A Bonds is 20.26 years, and, as set forth in Appendix A the weighted average economic life of the projects financed and refinanced by the Series 2007A Bonds is not less than 17 years, and therefore the Series 2007A Bonds will not be outstanding longer than reasonably necessary under Section 1.148-1(c)(4)(i) of the Regulations.



(d) Accordingly, except as set forth in this Certificate, there will be no replacement proceeds of the Series 2007A Bonds within the meaning of Section 1.148-1(c) of the Regulations.

Section 2.7 No Abusive Arbitrage Device

There is no action being taken in connection with the issuance of the Series 2007A Bonds that (a) has the effect of enabling the City to obtain a material financial advantage by exploiting the difference between taxable and tax-exempt interest rates (apart from the savings attributable to lower interest rates), or (b) results in the City issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Series 2007A Bonds.

**III. ARBITRAGE REBATE AND LIMITATION ON  
NONPURPOSE INVESTMENTS**

Section 3.1 Definitions. For purposes of this Article III, the following terms shall have the meanings specified below:

"Available Construction Proceeds" means an amount of Gross Proceeds equal to the Issue Price, increased by earnings on such amounts, earnings on any reasonably required reserve or replacement fund not funded by the issue, and earnings on all of the foregoing earnings, and reduced by the amount of Sale Proceeds deposited in a reasonably required reserve fund and by the amount of Gross Proceeds used for costs of issuance. Notwithstanding the preceding sentence, earnings on a reasonably required reserve or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of the date construction is substantially completed or the date that is 2 years after the issue date. An issuer may elect, on or before the issue date, to exclude earnings on a reasonably required reserve or replacement fund from Available Construction Proceeds.

"Bond Year" means each one-year period (or shorter period beginning on the issue date or ending on the final maturity date of the Series 2007A-B-C Bonds) ending at the close of business on the day selected by the City. If no day is selected by the City before the earlier of the final maturity date of the 2007A-B-C Bonds or the date that is five years after the issue date of the Series 2007A-B-C Bonds, each Bond Year ends on each anniversary of the issue date of the Series 2007A-B-C Bonds.

"Computation Date" means an Installment Computation Date or the Final Computation Date.

"Computation Period" means the period between Computation Dates.

"Construction Issue" means any issue (i) that is not a refunding issue, (ii) any private activity bonds that are a part of which consist of either qualified 501(c)(3) bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization, and (iii) for which the issuer reasonably expects that at least 75 percent of the Available Construction Proceeds will be allocated to construction expenditures (as opposed to

expenditures for the acquisition of land or existing property) for property owned by a governmental unit or a 501(c)(3) organization.

"Final Computation Date" means, with respect to the Series 2007A-B-C Bonds, the date the last bond that is part of the same issue as the 2007A-B-C Bonds is discharged.

"Fixed Rate Investment" means any investment whose yield is fixed and determinable on its issue date.

"Future Value" of a payment or receipt at the end of any period is determined under the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the 2007A-B-C Bonds, using the same compounding interval and financial conventions used to compute that yield.

"Gross Proceeds" means gross proceeds as defined in Regulations Section 1.148-1(b), as reduced by operation of the universal cap rule under Regulations Section 1.148-6(b)(2).

"Installment Computation Date" means, with respect to the Series 2007A-B-C Bonds, the last day of any Bond Year selected by the City ending not later than 5 years after the issue date of the Series 2007A-B-C Bonds, and the last day of the fifth and each succeeding fifth Bond Year.

"Investment Proceeds" means investment proceeds as defined in Regulations Section 1.148-1(b).

"Investment Property" means any security (within the meaning of Code Section 165(g)(2)(A) or (B)), obligation, annuity contract or investment-type property. Such term shall not include any "tax-exempt bond" as defined in Regulations Section 1.150-1(b).

"Nonpurpose Investment" means any Investment Property in which Gross Proceeds of the Series 2007A-B-C Bonds are invested and which is not acquired to carry out the governmental purpose of the Series 2007A-B-C Bonds.

"Nonpurpose Payment" means (i) any amount actually or constructively paid to acquire a Nonpurpose Investment (including any payment for "qualified administrative costs" as defined in Regulations Section 1.148-5(e)), (ii) for a Nonpurpose Investment that is first allocated to the Series 2007A-B-C Bonds or that becomes subject to the rebate requirement under Section 148(f) of the Code on a date after it is actually acquired, the Value of the investment on that date, (iii) for a Nonpurpose Investment that was allocated to the Series 2007A-B-C Bonds at the end of the preceding Computation Period, the Value of the investment at the beginning of the Computation Period, (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Series 2007A-B-C Bonds that are subject to the rebate requirement, and on the final maturity date of the Series 2007A Bonds, a computation credit of \$1,000, and (v) any yield reduction payment on Nonpurpose Investments made to United States pursuant to Regulations Section 1.148-5(c).

"Nonpurpose Receipt" means (i) any amount actually or constructively received from a Nonpurpose Investment, including earnings and return of principal, (ii) for a Nonpurpose Investment that ceases to be allocated to the Series 2007A-B-C Bonds or that ceases to be subject to the rebate requirement under section 148(f) of the Code on a date earlier than its disposition or redemption date, the Value of the investment on that date, and (iii) for a Nonpurpose Investment that is held at the end of a Computation Period, the Value of the investment on that date.

"Plain Par Investment" means an investment that is an obligation (i) issued with an original issue discount or premium of no more than two percent of its stated redemption price at maturity (disregarding any original issue premium that is attributable exclusively to reasonable underwriters' compensation), or, if acquired on a date other than its issue date, acquired with a market discount or premium of no more than two percent of its stated redemption price at maturity; (ii) issued for a price that does not include more than one year's accrued interest or accrued interest to be paid more than one year after the issue date; (iii) that bears interest from its issue date at a single, stated, fixed rate, or that is a variable rate debt instrument under Code Section 1275, in either case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

"Present Value" of an investment on a date means the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the Yield on the investment as the discount rate, computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the Yield on the Series 2007A-B-C Bonds.

"Rebate Amount" means, with respect to the Series 2007A-B-C Bonds, the amount computed as described in Section 3.4 hereof.

"Value" of an investment on a date means, except as provided in the following sentence, the value determined under one of the following methods: (i) for a Plain Par Investment, its outstanding principal amount, plus any accrued interest, on that date; (ii) for a Fixed Rate Investment, its Present Value on that date; or (iii) its fair market value on that date. Any yield restricted investment must be valued at Present Value, and any other investment that is first allocated to or from an issue as a result of a deemed acquisition or disposition (other than by reason of the transferred proceeds allocation rule under Regulations Section 1.148-9(b) or the universal cap rule under Regulations Section 1.148-6(b)(2)) must be valued at fair market value on the date of the deemed acquisition or disposition, except for investments in a commingled fund (other than a bona fide debt service fund) unless it is a commingled fund described in Regulations Section 1.148-6(e)(5)(iii).

"Variable Rate Investment" means any investment that is not a Fixed Rate Investment.

"Yield" means, with respect to the Series 2007A-B-C Bonds, yield computed under Regulations Section 1.148-4, or with respect to Nonpurpose Investments, yield computed under Regulations Section 1.148-5, and otherwise means, except as specifically modified herein, that yield with semiannual compounding which when used in computing the Future Value of all

payments of principal and interest on an obligation produces an amount equal to its purchase price.

### Section 3.2 In General

Interest on the Series 2007A Bonds will not be excluded from gross income for federal income tax purposes under section 103(a) of the Code unless the arbitrage rebate requirement of section 148(f) of the Code is met. Under Sections 1.150-1(c)(3)(ii) and 1.148-9(h)(1)(ii) of the Regulations, the arbitrage rebate requirement is generally applied to the Series 2007A-B-C Bonds in the aggregate. Under this requirement, the issuer generally must pay to the United States the excess of the amount earned on Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Series 2007A-B-C Bonds, together with any income attributable to such excess, with certain exceptions.

### Section 3.3 Spending Exceptions.

(a) The Code and Regulations provide certain exceptions to the arbitrage rebate requirement under which some or all of the proceeds of a bond issue will be treated as meeting the arbitrage rebate requirement if certain requirements are met relating to the spending of proceeds. In applying these exceptions, the Series 2007A Bonds and the Series 2007B Bonds, and the proceeds thereof, may be treated as a separate issue from the Series 2007C Bonds:

(i) Under Section 148(f)(4)(B) of the Code and Section 1.148-7(c) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 6 months after the issue date) are spent for the governmental purposes of the issue within 6 months of the issue date, and (B) the arbitrage rebate requirement is met with respect to any Gross Proceeds not required to be so spent.

(ii) Under Section 1.148-7(d) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if: (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 18 months after the issue date) are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--(1) at least 15 percent within 6 months, (2) at least 60 percent within 1 year, and (3) 100 percent within 18 months; (B) the arbitrage rebate requirement is otherwise met with respect to amounts not required to be so spent; and (C) all of the Gross Proceeds of the issue qualify for the initial temporary period for capital expenditures under section 1.148-2(e)(2) of the Regulations.

(iii) Under Section 148(f)(4)(C) and Section 1.148-7(e) of the Regulations, the Available Construction Proceeds of a Construction Issue are treated as meeting the arbitrage rebate requirement if the Available Construction Proceeds are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--

(A) at least 10 percent within 6 months, (B) at least 45 percent within 1 year, (C) at least 75 percent within 18 months, and (D) at least 100 percent within 2 years. The City reasonably expects that at least 75 percent of the Available Construction Proceeds of the Series 2007A Bonds and the Series 2007B Bonds will be allocated to construction expenditures (as opposed to expenditures for the acquisition of land or existing property) for property owned by the City, and therefore the Series 2007A Bonds and the Series 2007B Bonds together will constitute a Construction Issue.

(b) Except to the extent an exception applies as described in Paragraph (a) above, all funds and accounts treated as Gross Proceeds are subject to the requirement of Section 148(f) of the Code, other than (i) the Series 2007A Bond Fund for any Bond Year during which earnings on such fund are less than \$100,000, and (ii) the Series 2007B-C Bond Fund (all such funds and accounts are herein referred to as the "Funds and Accounts").

#### Section 3.4 Calculation of Rebate Amount

(a) For each Nonpurpose Investment subject to the arbitrage rebate requirement, the City shall record the purchase date of such investment, its purchase price, its Value as of each Computation Date, accrued interest due on its purchase date, its face amount, its coupon rate, its Yield, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(b) The City shall compute or cause to be computed the Yield on the Series 2007A-B-C Bonds as of each Computation Date.

(c) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Receipts and shall determine the Future Value of all Nonpurpose Receipts as of the Computation Date.

(d) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Payments and shall determine the Future Value of all Nonpurpose Payments as of the Computation Date.

(e) For each Computation Date, the City shall calculate or cause to be calculated the Rebate Amount, an amount equal to the sum of all amounts determined in subsection (c) of this Section, less the amounts determined in subsection (d) of this Section (which amount may be equal to but shall not be less than \$0.00).

#### Section 3.5 Payment to United States

(a) Unless the Series 2007A-B-C Bonds have been paid or redeemed prior to such time, within 60 days after each Installment Computation Date, the City shall pay to the United States an amount that, when added to the Future Value, as of the Installment Computation Date, of previous payments made to the United States under this subsection, equals at least 90 percent of the Rebate Amount as of the Installment Computation Date. The City shall pay to the United States, not later than 60 days after the Final Computation Date, an amount that, when added to

the Future Value of previous payments to the United States under this subsection, equals 100 percent of the Rebate Amount as of the Final Computation Date.

(b) The City shall mail each installment payable under subsection (a) of this Section to the appropriate Internal Revenue Service Center. Each payment shall be accompanied by a copy of such Form as the Internal Revenue Service may require and a statement summarizing the determination of the Rebate Amount.

#### Section 3.6 Fair Market Value Requirement

With respect to Gross Proceeds of the Series 2007A-B-C Bonds, the City will not purchase a Nonpurpose Investment for an amount greater than, or sell a Nonpurpose Investment for an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date, adjusted to take into account qualified administrative costs (as defined in Regulations Section 1.148-5(e)(2)) allocable to the investment. The purchase of any certificate of deposit, guaranteed investment contract or investments for a yield restricted defeasance escrow using Gross Proceeds of the Series 2007A-B-C Bonds shall be done in accordance with the safe harbor procedures provided in Section 1.148-5(d)(6) of the Regulations, or their successor provisions.

#### Section 3.7 Recordkeeping

In connection with the rebate requirement, the City shall maintain, until six years after the retirement of the last obligation of the issue of which the Series 2007A-B-C Bonds are a part, records of the rebate calculations and all amounts paid to the United States pursuant to Section 3.5 above.

### IV. OTHER TAX MATTERS

#### Section 4.1 Exempt Facility.

(a) The facilities financed with proceeds of the Series 2007A Bonds (the "Facilities") are designed to and will be used as part of an airport, or as property that is functionally related and subordinate to an airport and that is of a size and character commensurate with the size and character of such airport.

(b) At least 95 percent of the net proceeds of the Series 2007A Bonds allocable to the Series 2007A Improvement Project will be used to finance costs which were chargeable to the capital account of the Facilities for federal income tax purposes or would be so chargeable either with a proper election (for example, under section 266 of the Code) or but for a proper election to deduct such amount.

(c) The Facilities will be owned by a governmental unit, and if any portion of the Facilities is leased, (i) the lessee will make an irrevocable election (binding on the lessee and all successors in interest under the lease) not to claim depreciation or an investment credit with respect to the leased property, (ii) the lease term (as defined in section 168(i)(3) of the Code) will not be more than 80 percent of the reasonably expected economic life of the leased

property (as determined under section 147(b) of the Code), and (iii) the lessee will have no option to purchase the leased property other than at its fair market value (as of the time such option is exercised).

(d) The Facilities will serve, or be available on a regular basis for, general public use, or be a part of a facility so used.

(e) No portion of the Facilities consists of:

(i) office space, other than office space located on the premises of the Airport and at which no more than a de minimis amount of the functions performed are not directly related to the day-to-day operations of the airport; or

(ii) any of the following facilities if used for any private business use: (A) lodging facilities, (B) retail facilities in excess of a size necessary to serve passengers and employees at the Airport, (C) retail facilities (other than parking) for passengers or the general public located outside the airport terminal, (D) office buildings for individuals who are not employees of a governmental unit or the operating authority for the airport, or (E) an industrial park or manufacturing facility.

(f) If the use of the proceeds of the Series 2007A Bonds changes such that the certifications provided in this Section 4.1 are no longer true, the City will take such action, including the redemption of some or all of the Series 2007A Bonds then outstanding, as is necessary to maintain the tax-exempt status of the interest on the Series 2007A Bonds.

#### Section 4.2 Maturity Limitation.

The average maturity of the Series 2007A Bonds as set forth in the Financial Advisor's Certificate is 20.26 years, and the average reasonably expected economic life of the Facilities as provided in Appendix A hereto is at least 17 years. Thus, the average maturity of the Series 2007A Bonds does not exceed 120 percent of the remaining average reasonably expected economic life of the Facilities. Any changes in the Facilities being financed with proceeds of the Series 2007A Bonds is permitted only if a recomputation of the remaining average reasonably expected economic life of the Facilities shows that the requirements of this Section 4.2 will be met.

#### Section 4.3 Limitation on Land Acquisition.

(a) The City represents that, except as provided in paragraph (b) below, (i) less than 25 percent of the proceeds of the Series 2007A Bonds will be used (directly or indirectly) to finance or refinance the acquisition of land (or an interest therein), and (ii) no portion of the proceeds of the Series 2007A Bonds will be or were used (directly or indirectly) to finance or refinance the acquisition of land (or interest therein) to be used for farming purposes.

(b) The limitation provided in paragraph (a) above does not apply to land acquired by the City for noise abatement or wetland preservation, or for future use as an airport, provided that there is no other significant use of such land.

Section 4.4 Limitation on Existing Property Acquisition.

No portion of the proceeds of the Series 2007A Bonds will be or were used to finance or refinance the acquisition of property (or an interest therein) unless the first use of such property was pursuant to such acquisition.

Section 4.5 Prohibited Uses of Proceeds.

No portion of the proceeds of the Series 2007A Bonds will be or were used to finance or refinance any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

Section 4.6 Limitation on Financing Issuance Costs

The issuance costs of the Series 2007A Bonds financed by the Series 2007A Bonds will not exceed 2 percent of the proceeds of the Series 2007A Bonds.

Section 4.7 Bonds Not Federally Guaranteed.

(a) The payment of principal or interest on the Series 2007A Bonds will not be guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof.

(b) Less than 5 percent of the of the proceeds of the Series 2007A Bonds, if any, will be (i) used in making loans the payment of principal or interest on which are guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts.

(c) The payment of principal or interest on the Series 2007A Bonds is not otherwise indirectly guaranteed, in whole or in part, by the United States, or an agency or instrumentality thereof.

(d) Paragraphs (a) through (c) of this Section 4.2 do not apply to (i) proceeds of the Series 2007A Bonds invested for an initial temporary period until needed for the purpose for which the Series 2007A Bonds were issued, (ii) investments in the Series 2007A Bond Fund, or (iii) investments in bonds issued by the United States Treasury.

Section 4.8 Information Return.

The City will file or cause to be filed with the Internal Revenue Service, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2007A Bonds are issued, a completed and signed Form 8038. The information reported on that return will be true, correct and complete to the best of the knowledge and belief of the undersigned.



#### Section 4.9 Not Hedge Bonds.

(a) As described in Section 2.2 of this Certificate, it is reasonably expected on the issue date of the Series 2007A Bonds that at least 85 percent of the spendable proceeds of the Series 2007A Bonds will be used to carry out the governmental purposes of the Series 2007A Bonds within the 3-year period beginning on the issue date of the Series 2007A Bonds. The reasonableness of these expectations is in no way based on expectations as to changes in interest rates or changes in federal tax law, or in regulations or rulings thereunder.

(b) Not more than 50 percent of the proceeds of the Series 2007A Bonds s, if any, will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

(c) Accordingly, the Series 2007A Bonds are not hedge bonds within the meaning of Section 149(g) of the Code.

#### Section 4.10 Public Approval

A public hearing with respect to the City's plan of financing (the "Plan") for the Facilities, was held on July 27, 2007. The time and location of the public hearing provided a reasonable opportunity for persons of differing views to appear and be heard and a reasonable opportunity to be heard was afforded to all persons present at the hearing. The hearing was conducted by the City. Notice of the public hearing, which was published in The Daily Journal on July 13, 2007, contained: (i) a general, functional description of the type and use of the facilities to be financed and refinanced under the Plan, including the Facilities, (ii) the maximum aggregate face amount of the obligations to be issued with respect to the Plan, (iii) the initial owner, operator or manager of the Facilities and (iv) the location of the Facilities by a general description designed to inform readers of its specific location.

#### Section 4.11 Entire Issue

(a) There are no other obligations of the City that are or will be:

(i) Sold within 15 days of the Series 2007A-B-C Bonds;

(ii) Sold pursuant to the same plan of financing as the Series 2007A-B-C Bonds; and

(iii) Reasonably expected to be paid from substantially the same source of funds as the Series 2007A-B-C Bonds, determined without regard to guarantees from unrelated parties.

(b) Accordingly, no other obligations of the City will be considered part of the same issue as the Series 2007A-B-C Bonds within the meaning of Section 1.150-1(c) of the Regulations.

Section 4.12 Tax Covenants in General Bond Ordinance

(a) Pursuant to the General Bond Ordinance, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007A Bonds from time to time, that the City (i) will not make any use of the proceeds of the Series 2007A Bonds, any fund reasonably expected to be used to pay the Series 2007A Bonds or any other fund of the City, (ii) shall not make any use of the Facilities financed or refinanced with proceeds of the Series 2007A Bonds and (iii) shall not take (or omit to take) any other action with respect to the Series 2007A Bonds, the proceeds thereof or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2007A Bonds to be included in gross income for federal income tax purposes.

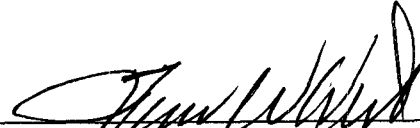
(b) In particular, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007A Bonds from time to time, that it will not take (or omit to take) or permit or suffer any action to be taken, if the result of the same would cause the Series 2007A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including for such purposes, to the extent applicable, the arbitrage rebate requirement of Section 148(f) of the Code.

Dated: August 29, 2007

CITY AND COUNTY OF DENVER, COLORADO  
for and on behalf of its Department  
of Aviation



\_\_\_\_\_  
Manager of Revenue  
ex officio Treasurer



\_\_\_\_\_  
Manager of Aviation

**Series 2007A Improvement Project  
and Economic Life Analysis**

<b>AIRFIELD</b>	<b>Expected costs</b>	<b>Expected useful life (years)</b>
SCAN - Upgrade/replacement of atmospheric instruments on 7 existing Remote Processing Units (RPU's), excluding RW 16R/34L.	\$105,000	5
Airfield Tunnel Wall Corrosion Protection	\$160,000	5
Auxiliary Parking Pads	\$3,000,000	40
Ramp area drainage mitigation	\$856,000	30
<b>AIRFIELD Total</b>	<b>\$4,121,000</b>	
<b>Roads, Parking and Ground Transportation</b>		
AVI at 3 gate locations on T-1 Road	\$480,769	10
Extend utilities from existing location(s) to lease lines of commercial development property at 77th & Gun club	\$750,000	30
Resurface west terminal economy and city employee parking lots; correct drainage problems; and, upgrade public lot signage.	\$2,323,000	5
Resurface 78th Ave landside employee parking lot	\$8,236	5
Additional Open and Full Overhead Parking Signs	\$400,000	5
Mt Elbert Pavements Improvement, Revenue Control Systems	\$5,000,000	30
<b>Total Roads, Parking &amp; Ground Transportation</b>	<b>\$8,962,005</b>	
<b>Communications, Electronics, Security &amp; Fire Protection</b>		
Build MUFIDS Technicians Office Area	\$340,000	20
Terminal & Concourse Fire Alarm System Replacement	\$632,216	10
<b>Total Communications, Electronics, Security &amp; Fire Protection</b>	<b>\$972,216</b>	
<b>Environmental, Utilities, Storm Water, Drainage</b>		
Manhole Rehabilitation	\$140,000	5
Manhole Rehabilitation	\$200,000	5
Security LAN Migration	\$265,500	5
ADF Waste Treatment Capacity Upgrades: Tap Fees	\$365,000	5
Install Fourth Pump Lift Station 1	\$460,407	30
Recycling Plant Transfer Pumping	\$237,939	5
ADF Waste Treatment Capacity Upgrades (Tap Fees)	\$379,600	5
Pond Liner Replacement	\$752,087	18
<b>Total Environmental, Utilities, Storm Water, Drainage</b>	<b>\$2,800,533</b>	

<b>Cargo &amp; Support Buildings</b>		
Expand Commercial Vehicle Building, Concessions and Holding Lot	\$629,000	38
Environmental and Energy Initiatives	\$500,000	5
Air Emissions Incentive Program	\$892,300	10
Solar Energy Generation	\$250,000	30
<b>Total Cargo &amp; Support Buildings</b>	<b>\$2,271,300</b>	
<b>Terminal &amp; Concourses</b>		
Replace Concourse A, B, and C Ceilings	\$3,990,730	20
Replace Concourse Subcore Elevators	\$665,000	20
AGTS Tunnel Communication Conduit Rehabilitation	\$548,965	5
FIDS / BIDS Millwork on Concourse A, B and C	\$2,036,524	5
Startup/Mobilization/General Con	\$19,800	5
Terminal Level 1 Entrance Heaving Modifications	\$330,000	5
Terminal Water Supply Capacity/Redundancy	\$375,652	30
Replace Existing Stearns Bridges at Concourse Aprons	\$386,471	20
HVAC for East Comm Pull Rooms	\$132,000	30
AGTS Tunnel Communication Conduit Rehabilitation	\$1,295,463	5
Central Plant Boiler Rehabilitation	\$238,400	5
Boiler Burner Control	\$460,000	5
Central Plant - Utility Tunnel -Automated Valve Actuators/Shut Off	\$60,000	5
Hydronic Pipe Assesment	\$275,000	5
Conc A West Expansion	\$98,904	20
Conc A East Interim Gates	\$123,800	5
Central Plant Loading Dock Door	\$60,000	5
Phase II: Parking Structures - Moisture Protection, Levels 4,3,2	\$6,309,366	28
On-demand Airline Directory Signage Maintenance	\$254,000	5
Terminal West Side Mod 4 Parking Structure	\$47,338,753	40
Terminal and Concourse A,B,C -Restroom and Finish Rehabilitation	\$149,290	5
Fire Protection Piping Replacement -Terminal Complex	\$713,870	20
Terminal Smoke Hatch Automated Closure and Improvements	\$23,180	5
Lightning Protection Program - Terminal Complex	\$330,000	20
North Terminal Air handling Units (NAHU) Improvements	\$562,715	20
UAL Ticket Counter	\$7,036,174	20
UAL Baggage Claim	\$500,000	25
Update Electrical As-builts	\$75,000	5

Airline Ticket Counter Rehabilitation	\$3,500,000	5
Replace Existing Stearns Bridges at Concourse A & C Aprons	\$3,496,500	20
Pre-Conditioned (PC) Air Replacement - Conc. A, B, C	\$200,000	5
FIDS / BIDS Millwork on Concourse A, B and C	\$2,875,000	5
Concourse B Jetway Bridges Foundation Repair	\$504,000	5
Concourse Triturator Leakage Repair	\$631,500	5
HVAC Control Upgrades -Terminal Complex	\$2,875,000	5
Terminal Complex Fire Alarm Upgrades	\$1,050,000	20
Concourse A, B, C Pressurization for Make-up air	\$880,000	20
Design FIS Expansion	\$900,000	20
Conc. B Regional Jet Facility	\$35,289,760	40
Concourse "B" RJ Facility Concessions	\$480,000	20
Central Plant Water Mitigation	\$1,167,700	28
Reline Central Plant Cooling Towers	\$945,000	5
Baggage Tunnel enhancements (aka Traffic Damage Mitigation)	\$1,125,000	5
Baggage Transport System: Terminal to Concourses	\$1,000,000	20
Baggage Sortation Message (BSM) Gateway	\$575,000	20
AGTS Capacity Enhancement	\$508,184	5
Terminal Level 1 Vestibule Doors	\$750,000	28
Carpeting	\$800,000	5
Parking Structure Stairs	\$7,200,000	28
A Security Queue Remodel	\$1,420,000	5
Replace Concourse A, B, and C Ceilings	\$920,000	28
Concourse C Central Core Art Feature Rehabilitation	\$288,900	5
Concourse C Moving Walkways	\$7,647,345	20
Restrooms Rehabilitation and Refresh	\$2,000,000	5
Concourse Welcome To Denver Signs	\$200,000	5
TSA Terminal Breakroom Enhancement	\$1,840,000	28
Rehabilitate Concession Food Courts	\$2,300,000	28
Baggage System Improvements	\$600,000	20
<b>Total Terminal &amp; Concourses</b>	<b>\$158,357,946</b>	
<b>Total</b>	<b>\$177,485,000</b>	

Weighted average economic life = 28.5 years

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A  
UNDERWRITERS' CERTIFICATE**

Goldman, Sachs & Co., on its own behalf and on behalf of the underwriters listed below, as the underwriters for the City and County of Denver, Colorado (the "City") of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), hereby certify that:

1. The Bond Reserve Fund (capitalized terms herein having the same meanings as in the General Bond Ordinance, unless otherwise indicated) for the Series 2007A Bonds is required to be maintained in an amount equal to the Minimum Bond Reserve as more fully set forth in the General Bond Ordinance. The precedents for structuring bond financings similar to the Series 2007A Bonds were established by rating agencies and investors active in this area prior to the structuring of the Series 2007A Bonds. Based on these precedents and on the demands of the market, it is our opinion that the establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required in order to sell the Series 2007A Bonds at the prices or yields at which they were actually sold. The Bond Reserve Fund provides additional security to the owners of the Series 2007A Bonds, thereby improving marketability of the Series 2007A Bonds and providing benefits to the City which are independent of any benefits that may be derived from the investment return on the money on deposit in the Bond Reserve Fund.

2. The initial offering price of the Series 2007A Bonds to the public, being the price at which a substantial amount of the Series 2007A Bonds (at least 10% of each maturity) was sold to the public (excluding bondhouses, brokers and similar persons acting in the capacity as underwriters or wholesalers), was \$192,399,319.05 (the "Issue Price").

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

GOLDMAN, SACHS & CO.

By: Goldman, Sachs + Co

for themselves and:

HARVESTONS SECURITIES, INC.  
JP MORGAN SECURITIES INC.  
RBC CAPITAL MARKETS

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A  
FINANCIAL ADVISOR'S CERTIFICATE**

First Albany Capital, Inc., as the as the financial advisor for the City and County of Denver, Colorado (the "City") in connection with the issuance by the City of its (i) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"); and (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in (the "Series 2007C Bonds" and, together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-B-C Bonds") hereby certify that:

1. MBIA Insurance Corporation (the "Insurer") has issued its bond insurance policy (the "Policy") insuring the timely payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds. As consideration for the Policy, the Insurer will be paid \$1,582,342.94 (the "Premium"). The present value of the Premium is less than the present value of the expected interest savings on the Series 2007A Bonds and the Series 2007C Bonds as a result of the Policy. In making this calculation, the yield on the Series 2007A-B-C Bonds, calculated by taking into account the Premium, was used as the discount rate in determining such present values.

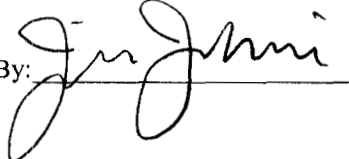
2. The yield on the Series 2007A-B-C Bonds is not less than 4.8369%. This yield was derived by determining the yield which, when used in computing the present value (using the six-month periods ending May 15 and November 15 as compounding intervals) of all payments of principal, interest and fees for qualified guarantees to be paid on the Series 2007A-B-C Bonds produces an amount equal to the aggregate issue price of the Series 2007A-B-C Bonds (\$253,515,610.75, consisting of par, plus net original issue premium), assuming that certain 2007A-B-C Bonds will be redeemed prior to maturity pursuant to Section 1.148-4(b)(3) of the Treasury Regulations. As to the issue price of the Series 2007A-B-C Bond used in performing this computation, we are relying solely on the Underwriters' Certificates each attached as Appendices to the City's Tax Certificates relating to the Series 2007A-B-C Bonds.

3. The weighted average maturity of the Series 2007A Bonds is 20.26 years, determined by dividing (i) the sum of the products of the issue price of each Bond times the number of years from the date of issue of the Bond (August 29, 2007) to the maturity date or sinking fund redemption date for such Bond by (ii) the aggregate issue price of the Series 2007A Bonds (\$192,393,319.05).



WITNESS my hand this 29<sup>th</sup> day of August, 2007.

FIRST ALBANY CAPITAL, INC.

By: \_\_\_\_\_

Insurer's Certificates



## TAX CERTIFICATE

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

RE: \$188,350,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A

\$34,635,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C

\$147,815,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D  
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing financial guaranty insurance policies (the "Policies") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policies are unconditional obligations of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the City and County of Denver (the "Issuer");
2. The insurance premiums in the amounts of \$1,327,237.24 for Series 2007A, \$255,105.70 for Series 2007C and \$677,000 for Series 2007D, represent the charge for a transfer of credit risk and were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Policies;
3. No portion of such premiums represent an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policies; and




WISDOM IN ACTION<sup>SM</sup>

5. To the extent the Insurer is called upon to make any payment under the Policies, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: August 29, 2007

**MBIA Insurance Corporation**

  
Assistant Secretary

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A  
QUALIFYING COST ANALYSIS**

Sale Proceeds		\$192,399,319.05
Plus: Construction Period Earnings (estimated)		\$7,648,363.83
Less: Reserve Fund Deposit		(\$9,856,983.34)
	Net Proceeds	\$190,190,699.54
		x .05
	Maximum Bad Costs	\$9,509,534.98
	Less: Issuance Costs	(\$528,243.00)
	Bond Insurance	(\$1,327,237.24)
	Underwriters Disc.	(\$1,120,682.50)
		(\$2,976,162.74)
Bad Costs to be funded		(\$0.00)
	Remaining Bad Costs	\$6,533,372.24

Reimbursement Resolution

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

Declaration of Intent to Reimburse  
Expenditures with the Proceeds of Future Bonds

WHEREAS, the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, (the "City") anticipates that it will incur planning, design, acquisition, development, construction, rehabilitation, equipping and furnishing costs (the "Costs") with respect to a new multi-level parking garage located at Denver International Airport (the "Project"); and

WHEREAS, the City intends to issue senior or subordinate airport revenue bonds (the "Bonds") to finance some or all of the Costs, including reimbursement of the City for Costs paid prior to the issuance of the Bonds; and

WHEREAS, the undersigned is the representative of the City authorized or designated to declare "official intent" on behalf of the City within the meaning of Section 1.150-2 of the Treasury Regulations.

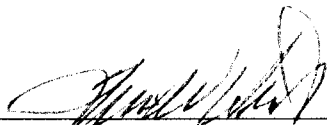
NOW, THEREFORE, THE UNDERSIGNED HEREBY DECLARES AS FOLLOWS:

1. This Declaration is adopted pursuant to Treasury Regulation Section 1.150-2(e) promulgated under the Code, and constitutes an "official intent" within the meaning of such section.
2. The City hereby declares its intent to finance the Costs by the issuance of the Bonds in the estimated aggregate principal amount of up to \$48,000,000. The City reasonably expects that Costs paid by the City before the issuance of the Bonds will be reimbursed with proceeds of the Bonds.
3. None of the Costs to be reimbursed from proceeds of the Bonds were incurred by the City more than 60 days prior to the date of this Declaration, other than preliminary expenditures including architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs up to an amount not in excess of 20% of the expected aggregate issue price of the Bonds.
4. Proceeds of the Bonds will be allocated to the reimbursement of any Costs not later than 18 months after the later of: (a) the date such cost is paid; or (b) the date the Project to which such Cost relates is placed in service, but in no event more than three years after the date the Cost is paid.

5. The Costs will be of a type that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles.

6. Other than the Bonds, it is not expected that the Costs will be financed by obligations of the City.

Dated: May 1, 2006

By:   
Name: Turner West  
Title: Manager of Aviation





**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007B-C  
TAX CERTIFICATE**

The undersigned hereby certify, represent and covenant for and on behalf of the Department of Aviation of the City and County of Denver, Colorado (the "City") as follows:

**I. IN GENERAL**

Section 1.1 This Certificate

(a) The City is issuing and delivering simultaneously with the delivery of this Certificate its "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the aggregate principal amount of \$24,250,000 (the "Series 2007B Bonds") and its "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the aggregate principal amount of \$34,635,000 (the "Series 2007C Bonds" and, together with the Series 2007B Bonds, the "Series 2007B-C Bonds").

(b) The undersigned are the officers of the City delegated the responsibility for issuing the Series 2007B-C Bonds.

(c) The undersigned are familiar with the proceedings taken preliminary to and in the issuance of the Series 2007B-C Bonds, including the City's Ordinance No. 626, Series of 1984, as heretofore amended and supplemented, the Series 2007A-B Airport System Supplemental Bond Ordinance, and the Series 2007C Airport System Supplemental Bond Ordinance. Such ordinances are collectively referred to herein as the "General Bond Ordinance."

(d) In order for interest on the Series 2007B-C Bonds to be excluded from gross income for federal income tax purposes under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations or rulings promulgated or proposed thereunder (collectively, the "Regulations"), certain restrictions under the Code and the Regulations must be complied with. The City desires to make certain certifications and representations and enter into certain covenants for the benefit of the owners of the Series 2007B-C Bonds from time to time, in order to ensure that interest on the Series 2007B-C Bonds will be and remain excludable from gross income for federal income tax purposes, and for the purpose of otherwise implementing the City's covenants set forth in the General Bond Ordinance.

(e) This Certificate is based on the facts and expectations in existence on the issue date of the Series 2007B-C Bonds. The expectations set forth in this Certificate are reasonable within the meaning of Regulations Section 1.148-2(b). We have made reasonable inquiries into factual matters relating to this Certificate that are not otherwise within the knowledge or control

of the City. No matters have come to our attention that make unreasonable or incorrect the expectations or representations set forth in this Certificate.

(f) All capitalized terms used in this Certificate shall have the same meanings assigned to them in the General Bond Ordinance, except as otherwise specifically defined herein.

### Section 1.2 Separate Issue Treatment

(a) The City is issuing the Series 2007B-C Bonds concurrently with the issuance of its: (i) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the aggregate principal amount of \$188,350,000 (the "Series 2007A Bonds"); and (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in the aggregate principal amount of \$147,815,000 (the "Series 2007D Bonds").

(b) The Series 2007A Bonds and the Series 2007B-C Bonds are collectively referred to herein as the "Series 2007A-B-C Bonds" and, except as provided in the following sentence, are treated as part of the same "issue" under Section 1.150-1(c) of the Regulations because all such bonds were sold at substantially the same time, pursuant to the same plan of financing, and are payable from the same source of funds. The Series 2007A Bonds and the Series 2007B-C Bonds finance separate purposes within the meaning of Section 1.150-1(c)(3) of the Regulations. Pursuant to Section 1.150-1(c) of the Regulations, the City shall treat the Series 2007A Bonds and the Series 2007B-C Bonds as separate issues for purposes of Sections 103 and 141 through 150 of the Code, other than for purposes of Sections 141(b)(5), 141(c)(1), 144(a), 148, 149(d) and 149(g).

(c) The Series 2007D Bonds are not part of the same "issue" as the Series 2007A-B-C Bonds under Section 1.150-1(c) of the Regulations because the first date on which there was a binding contract in writing for the Series 2007D Bonds was at least 15 days after the first date on which there was a binding contract in writing for the Series 2007A-B-C Bonds.

### Section 1.3 Purposes of the Series 2007B-C Bonds

(a) The Series 2007B-C Bonds are being issued for the purposes of: (i) defraying a portion of the cost of acquiring, improving and equipping certain facilities more fully described in Appendix A attached hereto (the "Series 2007B Improvement Project"); and (ii) advance refunding a portion of the City's outstanding "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2003B" (the "Refunded Bonds") as more particularly described in the General Bond Ordinance (collectively, the "Series 2007C Refunding Project").

(b) Under the multipurpose rules of Section 1.148-9(h) of the Regulation, the Series 2007B Bonds shall be allocated to the Series 2007B Improvement Project and the Series 2007C Bonds shall be allocated to the Series 2007C Refunding Project.

Section 1.4 Cost of Series 2007B Improvement Project and Series 2007C Refunding Project

The estimated total cost of the Series 2007B Improvement Project and the Series 2007C Refunding Project is not less than the sum of the Sale Proceeds (defined below) and Investment Proceeds (defined below) to be derived therefrom.

Section 1.5 Source and Use of Funds

(a) The Series 2007B-C Bonds are being sold at a price equal to the principal amount thereof plus net original issue premium of \$2,231,291.70, resulting in a gross amount from the sale of the Series 2007B-C Bonds of \$61,116,291.70 (the "Sale Proceeds"). The net amount received by the City from the sale of the Series 2007B-C Bonds is \$60,720,780.45, consisting of the Sale Proceeds less the Underwriters' compensation of \$395,511.25. The City will also utilize \$466,512.50 from the Bond Fund for the Refunded Bonds (the "Prior Bond Monies").

(b) The net amount received by the City from the sale of the Series 2007B-C Bonds as described in Section 1.5(a) above, and amounts derived from the investment and reinvestment thereof ("Investment Proceeds"), are expected to be allocated and expended as follows:

(i) \$35,336,431.88 of Sale Proceeds and \$466,512.50 of the Prior Bond Monies will be credited to the Series 2003B Bonds Escrow Account and, together with Investment Proceeds derived therefrom, used to pay interest on and redemption price of the Refunded Bonds;

(ii) \$1,147,833.33 of Sale Proceeds will be credited to the Bond Reserve Fund and used for the purposes described in Section 2.6 below;

(iii) \$2,285,341.61 of Sale Proceeds will be credited to the Series 2007B Capitalized Interest Subaccount and, together with Investment Proceeds derived therefrom, used to pay capitalized interest on the Series 2007B Bonds;

(iv) \$234,623.06 of Sale Proceeds will be credited to the Series 2007B Project Account and \$255,105.70 of Sale Proceeds will be credited to the Series 2007C Project Account and paid immediately to the Insurers named in Section 2.1(b) below in payment of a portion of the Premium described therein;

(v) \$69,873.00 of Sale Proceeds will be credited to the Series 2007B Project Account and \$201,940.37 of Sale Proceeds will be credited to the Series 2007C Project Account and used immediately to pay costs of issuance (other than the Underwriters' compensation and the Insurers' Premium described above) of the Series 2007B-C Bonds; and

(vi) \$21,189,631.50 of Sale Proceeds will be credited to the Series 2007B Project Account and, together with Investment Proceeds derived therefrom, used to pay costs of the Series 2007B Improvement Project.

## II. ARBITRAGE YIELD RESTRICTION

### Section 2.1 Yield

(a) Pursuant to Sections 1.150-1(c)(3)(ii) and 1.148-9(h)(1)(i) of the Regulations, the combined yield on the Series 2007A-B-C Bonds is to be used in applying the arbitrage and rebate provisions of Section 148 of the Code to the Series 2007B-C Bonds.

(b) MBIA Insurance Corporation (the "Series 2007A-C Insurer") will issue its financial guaranty insurance policy (the "Series 2007A-C Policy") insuring the timely payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds. Ambac Assurance Corporation (the "Series 2007B Insurer" and, together with the Series 2007A-C Insurer, the "Insurers") will issue its financial guaranty insurance policy (the "Series 2007B Policy" and, together with the Series 2007A-C Policy, the "Policies") insuring the timely payment of the principal of and interest on the Series 2007B Bonds. As consideration for the Policies, the Insurers will be paid a total of \$1,816,966.00 (the "Premium"), consisting of \$1,582,342.94 for the Series 2007A-C Policy and \$234,623.06 for the Series 2007B Policy. The Policies each will be obtained as the result of an arms' length transaction in order to reduce the amount of interest payable on the Series 2007A-B-C Bonds. The Policies will each create a guarantee in substance, imposing a secondary liability that unconditionally shifts substantially all of the credit risk for all or part of the payments of principal and interest on the Series 2007A-B-C Bonds. The Premium is a reasonable, arm's length charge for the transfer of credit risk and will not include any payment for any direct or indirect services other than the transfer of credit risk. The Insurers will not be co-obligors on the Series 2007A-B-C Bonds and it is not expected that the Insurers will make any payments of principal or interest on the Series 2007A-B-C Bonds. (See Insurers' Certificates attached hereto as Appendix F). As represented in the Financial Advisor's Certificates attached hereto as Appendices D, the present value of the Premium is less than the present value of the expected interest savings on the Series 2007A-B-C Bonds as a result of the Policies. The Policies each are being treated as a "qualified guarantee" within the meaning of Regulations Section 1.148-4(f). Therefore, for purposes of the computation of the yield on the Series 2007A-B-C Bonds described in Section 2.1(c) below, the Premium has been treated as additional interest on the Series 2007A-B-C Bonds.

(c) The Underwriters have certified in the Underwriters' Certificates attached hereto as Appendices B and C that \$25,071,590.00 is the initial offering price of the Series 2007B Bonds to the public, being the price at which a substantial amount of the Series 2007B Bonds (at least 10 percent of each maturity) were sold to the public (excluding bond houses, brokers and other intermediaries), and \$36,044,701.70 is the initial offering price of the Series 2007C Bonds to the public, being the price at which a substantial amount of the Series 2007C Bonds (at least 10 percent of each maturity) were sold to the public (excluding bond houses, brokers and other intermediaries). The City's financial advisors have certified in the Financial Advisors' Certificate attached hereto as Appendix D that the yield on the Series 2007A-B-C Bonds (determined pursuant to Section 1.148-4 of the Regulations) is not less than 4.8369%. We have no reason to believe such certifications are incorrect.

Section 2.2. Refunding Escrow; Transferred Proceeds

(a) \$35,336,431.88 of Sale Proceeds and \$466,512.50 of the Prior Bond Monies will be credited to the Series 2003B Bonds Escrow Account for the purpose of advance refunding the Refunded Bonds. Such amounts will be used to purchase certain federal securities directly from the United States Treasury (the "Securities") and to establish an initial cash balance.

(b) As shown by the report prepared by Causey Demgen & Moore Inc. and attached hereto as Appendix E, the annual yield (determined pursuant to Section 1.148-5 of the Regulations) on the Securities purchased with proceeds of the Series 2007B-C Bonds is 4.60118%, which is less the yield on the Series 2007A-B-C Bonds.

(c) Any amounts in the Bond Reserve Fund allocable to the Refunded Bonds will become transferred proceeds of the Series 2007A-B-C Bonds under the rules of Section 1.148-9(b) of the Regulations as proceeds of the Series 2007A-B-C Bonds are used to discharge outstanding principal of the Refunded Bonds.

(d) Other than as described in this Section 2.2, there are no amounts on hand that constitute unexpended proceeds of the Refunded Bonds

Section 2.3 Temporary Period: Series 2007B Improvement Project

(a) The City reasonably expects that:

(i) At least 85 percent of the Net Sale Proceeds (i.e., Sale Proceeds not deposited in the Bond Reserve Fund) allocable to the Series 2007B Improvement Project will be expended on the Series 2007B Improvement Project on or before August 29, 2010, for costs that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles;

(ii) The City has incurred, or within six months of the issue date of the Series 2007B-C Bonds will incur, substantial binding obligations to third parties to expend at least 5 percent of the Net Sale Proceeds allocable to the Series 2007B Improvement Project on the Series 2007B Improvement Project; and

(iii) Completion of the Series 2007B Improvement Project and expenditure of the Net Sale Proceeds allocable to the Series 2007B Improvement Project will proceed with due diligence.

(b) Accordingly, Sale Proceeds and Investment Proceeds allocable to the Series 2007B Improvement Project may be invested at an unrestricted yield during the three-year period beginning on the issue date of the Series 2007B-C Bonds.

## Section 2.4 Reimbursement Allocations

(a) Prior to the issue date of the Series 2007B-C Bonds, certain funds of the City may have been expended to pay costs of the Series 2007B Improvement Project that are to be reimbursed with proceeds of the Series 2007B-C Bonds (collectively, the "Prior Expenditures").

(b) Not later than 60 days after payment of any Prior Expenditure, the City adopted a declaration of intent to reimburse the Prior Expenditure with proceeds of an obligation. The declaration of official intent generally described the portion of the Series 2007B Improvement Project to which the Prior Expenditure relates and stated the maximum principal amount of obligations expected to be issued. On the date of the declaration, the City reasonably expected that it would reimburse the Prior Expenditure with proceeds of an obligation. Attached hereto as Appendix G is a copy of the declaration of official intent to reimburse described above.

(c) Proceeds of the Series 2007B-C Bonds will be allocated to reimburse a Prior Expenditure no later than 18 months after the later of (i) the date of the Prior Expenditure, or (ii) the date the portion of the Series 2007B Improvement Project to which the Prior Expenditure relates is placed in service; but in no event more than three years after the date of the Prior Expenditure.

(d) All of the Prior Expenditures were properly chargeable to capital account (or would be so chargeable with a proper election) under general Federal income tax principles, and were not originally paid from proceeds of an obligation of the City.

(e) The City will not, within one year of an allocation of proceeds to reimburse a Prior Expenditure, use funds corresponding to the proceeds allocated to such reimbursement in a manner that results in the creation of "replacement proceeds" (as defined in the Section 1.148-1 of the Regulations) of the Series 2007B-C Bonds or of another issue.

## Section 2.5 Series 2007B-C Bond Fund

(a) All payments of principal (at maturity) of and interest on the Series 2007B-C Bonds are expected to be made from the Principal Account and Interest Account in the Bond Fund, respectively. Such accounts serve as debt service funds for the payment of principal (at maturity) of and interest on all bonds of the City which are secured by a lien on the Net Revenues on a parity with the lien thereon of the Series 2007B-C Bonds (the "Parity Bonds"). For the purposes of this Certificate, that portion of each such fund which is reasonably expected to be used to pay debt service on the Series 2007B-C Bonds is referred to as the "Series 2007B-C Principal Account" and "Series 2007B-C Interest Account," respectively. Amounts deposited into the Revenue Fund which are required to pay a portion of the next maturing principal of and next due interest on the Series 2007B-C Bonds are expected to be deposited monthly. It is expected that all such amounts (together with investment income thereon) will be used to pay such principal and interest within 13 months from the date of receipt.

(b) All payments of principal of the Series 2007B-C Bonds pursuant to the Mandatory Redemption Schedule are expected to be made from the Sinking Fund Account in the

Bond Fund, which serves as a debt service fund for the payment of the Series 2007B-C Bonds and any Parity Bonds. For the purposes of this Certificate, that portion of the Sinking Fund Account which is reasonably expected to be used to pay the principal (upon mandatory redemption) of the Series 2007B-C Bonds is referred to as the "Series 2007B-C Sinking Fund Account." Amounts deposited into the Series 2007B-C Sinking Fund Account which are required to pay the principal of the Series 2007B-C Bonds next subject to redemption pursuant to the Mandatory Redemption Schedule are expected to be deposited monthly into the Series 2007B-C Sinking Fund Account beginning one year prior to any such Mandatory Redemption. It is expected that all such amounts so deposited into the Series 2007B-C Sinking Fund Account (together with investment income thereon) will be used to pay such principal within 13 months from the date of receipt.

(c) The City has imposed a passenger facility charge ("PFC") at the Airport, the revenues from which are deposited in the PFC Fund. The City is required to deposit a specified portion of PFC revenues it receives in each Fiscal Year through 2013 to the PFC Debt Service Account in the PFC Fund. All amounts in the PFC Debt Service Account are irrevocably committed to the payment of principal and interest on the Parity Bonds. For the purposes of this Certificate, that portion of the PFC Debt Service Account which is reasonably expected to be used to pay principal and interest on the Series 2007B-C Bonds is referred to as the "Series 2007B-C PFC Debt Service Account." It is expected that all amounts so deposited into the Series 2007B-C PFC Debt Service Account (together with investment income thereon) will be transferred to the Bond Fund and used to pay such principal and interest within 13 months from the date of receipt.

(d) The Series 2007B-C Principal Account, Series 2007B-C Interest Account, Series 2007B-C Sinking Fund Account, and Series 2007B-C PFC Debt Service Account (collectively, the "Series 2007B-C Bond Fund") are funds which will be used primarily to achieve proper matching of Net Revenues and debt service within each bond year, and each will be fully depleted at least once a year, except for reasonable carryover amounts not to exceed, in the aggregate, (i) the earnings on such funds for the immediately preceding bond year, or (ii) one-twelfth of the principal and interest payments on the Series 2007B-C Bonds for the immediately preceding bond year. Accordingly, amounts in such funds may be invested at an unrestricted yield pursuant to Section 1.148-2(e)(5)(ii) of the Regulations.

#### Section 2.6 Series 2007B-C Reserve Fund

(a) The General Bond Ordinance requires that amounts in the Revenue Fund be deposited not less frequently than monthly into the Bond Reserve Fund to accumulate an amount therein equal to the maximum amount of Bond Requirements due on the Series 2007B-C Bonds and any Parity Bonds in any succeeding Fiscal Year (the "Minimum Bond Reserve"). The Underwriters in the Underwriters' Certificates have certified that establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required. Once accumulated, the Minimum Bond Reserve is expected to be maintained as a continuing reserve for the Series 2007B-C Bonds and such Parity Bonds over the term thereof. The Bond Reserve Fund may be allocated among the Series 2007B-C Bonds and such other Parity Bonds in proportion to their original face amounts subject to reasonable adjustment to take into account



the universal cap provisions of Section 1.148-6(b) of the Code. The portion of the Bond Reserve Fund so allocable to the Series 2007B-C Bonds is referred to in this Certificate as the "Series 2007B-C Bond Reserve Fund" and the amount of the Minimum Bond Reserve so allocable to the Series 2007B-C Bonds is referred to in this Certificate as the "Series 2007B-C Minimum Bond Reserve."

(b) It is expected that any investment income derived from the investment of amounts in the Bond Reserve Fund will be used to accumulate the Minimum Bond Reserve or will be transferred as Gross Revenues to the Revenue Fund and expended for the required purposes thereof within 6 months of the date of their receipt.

(c) The Minimum Bond Reserve is not expected to exceed the least of (i) 10% of the aggregate original stated principal amounts of outstanding Parity Bond issues, (ii) the maximum annual principal and interest requirements of the outstanding Parity Bonds, and (iii) 125% of the average annual principal and interest requirements of the outstanding Parity Bonds. Accordingly, amounts accumulated in the Bond Reserve Fund, to the extent such amounts do not exceed any of the limits set forth in the preceding sentence, may be invested at an unrestricted yield. If any amounts are accumulated in excess of any such limit, then within 30 days of receipt the excess allocable to the Series 2007B-C Bond Reserve Fund will be invested at a yield not exceeding the Yield on the 2007A-B-C Bonds or the City will make yield reduction payments if permitted under Section 1.148-5(c) of the Regulations.

(d) Investments held in the Bond Reserve Fund must be allocated ratably among the Parity Bonds at least every 3 years and as of each date that (i) any additional parity bonds are issued, and (ii) any issue of parity bonds is retired.

(e) Not more than 10 percent of the Sale Proceeds of the Series 2007B-C Bonds will be deposited in the Bond Reserve Fund.

## Section 2.7 Other Funds

(a) All Gross Revenues of the Airport System are required by the General Bond Ordinance to be deposited in the Revenue Fund. Moneys in the Revenue Fund which are not thereafter deposited (as described in Sections 2.5 and 2.6 above) into the Series 2007B-C Bond Fund or into the Series 2007B-C Reserve Fund are expected to be used as described below for other purposes, including the payment of Operation and Maintenance Expenses and for the payment of debt service on Senior Bonds. Thus, it is not expected that amounts in the Revenue Fund in excess of the amounts required to make the deposits to the Series 2007B-C Bond Fund will be used to pay, and there is no reasonable assurance such amounts will be available to pay, the principal of and interest on the Series 2007B-C Bonds. It is expected that the Gross Revenues deposited into the Revenue Fund from time to time will be sufficient to pay the amounts required to be paid therefrom, including the deposits to the Series 2007B-C Bond Fund.

(i) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Operation and Maintenance Fund are expected to be expended on a current basis to pay the Operation and Maintenance Expenses of the Airport System. Amounts

transferred from the Revenue Fund to the Operation and Maintenance Reserve Account in the Operation and Maintenance Fund are expected to be expended to defray deficiencies in amounts available in the Operation and Maintenance Fund to pay Operation and Maintenance Expenses.

(ii) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Capital Fund at the end of each Fiscal Year are expected to be expended to pay costs of acquiring, improving, or equipping Airport Facilities in connection with the future development of the Airport System or to pay the costs of major repairs, renewals and replacements. It is expected, however, that an amount will be accumulated and maintained in the Capital Fund as Other Available Moneys for purposes of the rate maintenance covenant of the General Bond Ordinance and, while not expected to be used to pay the principal of or interest on the Series 2007B-C Bonds, may be available for such purpose. Accordingly, except as otherwise permitted by an opinion of nationally recognized bond counsel, any portion of such amount allocable to the Series 2007B-C Bonds will be invested at a yield not exceeding the yield on the Series 2007B-C Bonds.

(iii) Amounts transferred from the Revenue Fund to the Bond Fund are expected to be expended on a current basis to pay debt service on the Senior Bonds.

(b) Except as set forth in this Certificate:

(i) No debt service fund, redemption fund, reserve fund, replacement fund or similar fund or account has been or will be created or established from which the principal of or premium, if any, or interest on the Series 2007B-C Bonds is expected to be directly or indirectly paid;

(ii) There will be no amounts (A) that are directly or indirectly pledged to pay the principal of or premium, if any, or interest on the Series 2007B-C Bonds, and (B) with respect to which there is any reasonable assurance that such amount will be available to pay principal or interest on the Series 2007B-C Bonds if the City encounters financial difficulties; and

(iii) There are and will be no other amounts that have a sufficient nexus with the Series 2007B-C Bonds or their governmental purpose to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2007B-C Bonds were not used or to be used for that purpose.

(c) As set forth in the Appendix D, the weighted average maturity of the Series 2007B Bonds is 23.3 years, and, as set forth in Appendix A the weighted average economic life of the projects financed by the Series 2007B Bonds is not less than 21.1 years. Also as set forth in Appendix D, the weighted average maturity of the Series 2007C Bonds is 22.0 years and the remaining weighted average maturity of the Refunded Bonds (if not refunded) is 22.0 years. Accordingly, the Series 2007B-C Bonds will not be outstanding longer than reasonably necessary under Section 1.148-1(c)(4) of the Regulations.

(d) Accordingly, except as set forth in this Certificate, there will be no replacement proceeds of the Series 2007B-C Bonds within the meaning of Section 1.148-1(c) of the Regulations.

Section 2.8 No Abusive Arbitrage Device or Excess Gross Proceeds.

(a) There is no action being taken in connection with the issuance of the Series 2007B-C Bonds that (a) has the effect of enabling the City to obtain a material financial advantage by exploiting the difference between taxable and tax-exempt interest rates (apart from the savings attributable to lower interest rates), or (b) results in the City issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Series 2007B-C Bonds.

(b) The aggregate amount of gross proceeds of the Series 2007C Bonds, less the amount of such gross proceeds allocable to the items listed below, will not exceed one percent of the Sale Proceeds of the Series 2007C Bonds;

(i) payment of principal, interest, or call premium on the Refunded Bonds;

(ii) payment of pre-issuance accrued interest (as defined in Regulations Section 1.148-1(b)) on the Series 2007C Bonds, and interest on the Series 2007C Bonds that accrues for a period up to the completion date of any capital project for which the Refunded Bonds were issued, plus one year;

(iii) a reasonably required reserve or replacement fund for the Series 2007C Bonds or Investment Proceeds of such a fund;

(iv) payment of costs of issuance of the Series 2007C Bonds;

(v) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Series 2007C Bonds, or investments of the Series 2007C Bonds;

(vi) transferred proceeds that will be used or maintained for the governmental purposes of the Refunded Bonds;

(vii) interest on purpose investments;

(viii) replacement proceeds that will be used or maintained for the governmental purpose of the Series 2007C Bonds; and

(ix) qualified guarantee fees for the Series 2007C Bonds or the Refunded Bonds.

Accordingly, the Series 2007B-C Bonds will have no excess gross proceeds within the meaning of Section 1.148-10(c) of the Regulations.

### III. ARBITRAGE REBATE AND LIMITATION ON NONPURPOSE INVESTMENTS

Section 3.1 Definitions. For purposes of this Article III, the following terms shall have the meanings specified below:

"Available Construction Proceeds" means an amount of Gross Proceeds equal to the Issue Price, increased by earnings on such amounts, earnings on any reasonably required reserve or replacement fund not funded by the issue, and earnings on all of the foregoing earnings, and reduced by the amount of Sale Proceeds deposited in a reasonably required reserve fund and by the amount of Gross Proceeds used for costs of issuance. Notwithstanding the preceding sentence, earnings on a reasonably required reserve or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of the date construction is substantially completed or the date that is 2 years after the issue date. An issuer may elect, on or before the issue date, to exclude earnings on a reasonably required reserve or replacement fund from Available Construction Proceeds.

"Bond Year" means each one-year period (or shorter period beginning on the issue date or ending on the final maturity date of the Series 2007A-B-C Bonds) ending at the close of business on the day selected by the City. If no day is selected by the City before the earlier of the final maturity date of the 2007A-B-C Bonds or the date that is five years after the issue date of the Series 2007A-B-C Bonds, each Bond Year ends on each anniversary of the issue date of the Series 2007A-B-C Bonds.

"Computation Date" means an Installment Computation Date or the Final Computation Date.

"Computation Period" means the period between Computation Dates.

"Construction Issue" means any issue (i) that is not a refunding issue, (ii) any private activity bonds that are a part of which consist of either qualified 501(c)(3) bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization, and (iii) for which the issuer reasonably expects that at least 75 percent of the Available Construction Proceeds will be allocated to construction expenditures (as opposed to expenditures for the acquisition of land or existing property) for property owned by a governmental unit or a 501(c)(3) organization.

"Final Computation Date" means, with respect to the Series 2007A-B-C Bonds, the date the last bond that is part of the same issue as the 2007A-B-C Bonds is discharged.

"Fixed Rate Investment" means any investment whose yield is fixed and determinable on its issue date.

"Future Value" of a payment or receipt at the end of any period is determined under the economic accrual method and equals the value of that payment or receipt when it is paid or

received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the 2007A-B-C Bonds, using the same compounding interval and financial conventions used to compute that yield.

"Gross Proceeds" means gross proceeds as defined in Regulations Section 1.148-1(b), as reduced by operation of the universal cap rule under Regulations Section 1.148-6(b)(2).

"Installment Computation Date" means, with respect to the Series 2007A-B-C Bonds, the last day of any Bond Year selected by the City ending not later than 5 years after the issue date of the Series 2007A-B-C Bonds, and the last day of the fifth and each succeeding fifth Bond Year.

"Investment Proceeds" means investment proceeds as defined in Regulations Section 1.148-1(b).

"Investment Property" means any security (within the meaning of Code Section 165(g)(2)(A) or (B)), obligation, annuity contract or investment-type property. Such term shall not include any "tax-exempt bond" as defined in Regulations Section 1.150-1(b).

"Nonpurpose Investment" means any Investment Property in which Gross Proceeds of the Series 2007A-B-C Bonds are invested and which is not acquired to carry out the governmental purpose of the Series 2007A-B-C Bonds.

"Nonpurpose Payment" means (i) any amount actually or constructively paid to acquire a Nonpurpose Investment (including any payment for "qualified administrative costs" as defined in Regulations Section 1.148-5(e)), (ii) for a Nonpurpose Investment that is first allocated to the Series 2007A-B-C Bonds or that becomes subject to the rebate requirement under Section 148(f) of the Code on a date after it is actually acquired, the Value of the investment on that date, (iii) for a Nonpurpose Investment that was allocated to the Series 2007A-B-C Bonds at the end of the preceding Computation Period, the Value of the investment at the beginning of the Computation Period, (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Series 2007A-B-C Bonds that are subject to the rebate requirement, and on the final maturity date of the Series 2007A Bonds, a computation credit of \$1,000, and (v) any yield reduction payment on Nonpurpose Investments made to United States pursuant to Regulations Section 1.148-5(c).

"Nonpurpose Receipt" means (i) any amount actually or constructively received from a Nonpurpose Investment, including earnings and return of principal, (ii) for a Nonpurpose Investment that ceases to be allocated to the Series 2007A-B-C Bonds or that ceases to be subject to the rebate requirement under section 148(f) of the Code on a date earlier than its disposition or redemption date, the Value of the investment on that date, and (iii) for a Nonpurpose Investment that is held at the end of a Computation Period, the Value of the investment on that date.

"Plain Par Investment" means an investment that is an obligation (i) issued with an original issue discount or premium of no more than two percent of its stated redemption price at maturity (disregarding any original issue premium that is attributable exclusively to reasonable

underwriters' compensation), or, if acquired on a date other than its issue date, acquired with a market discount or premium of no more than two percent of its stated redemption price at maturity; (ii) issued for a price that does not include more than one year's accrued interest or accrued interest to be paid more than one year after the issue date; (iii) that bears interest from its issue date at a single, stated, fixed rate, or that is a variable rate debt instrument under Code Section 1275, in either case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

"Present Value" of an investment on a date means the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the Yield on the investment as the discount rate, computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the Yield on the Series 2007A-B-C Bonds.

"Rebate Amount" means, with respect to the Series 2007A-B-C Bonds, the amount computed as described in Section 3.4 hereof.

"Value" of an investment on a date means, except as provided in the following sentence, the value determined under one of the following methods: (i) for a Plain Par Investment, its outstanding principal amount, plus any accrued interest, on that date; (ii) for a Fixed Rate Investment, its Present Value on that date; or (iii) its fair market value on that date. Any yield restricted investment must be valued at Present Value, and any other investment that is first allocated to or from an issue as a result of a deemed acquisition or disposition (other than by reason of the transferred proceeds allocation rule under Regulations Section 1.148-9(b) or the universal cap rule under Regulations Section 1.148-6(b)(2)) must be valued at fair market value on the date of the deemed acquisition or disposition, except for investments in a commingled fund (other than a bona fide debt service fund) unless it is a commingled fund described in Regulations Section 1.148-6(e)(5)(iii).

"Variable Rate Investment" means any investment that is not a Fixed Rate Investment.

"Yield" means, with respect to the Series 2007A-B-C Bonds, yield computed under Regulations Section 1.148-4, or with respect to Nonpurpose Investments, yield computed under Regulations Section 1.148-5, and otherwise means, except as specifically modified herein, that yield with semiannual compounding which when used in computing the Future Value of all payments of principal and interest on an obligation produces an amount equal to its purchase price.

### Section 3.2 In General

Interest on the Series 2007B-C Bonds will not be excluded from gross income for federal income tax purposes under section 103(a) of the Code unless the arbitrage rebate requirement of section 148(f) of the Code is met. Under Sections 1.150-1(c)(3)(ii) and 1.148-9(h)(1)(ii) of the Regulations, the arbitrage rebate requirement is generally applied to the Series 2007A-B-C Bonds in the aggregate. Under this requirement, the issuer generally must pay to the United States the excess of the amount earned on Nonpurpose Investments over the amount that would

have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Series 2007A-B-C Bonds, together with any income attributable to such excess, with certain exceptions.

### Section 3.3 Spending Exceptions.

(a) The Code and Regulations provide certain exceptions to the arbitrage rebate requirement under which some or all of the proceeds of a bond issue will be treated as meeting the arbitrage rebate requirement if certain requirements are met relating to the spending of proceeds. In applying these exceptions, the Series 2007A Bonds and the Series 2007B Bonds, and the proceeds thereof, may be treated as a separate issue from the Series 2007C Bonds:

(i) Under Section 148(f)(4)(B) of the Code and Section 1.148-7(c) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 6 months after the issue date) are spent for the governmental purposes of the issue within 6 months of the issue date, and (B) the arbitrage rebate requirement is met with respect to any Gross Proceeds not required to be so spent.

(ii) Under Section 1.148-7(d) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if: (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 18 months after the issue date) are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--(1) at least 15 percent within 6 months, (2) at least 60 percent within 1 year, and (3) 100 percent within 18 months; (B) the arbitrage rebate requirement is otherwise met with respect to amounts not required to be so spent; and (C) all of the Gross Proceeds of the issue qualify for the initial temporary period for capital expenditures under section 1.148-2(e)(2) of the Regulations.

(iii) Under Section 148(f)(4)(C) and Section 1.148-7(e) of the Regulations, the Available Construction Proceeds of a Construction Issue are treated as meeting the arbitrage rebate requirement if the Available Construction Proceeds are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--(A) at least 10 percent within 6 months, (B) at least 45 percent within 1 year, (C) at least 75 percent within 18 months, and (D) at least 100 percent within 2 years. The City reasonably expects that at least 75 percent of the Available Construction Proceeds of the Series 2007A Bonds and the Series 2007B Bonds will be allocated to construction expenditures (as opposed to expenditures for the acquisition of land or existing property) for property owned by the City, and therefore the Series 2007A Bonds and the Series 2007B Bonds together will constitute a Construction Issue.

(b) Except to the extent an exception applies as described in Paragraph (a) above, all funds and accounts treated as Gross Proceeds are subject to the requirement of Section 148(f) of the Code, other than (i) the Series 2007A Bond Fund for any Bond Year during which earnings

on such fund are less than \$100,000, and (ii) the Series 2007B-C Bond Fund (all such funds and accounts are herein referred to as the "Funds and Accounts").

#### Section 3.4 Calculation of Rebate Amount

(a) For each Nonpurpose Investment subject to the arbitrage rebate requirement, the City shall record the purchase date of such investment, its purchase price, its Value as of each Computation Date, accrued interest due on its purchase date, its face amount, its coupon rate, its Yield, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(b) The City shall compute or cause to be computed the Yield on the Series 2007A-B-C Bonds as of each Computation Date.

(c) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Receipts and shall determine the Future Value of all Nonpurpose Receipts as of the Computation Date.

(d) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Payments and shall determine the Future Value of all Nonpurpose Payments as of the Computation Date.

(e) For each Computation Date, the City shall calculate or cause to be calculated the Rebate Amount, an amount equal to the sum of all amounts determined in subsection (c) of this Section, less the amounts determined in subsection (d) of this Section (which amount may be equal to but shall not be less than \$0.00).

#### Section 3.5 Payment to United States

(a) Unless the Series 2007A-B-C Bonds have been paid or redeemed prior to such time, within 60 days after each Installment Computation Date, the City shall pay to the United States an amount that, when added to the Future Value, as of the Installment Computation Date, of previous payments made to the United States under this subsection, equals at least 90 percent of the Rebate Amount as of the Installment Computation Date. The City shall pay to the United States, not later than 60 days after the Final Computation Date, an amount that, when added to the Future Value of previous payments to the United States under this subsection, equals 100 percent of the Rebate Amount as of the Final Computation Date.

(b) The City shall mail each installment payable under subsection (a) of this Section to the appropriate Internal Revenue Service Center. Each payment shall be accompanied by a copy of such Form as the Internal Revenue Service may require and a statement summarizing the determination of the Rebate Amount.



Section 3.6 Fair Market Value Requirement

With respect to Gross Proceeds of the Series 2007A-B-C Bonds, the City will not purchase a Nonpurpose Investment for an amount greater than, or sell a Nonpurpose Investment for an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date, adjusted to take into account qualified administrative costs (as defined in Regulations Section 1.148-5(e)(2)) allocable to the investment. The purchase of any certificate of deposit, guaranteed investment contract or investments for a yield restricted defeasance escrow using Gross Proceeds of the Series 2007A-B-C Bonds shall be done in accordance with the safe harbor procedures provided in Section 1.148-5(d)(6) of the Regulations, or their successor provisions.

Section 3.7 Recordkeeping

In connection with the rebate requirement, the City shall maintain, until six years after the retirement of the last obligation of the issue of which the Series 2007A-B-C Bonds are a part, records of the rebate calculations and all amounts paid to the United States pursuant to Section 3.5 above.

**IV. OTHER TAX MATTERS**

Section 4.1 No Private Activity Bonds

(a) It is reasonably expected, and the City hereby covenants, that:

(i) Not more than 10 percent of the proceeds of the Series 2007B-C Bonds (including the Series 2007B Improvement Project and the facilities refinanced through the Series 2007C Refunding Project) will be used, directly or indirectly, in a trade or business carried on by any person other than a governmental unit (other than use as a member of the general public) within the meaning of Section 141 of the Code and Section 1.141-3 of the Regulations; and

(ii) Proceeds of the Series 2007B-C Bonds will not be used in an amount exceeding the lesser of 5 percent of the proceeds of the Series 2007B-C Bonds or \$5,000,000 to directly or indirectly make or finance loans to persons other than governmental units within the meaning of Section 141 of the Code and Section 1.141-5 of the Regulations.

(b) In accordance with Section 1.141-15(c) of the Regulations, the sections of the Regulations specified therein shall not apply to the portion of the Series 2007B-C Bonds allocable to the Series 2007C Refunding Project because the weighted average maturity of the Series 2007C Bonds (i.e., the portion of the Series 2007B-C Bonds allocable to the Series 2007C Refunding Project) does not exceed the remaining weighted average maturity of the Refunded Bonds (if not refunded).

(c) If the use of the proceeds of the Series 2007B-C Bonds changes such that the certifications provided in subsections (a) of this Section 4.1 are no longer true, the City will take such action, including the redemption of some or all of the Series 2007B-C Bonds then

outstanding, as is necessary to maintain the tax-exempt status of the interest on the Series 2007B-C Bonds.

Section 4.2 Bonds Not Federally Guaranteed.

(a) The payment of principal or interest on the Series 2007B-C Bonds will not be guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof.

(b) Less than 5 percent of the of the proceeds of the Series 2007B-C Bonds, if any, will be (i) used in making loans the payment of principal or interest on which are guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts.

(c) The payment of principal or interest on the Series 2007B-C Bonds is not otherwise indirectly guaranteed, in whole or in part, by the United States, or an agency or instrumentality thereof.

(d) Paragraphs (a) through (c) of this Section 4.2 do not apply to (i) proceeds of the Series 2007B-C Bonds invested for an initial temporary period until needed for the purpose for which the Series 2007B-C Bonds were issued, (ii) investments in the Series 2007B-C Bond Fund, or (iii) investments in bonds issued by the United States Treasury.

Section 4.3 Information Return.

The City will file or cause to be filed with the Internal Revenue Service, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2007B-C Bonds are issued, a completed and signed Form 8038-G. The information reported on that return will be true, correct and complete to the best of the knowledge and belief of the undersigned.

Section 4.4 Not Hedge Bonds.

(a) The Series 2007B Improvement Project

(i) As described in Section 2.3 of this Certificate, it is reasonably expected on the issue date of the Series 2007B-C Bonds that at least 85 percent of the spendable proceeds of the Series 2007B-C Bonds allocable to the Series 2007B Improvement Project will be used to carry out the governmental purposes of the Series 2007B-C Bonds within the 3-year period beginning on the issue date of the Series 2007B-C Bonds. The reasonableness of these expectations is in no way based on expectations as to changes in interest rates or changes in federal tax law, or in regulations or rulings thereunder.

(ii) Not more than 50 percent of the proceeds of the Series 2007B-C Bonds allocable to the Series 2007B Improvement Project, if any, will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

(b) The Series 2007C Refunding Project

(i) The City reasonably expected on the issue dates of the Refunded Bonds that at least 85 percent of the spendable proceeds of such obligations would be used to carry out the governmental purposes of the obligations within the 3-year period beginning on the issue date of the obligations. The reasonableness of these expectations was in no way based on expectations as to changes in interest rates or changes in federal tax law, or in regulations or rulings thereunder.

(ii) Not more than 50 percent of the proceeds of such obligations were invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

(c) Accordingly, the Series 2007B-C Bonds are not hedge bonds within the meaning of Section 149(g) of the Code.

Section 4.5 Entire Issue

(a) There are no other obligations of the City that are or will be:

(i) Sold within 15 days of the Series 2007A-B-C Bonds;

(ii) Sold pursuant to the same plan of financing as the Series 2007A-B-C Bonds; and

(iii) Reasonably expected to be paid from substantially the same source of funds as the Series 2007A-B-C Bonds, determined without regard to guarantees from unrelated parties.

(b) Accordingly, no other obligations of the City will be considered part of the same issue as the Series 2007A-B-C Bonds within the meaning of Section 1.150-1(c) of the Regulations.

Section 4.6 Tax Covenants in General Bond Ordinance

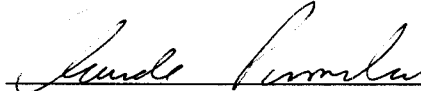
(a) Pursuant to the General Bond Ordinance, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007B-C Bonds from time to time, that the City (i) will not make any use of the proceeds of the Series 2007B-C Bonds, any fund reasonably expected to be used to pay the Series 2007B-C Bonds or any other fund of the City, (ii) shall not make any use of the Facilities financed or refinanced with proceeds of the Series 2007B-C Bonds and (iii) shall not take (or omit to take) any other action with respect to the Series 2007B-C Bonds, the proceeds thereof or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2007B-C Bonds to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax.


(b) In particular, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007B-C Bonds from time to time, that it will not

take (or omit to take) or permit or suffer any action to be taken, if the result of the same would cause the Series 2007B-C Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including for such purposes, to the extent applicable, the arbitrage rebate requirement of Section 148(f) of the Code or to be "private activity bonds" within the meaning of Section 141 of the Code.

Dated: August 29, 2007

CITY AND COUNTY OF DENVER, COLORADO  
for and on behalf of its Department  
of Aviation

  
\_\_\_\_\_  
Manager of Revenue  
ex officio Treasurer

  
\_\_\_\_\_  
Manager of Aviation

## Series 2007B-C Projects

<b>AIRFIELD</b>	<b>Expected Cost</b>	<b>Expected useful life (years)</b>
West Taxiway AA VSR Clearance	\$1,702,402	40
Pavement Rehabilitation	\$2,441,862	28
Runway 8 and 25 Stop Bar Control System Upgrade	\$202,000	28
Taxiway K Transition	\$109,381	40
Ramp Snow Melter Water Drains	\$1,366,200	30
Elevated Taxiway Edge Light Replacement	\$500,000	10
<b>AIRFIELD Total</b>	<b>\$6,321,845</b>	
<b>Roads, Parking and Ground Transportation</b>		
Landscape Master Plan Implementation (including commercial vehicles)	\$250,000	5
Road Pavement upgrade and enhancement in Targeted Areas	\$490,456	38
OB Pena Exit lane extension at E470 (similar E7)	\$1,125,569	38
Add 3rd lane to terminal east side entrance, NB Pena	\$51,987	38
Elevate 78th Ave Center Islands	\$886,000	38
Pena SB weave from terminal west side (C10)	\$226,000	38
Road Pavement upgrade and enhancement in Targeted Areas	\$45,000	38
77th Ave Roadway Imp.	\$1,503,903	38
New Water Quality Pond for 3rd lane OB Pena at E 470	\$306,900	30
Upgrade 4 Overhead VMS signs	\$1,204,000	5
Pena Blvd - Welcome Sign Project	\$400,000	5
Pena Blvd. Living Snow Fence to Mitigate Drifting	\$260,000	20
Piccadilly Bridge and Pena Lane Widening	\$2,767,677	38
Pena Widening Between Gun Club and Jackson Gap	\$2,260,557	38
<b>Total Roads, Parking &amp; Ground Transportation</b>	<b>\$11,778,049</b>	

<b>Environmental, Utilities, Storm Water, Drainage</b>		
Stormwater Runoff Studies	\$167,000	5
<b>Total Environmental, Utilities, Storm Water, Drainage</b>	<b>\$167,000</b>	
<b>Cargo &amp; Support Buildings</b>		
ARFF 1 Building Improvements	\$201,411	5
Fleet Maintenance Facility Expansion *	\$329,749	28
Electric Shop Remodel	\$225,000	5
ARFF Training Facility Upgrades	\$352,446	20
Consolidated Materials Handling Facility	\$150,000	40
Emergency Employee Lodging	\$2,250,000	28
<b>Total Cargo &amp; Support Buildings</b>	<b>\$3,508,606</b>	
<b>Terminal &amp; Concourses</b>		
New Press Room	\$909,500	28
<b>Total Terminal &amp; Concourses</b>	<b>\$909,500</b>	
<b>Total</b>	<b>\$22,685,000</b>	

Weighted average economic life = 30.2 years

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007B  
UNDERWRITERS' CERTIFICATE**

Goldman, Sachs & Co., on its own behalf and on behalf of the underwriters listed below, as the underwriters for the City and County of Denver, Colorado (the "City") of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), hereby certify that:

1. The Bond Reserve Fund (capitalized terms herein having the same meanings as in the General Bond Ordinance, unless otherwise indicated) for the Series 2007B Bonds is required to be maintained in an amount equal to the Minimum Bond Reserve as more fully set forth in the General Bond Ordinance. The precedents for structuring bond financings similar to the Series 2007B Bonds were established by rating agencies and investors active in this area prior to the structuring of the Series 2007B Bonds. Based on these precedents and on the demands of the market, it is our opinion that the establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required in order to sell the Series 2007B Bonds at the prices or yields at which they were actually sold.. The Bond Reserve Fund provides additional security to the owners of the Series 2007B Bonds, thereby improving marketability of the Series 2007B Bonds and providing benefits to the City which are independent of any benefits that may be derived from the investment return on the money on deposit in the Bond Reserve Fund.

2. The initial offering price of the Series 2007B Bonds to the public, being the price at which a substantial amount of the Series 2007B Bonds (at least 10% of each maturity) was sold to the public (excluding bondhouses, brokers and similar persons acting in the capacity as underwriters or wholesalers), was \$25,071,590.00 (the "Issue Price").

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

GOLDMAN, SACHS & CO.

By: Goldman, Sachs + Co

for themselves and:

HARVESTONS SECURITIES, INC.  
JP MORGAN SECURITIES INC.  
RBC CAPITAL MARKETS



**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007C  
UNDERWRITERS' CERTIFICATE**

Citigroup Global Markets Inc., on its own behalf and on behalf of the underwriters listed below, as the underwriters for the City and County of Denver, Colorado (the "City") of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"), hereby certify that:

1. The Bond Reserve Fund (capitalized terms herein having the same meanings as in the General Bond Ordinance, unless otherwise indicated) for the Series 2007C Bonds is required to be maintained in an amount equal to the Minimum Bond Reserve as more fully set forth in the General Bond Ordinance. The precedents for structuring bond financings similar to the Series 2007C Bonds were established by rating agencies and investors active in this area prior to the structuring of the Series 2007C Bonds. Based on these precedents and on the demands of the market, it is our opinion that the establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required in order to sell the Series 2007C Bonds at the prices or yields at which they were actually sold.. The Bond Reserve Fund provides additional security to the owners of the Series 2007C Bonds, thereby improving marketability of the Series 2007C Bonds and providing benefits to the City which are independent of any benefits that may be derived from the investment return on the money on deposit in the Bond Reserve Fund.

2. The initial offering price of the Series 2007C Bonds to the public, being the price at which a substantial amount of the Series 2007C Bonds (at least 10% of each maturity) was sold to the public (excluding bondhouses, brokers and similar persons acting in the capacity as underwriters or wholesalers), was \$36,044,701.70 (the "Issue Price").

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

CITIGROUP GLOBAL MARKETS INC.

By: 

for themselves and:

JP MORGAN SECURITIES INC.  
RAMIREZ & CO., INC.

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007B-C  
FINANCIAL ADVISOR'S CERTIFICATE**

First Albany Capital, Inc., as the as the financial advisor for the City and County of Denver, Colorado (the "City") in connection with the issuance by the City of its (i) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"); and (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in (the "Series 2007C Bonds" and, together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-B-C Bonds") hereby certify that:

1. MBIA Insurance Corporation (the "Series 2007A-C Insurer") has issued its bond insurance policy (the "Series 2007A-C Policy") insuring the timely payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds. As consideration for the Policy, the Insurer will be paid \$1,582,342.94 (the "Series 2007A-C Premium"). The present value of the Series 2007A-C Premium is less than the present value of the expected interest savings on the Series 2007A Bonds and the Series 2007C Bonds as a result of the Series 2007A-C Policy. In making this calculation, the yield on the Series 2007A-B-C Bonds, calculated by taking into account the Premium, was used as the discount rate in determining such present values.

2. Ambac Assurance Corporation (the "Series 2007B Insurer") has issued its bond insurance policy (the "Series 2007B Policy") insuring the timely payment of the principal of and interest on the Series 2007B Bonds. As consideration for the Series 2007B Policy, the Series 2007B Insurer will be paid \$234,623.06 (the "Series 2007B Premium"). The present value of the Series 2007B Premium is less than the present value of the expected interest savings on the Series 2007B Bonds and the as a result of the Series 2007B Policy. In making this calculation, the yield on the Series 2007A-B-C Bonds, calculated by taking into account the Series 2007B Premium, was used as the discount rate in determining such present values.

2. The yield on the Series 2007A-B-C Bonds is not less than 4.8369%. This yield was derived by determining the yield which, when used in computing the present value (using the six-month periods ending May 15 and November 15 as compounding intervals) of all payments of principal, interest and fees for qualified guarantees to be paid on the Series 2007A-B-C Bonds produces an amount equal to the aggregate issue price of the Series 2007A-B-C Bonds (\$253,515,610.75, consisting of par, plus net original issue premium), assuming that certain 2007A-B-C Bonds will be redeemed prior to maturity pursuant to Section 1.148-4(b)(3) of the Treasury Regulations. As to the issue price of the Series 2007A-B-C Bond used in performing this computation, we are relying solely on the Underwriters' Certificates each attached as Appendices to the City's Tax Certificates relating to the Series 2007A-B-C Bonds.

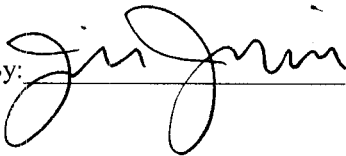
3. The weighted average maturity of the Series 2007B-C Bonds is 23.3 years, determined by dividing (i) the sum of the products of the issue price of each Bond times the number of years from the date of issue of the Bond to the maturity date or sinking fund redemption date for such Bond by (ii) the aggregate issue price of the Series 2007A Bonds.

4. The weighted average maturity of the Series 2007B Bonds is 25.2 years, determined as described above.

4. The weighted average maturity of the Series 2007C Bonds is 22.0 years, and the remaining weighted average maturity of the bond refunded by the Series 2007C Bonds is 22.0 years, each determined as described above.

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

FIRST ALBANY CAPITAL, INC.

By: \_\_\_\_\_

Verification Report

**See Tab No. 48**

Insurer's Certificates

## CERTIFICATE OF BOND INSURER

In connection with the issuance of \$24,250,000 in aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "Obligor"), Airport System Revenue Bonds, Series 2007B, dated their date of delivery (the "Obligations"), Ambac Assurance Corporation ("Ambac") is issuing a Financial Guaranty Insurance Policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Obligations, all as more fully set out in the Insurance Policy.

On behalf of Ambac, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of Ambac (enforceable by or on behalf of the holders of the Obligations) to pay the scheduled payments of interest and principal on the Obligations in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of \$234,623.06 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting or remarketing the Obligations or the cost of insurance for casualty of Obligation financed property;

(iv) we are not co-obligors on the Obligations and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy;

(v) the Obligor is not entitled to a refund of any portion of the premium for the Insurance Policy in the event that the Obligations are retired prior to their stated maturity; and

(vi) we would not have issued the Insurance Policy in the absence of a debt service reserve fund of the size and type established by the documents pursuant to which the Obligations are being issued, and it is normal and customary to require a debt service reserve fund of such a size and type in similar transactions.

IN WITNESS WHEREOF, Ambac Assurance Corporation has caused this certificate to be executed in its name on this 29th day of August, 2007, by one of its officers duly authorized as of such date.

AMBAC ASSURANCE CORPORATION

By: Nicholas A. Concilio  
Nicholas A. Concilio  
Vice President and  
Assistant General Counsel

**Ambac**



## TAX CERTIFICATE

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

RE: \$188,350,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A

\$34,635,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C

\$147,815,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D  
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing financial guaranty insurance policies (the "Policies") securing the payment of principal and interest on the Obligations.

This is to advise you that:

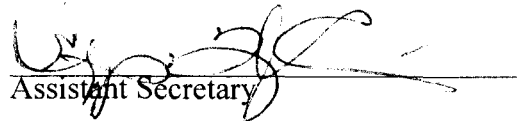
1. The Policies are unconditional obligations of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the City and County of Denver (the "Issuer");
2. The insurance premiums in the amounts of \$1,327,237.24 for Series 2007A, \$255,105.70 for Series 2007C and \$677,000 for Series 2007D, represent the charge for a transfer of credit risk and were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Policies;
3. No portion of such premiums represent an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policies; and



5. To the extent the Insurer is called upon to make any payment under the Policies, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: August 29, 2007

**MBIA Insurance Corporation**

  
Assistant Secretary



Reimbursement Resolution

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

Declaration of Intent to Reimburse  
Expenditures with the Proceeds of Future Bonds

WHEREAS, the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, (the "City") anticipates that it will incur planning, design, acquisition, development, construction, rehabilitation, equipping and furnishing costs (the "Costs") with respect to a new multi-level parking garage located at Denver International Airport (the "Project"); and

WHEREAS, the City intends to issue senior or subordinate airport revenue bonds (the "Bonds") to finance some or all of the Costs, including reimbursement of the City for Costs paid prior to the issuance of the Bonds; and

WHEREAS, the undersigned is the representative of the City authorized or designated to declare "official intent" on behalf of the City within the meaning of Section 1.150-2 of the Treasury Regulations.

NOW, THEREFORE, THE UNDERSIGNED HEREBY DECLARES AS  
FOLLOWS:

1. This Declaration is adopted pursuant to Treasury Regulation Section 1.150-2(e) promulgated under the Code, and constitutes an "official intent" within the meaning of such section.

2. The City hereby declares its intent to finance the Costs by the issuance of the Bonds in the estimated aggregate principal amount of up to \$48,000,000. The City reasonably expects that Costs paid by the City before the issuance of the Bonds will be reimbursed with proceeds of the Bonds.

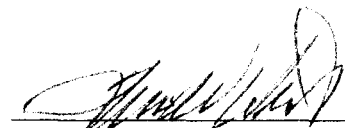
3. None of the Costs to be reimbursed from proceeds of the Bonds were incurred by the City more than 60 days prior to the date of this Declaration, other than preliminary expenditures including architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs up to an amount not in excess of 20% of the expected aggregate issue price of the Bonds.

4. Proceeds of the Bonds will be allocated to the reimbursement of any Costs not later than 18 months after the later of: (a) the date such cost is paid; or (b) the date the Project to which such Cost relates is placed in service, but in no event more than three years after the date the Cost is paid.

5. The Costs will be of a type that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles.

6. Other than the Bonds, it is not expected that the Costs will be financed by obligations of the City.

Dated: May 1, 2006

By:   
Name: Turner West  
Title: Manager of Aviation



**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D  
TAX CERTIFICATE**

The undersigned hereby certify, represent and covenant for and on behalf of the Department of Aviation of the City and County of Denver, Colorado (the "City") as follows:

**I. IN GENERAL**

Section 1.1 This Certificate

(a) The City is issuing and delivering simultaneously with the delivery of this Certificate its "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" in the aggregate principal amount of \$147,815,000 (the "Series 2007D Bonds").

(b) The undersigned are the officers of the City delegated the responsibility for issuing the Series 2007D Bonds.

(c) The undersigned are familiar with the proceedings taken preliminary to and in the issuance of the Series 2007D Bonds, including the City's Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and the Series 2007D-E Airport System Supplemental Bond Ordinance. Such ordinances are collectively referred to herein as the "General Bond Ordinance."

(d) In order for interest on the Series 2007D Bonds to be excluded from gross income for federal income tax purposes under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations or rulings promulgated or proposed thereunder (collectively, the "Regulations"), certain restrictions under the Code and the Regulations must be complied with. The City desires to make certain certifications and representations and enter into certain covenants for the benefit of the owners of the Series 2007D Bonds from time to time, in order to ensure that interest on the Series 2007D Bonds will be and remain excludable from gross income for federal income tax purposes, and for the purpose of otherwise implementing the City's covenants set forth in the General Bond Ordinance.

(e) This Certificate is based on the facts and expectations in existence on the issue date of the Series 2007D Bonds. The expectations set forth in this Certificate are reasonable within the meaning of Regulations Section 1.148-2(b). We have made reasonable inquiries into factual matters relating to this Certificate that are not otherwise within the knowledge or control of the City. No matters have come to our attention that make unreasonable or incorrect the expectations or representations set forth in this Certificate.

(f) All capitalized terms used in this Certificate shall have the same meanings assigned to them in the General Bond Ordinance, except as otherwise specifically defined herein.

#### Section 1.2 Separate Issue Treatment

(a) The City is issuing the Series 2007D Bonds concurrently with the issuance of its:  
(i) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" in the aggregate principal amount of \$188,350,000 (the "Series 2007A Bonds"); (ii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" in the aggregate principal amount of \$24,250,000 (the "Series 2007B Bonds"); and (iii) "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" in the aggregate principal amount of \$34,635,000 (the "Series 2007C Bonds" and, together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-B-C Bonds").

(b) The Series 2007D Bonds are not part of the same "issue" as the Series 2007A-B-C Bonds under Section 1.150-1(c) of the Regulations because the first date on which there was a binding contract in writing for the Series 2007D Bonds was at least 15 days after the first date on which there was a binding contract in writing for the Series 2007A-B-C Bonds.

#### Section 1.2 Purposes of the Series 2007D Bonds

The Series 2007D Bonds are being issued for the purpose of defraying a portion of the cost of acquiring, improving and equipping certain facilities more fully described in Appendix A attached hereto (the "Series 2007D Improvement Project").

#### Section 1.3 Cost of Series 2007D Improvement Project

The estimated total cost of the Series 2007D Improvement Project is not less than the sum of the Sale Proceeds (defined below) and Investment Proceeds (defined below) to be derived therefrom.

#### Section 1.4 Source and Use of Funds

(a) The Series 2007D Bonds are being sold at a price equal to the principal amount thereof plus net original issue premium of \$6,786,366.65, resulting in a gross amount from the sale of the Series 2007D Bonds of \$154,601,366.65 (the "Sale Proceeds"). The net amount received by the City from the sale of the Series 2007D Bonds is \$153,755,951.07, consisting of the Sale Proceeds less the Underwriters' compensation of \$845,415.58.

(b) The net amount received by the City from the sale of the Series 2007D Bonds as described in Section 1.4(a) above, and amounts derived from the investment and reinvestment thereof ("Investment Proceeds"), are expected to be allocated and expended as follows:

(i) \$10,372,025.83 of Sale Proceeds will be credited to the Bond Reserve Fund and used for the purposes described in Section 2.5 below;

(ii) \$24,639,851.23 of Sale Proceeds will be credited to the Series 2007D Capitalized Interest Subaccount, and together with Investment Proceeds derived therefrom, used to pay capitalized interest on the Series 2007D Bonds;

(iii) \$677,000.00 of Sale Proceeds will be credited to the Series 2007D Project Account and paid immediately to the Insurer named in Section 2.1(b) below in payment of the Premium described therein;

(iv) \$617,293.00 of Sale Proceeds will be credited to the Series 2007D Project Account and used immediately to pay costs of issuance (other than the Underwriters' compensation and Insurer's Premium described above) of the Series 2007D Bonds; and

(v) \$117,449,781.01 of Sale Proceeds will be credited to the Series 2007D Project Account and, together with Investment Proceeds derived therefrom, used to pay costs of the Series 2007D Improvement Project.

## II. ARBITRAGE YIELD RESTRICTION

### Section 2.1 Yield

(a) MBIA Insurance Corporation (the "Insurer") will issue its financial guaranty insurance policy (the "Policy") insuring the timely payment of the principal of and interest on the Series 2007D Bonds. As consideration for the Policy, the Insurers will be paid a total of \$677,000.00 (the "Premium"). The Policy will be obtained as the result of an arms' length transaction in order to reduce the amount of interest payable on the Series 2007D Bonds. The Policy will create a guarantee in substance, imposing a secondary liability that unconditionally shifts substantially all of the credit risk for all or part of the payments of principal and interest on the Series 2007D Bonds. The Premium is a reasonable, arm's length charge for the transfer of credit risk and will not include any payment for any direct or indirect services other than the transfer of credit risk. The Insurer will not be co-obligors on the Series 2007D Bonds and it is not expected that the Insurer will make any payments of principal or interest on the Series 2007D Bonds. (See Insurer's Certificate attached hereto as Appendix D). As represented in the Financial Advisor's Certificate attached hereto as Appendix C, the present value of the Premium is less than the present value of the expected interest savings on the Series 2007D Bonds as a result of the Policy. The Policy is being treated as a "qualified guarantee" within the meaning of Regulations Section 1.148-4(f). Therefore, for purposes of the computation of the yield on the Series 2007D Bonds described in Section 2.1(c) below, the Premium has been treated as additional interest on the Series 2007D Bonds.

(c) The Underwriters have certified in the Underwriters' Certificate attached hereto as Appendix B that \$154,601,366.65 is the initial offering price of the Series 2007D Bonds to the public, being the price at which a substantial amount of the Series 2007D Bonds (at least 10 percent of each maturity) were sold to the public (excluding bond houses, brokers and other

intermediaries) (the "Issue Price"). The City's financial advisors have certified in the Financial Advisors' Certificate attached hereto as Appendix C that the yield on the Series 2007D Bonds (determined pursuant to Section 1.148-4 of the Regulations) is not less than 4.7877%. We have no reason to believe such certifications are incorrect.

Section 2.2. Temporary Period: Series 2007D Improvement Project

(a) The City reasonably expects that:

(i) At least 85 percent of the Net Sale Proceeds (i.e., Sale Proceeds not deposited in the Bond Reserve Fund) will be expended on the Series 2007D Improvement Project on or before August 29, 2010, for costs that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles;

(ii) The City has incurred, or within six months of the issue date of the Series 2007D Bonds will incur, substantial binding obligations to third parties to expend at least 5 percent of the Net Sale Proceeds on the Series 2007D Improvement Project; and

(iii) Completion of the Series 2007D Improvement Project and expenditure of the Net Sale Proceeds will proceed with due diligence.

(b) Accordingly, Sale Proceeds and Investment Proceeds may be invested at an unrestricted yield during the three-year period beginning on the issue date of the Series 2007D Bonds.

Section 2.3 Reimbursement Allocations

(a) Prior to the issue date of the Series 2007D Bonds, certain funds of the City may have been expended to pay costs of the Series 2007D Improvement Project that are to be reimbursed with proceeds of the Series 2007D Bonds (collectively, the "Prior Expenditures").

(b) Not later than 60 days after payment of any Prior Expenditure, the City adopted a declaration of intent to reimburse the Prior Expenditure with proceeds of an obligation. The declaration of official intent generally described the portion of the Series 2007D Improvement Project to which the Prior Expenditure relates and stated the maximum principal amount of obligations expected to be issued. On the date of the declaration, the City reasonably expected that it would reimburse the Prior Expenditure with proceeds of an obligation. Attached hereto as Appendix E is a copy of the declaration of official intent to reimburse described above.

(c) Proceeds of the Series 2007D Bonds will be allocated to reimburse a Prior Expenditure no later than 18 months after the later of (i) the date of the Prior Expenditure, or (ii) the date the portion of the Series 2007D Improvement Project to which the Prior Expenditure relates is placed in service; but in no event more than three years after the date of the Prior Expenditure.



(d) All of the Prior Expenditures were properly chargeable to capital account (or would be so chargeable with a proper election) under general Federal income tax principles, and were not originally paid from proceeds of an obligation of the City.

(e) The City will not, within one year of an allocation of proceeds to reimburse a Prior Expenditure, use funds corresponding to the proceeds allocated to such reimbursement in a manner that results in the creation of "replacement proceeds" (as defined in the Section 1.148-1 of the Regulations) of the Series 2007D Bonds or of another issue.

#### Section 2.4 Series 2007D Bond Fund

(a) All payments of principal (at maturity) of and interest on the Series 2007D Bonds are expected to be made from the Principal Account and Interest Account in the Bond Fund, respectively. Such accounts serve as debt service funds for the payment of principal (at maturity) of and interest on all bonds of the City which are secured by a lien on the Net Revenues on a parity with the lien thereon of the Series 2007D Bonds (the "Parity Bonds"). For the purposes of this Certificate, that portion of each such fund which is reasonably expected to be used to pay debt service on the Series 2007D Bonds is referred to as the "Series 2007D Principal Account" and "Series 2007D Interest Account," respectively. Amounts deposited into the Revenue Fund which are required to pay a portion of the next maturing principal of and next due interest on the Series 2007D Bonds are expected to be deposited monthly (but not more than one year prior to such payment). It is expected that all such amounts (together with investment income thereon) will be used to pay such principal and interest within 13 months from the date of receipt.

(b) All payments of principal of the Series 2007D Bonds pursuant to the Mandatory Redemption Schedule are expected to be made from the Sinking Fund Account in the Bond Fund, which serves as a debt service fund for the payment of the Series 2007D Bonds and any Parity Bonds. For the purposes of this Certificate, that portion of the Sinking Fund Account which is reasonably expected to be used to pay the principal (upon mandatory redemption) of the Series 2007D Bonds is referred to as the "Series 2007D Sinking Fund Account." Amounts deposited into the Series 2007D Sinking Fund Account which are required to pay the principal of the Series 2007D Bonds next subject to redemption pursuant to the Mandatory Redemption Schedule are expected to be deposited monthly into the Series 2007D Sinking Fund Account beginning one year prior to any such Mandatory Redemption. It is expected that all such amounts so deposited into the Series 2007D Sinking Fund Account (together with investment income thereon) will be used to pay such principal within 13 months from the date of receipt.

(c) The City has imposed a passenger facility charge ("PFC") at the Airport, the revenues from which are deposited in the PFC Fund. The City is required to deposit a specified portion of PFC revenues it receives in each Fiscal Year through 2013 to the PFC Debt Service Account in the PFC Fund. All amounts in the PFC Debt Service Account are irrevocably committed to the payment of principal and interest on the Parity Bonds. For the purposes of this Certificate, that portion of the PFC Debt Service Account which is reasonably expected to be used to pay principal and interest on the Series 2007D Bonds is referred to as the "Series 2007D PFC Debt Service Account." It is expected that all amounts so deposited into the Series 2007D

PFC Debt Service Account (together with investment income thereon) will be transferred to the Bond Fund and used to pay such principal and interest within 13 months from the date of receipt.

(d) The Series 2007D Principal Account, Series 2007D Interest Account, Series 2007D Sinking Fund Account, and Series 2007D PFC Debt Service Account (collectively, the "Series 2007D Bond Fund") are funds which will be used primarily to achieve proper matching of Net Revenues and debt service within each bond year, and each will be fully depleted at least once a year, except for reasonable carryover amounts not to exceed, in the aggregate, (i) the earnings on such funds for the immediately preceding bond year, or (ii) one-twelfth of the principal and interest payments on the Series 2007D Bonds for the immediately preceding bond year. Accordingly, amounts in such funds may be invested at an unrestricted yield pursuant to Section 1.148-2(e)(5)(ii) of the Regulations.

### Section 2.5 Series 2007D Reserve Fund

(a) The General Bond Ordinance requires that amounts in the Revenue Fund be deposited not less frequently than monthly into the Bond Reserve Fund to accumulate an amount therein equal to the maximum amount of Bond Requirements due on the Series 2007D Bonds and any Parity Bonds in any succeeding Fiscal Year (the "Minimum Bond Reserve"). The Underwriters in the Underwriters' Certificate have certified that establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required. Once accumulated, the Minimum Bond Reserve is expected to be maintained as a continuing reserve for the Series 2007D Bonds and such Parity Bonds over the term thereof. The Bond Reserve Fund may be allocated among the Series 2007D Bonds and such other Parity Bonds in proportion to their original face amounts subject to reasonable adjustment to take into account the universal cap provisions of Section 1.148-6(b) of the Code. The portion of the Bond Reserve Fund so allocable to the Series 2007D Bonds is referred to in this Certificate as the "Series 2007D Bond Reserve Fund" and the amount of the Minimum Bond Reserve so allocable to the Series 2007D Bonds is referred to in this Certificate as the "Series 2007D Minimum Bond Reserve."

(b) It is expected that any investment income derived from the investment of amounts in the Bond Reserve Fund will be used to accumulate the Minimum Bond Reserve or will be transferred as Gross Revenues to the Revenue Fund and expended for the required purposes thereof within 6 months of the date of their receipt.

(c) The Minimum Bond Reserve is not expected to exceed the least of (i) 10% of the aggregate original stated principal amounts of outstanding Parity Bond issues, (ii) the maximum annual principal and interest requirements of the outstanding Parity Bonds, and (iii) 125% of the average annual principal and interest requirements of the outstanding Parity Bonds. Accordingly, amounts accumulated in the Bond Reserve Fund, to the extent such amounts do not exceed any of the limits set forth in the preceding sentence, may be invested at an unrestricted yield. If any amounts are accumulated in excess of any such limit, then within 30 days of receipt the excess allocable to the Series 2007D Bond Reserve Fund will be invested at a yield not exceeding the Yield on the Series 2007D Bonds or the City will make yield reduction payments if permitted under Section 1.148-5(c) of the Regulations.

(d) Investments held in the Bond Reserve Fund must be allocated ratably among the Parity Bonds at least every 3 years and as of each date that (i) any additional parity bonds are issued, and (ii) any issue of parity bonds is retired.

(e) Not more than 10 percent of the Sale Proceeds of the Series 2007D Bonds will be deposited in the Bond Reserve Fund.

#### Section 2.6 Other Funds

(a) All Gross Revenues of the Airport System are required by the General Bond Ordinance to be deposited in the Revenue Fund. Moneys in the Revenue Fund which are not thereafter deposited (as described in Sections 2.4 and 2.5 above) into the Series 2007D Bond Fund or into the Series 2007D Reserve Fund are expected to be used as described below for other purposes, including the payment of Operation and Maintenance Expenses and for the payment of debt service on Senior Bonds. Thus, it is not expected that amounts in the Revenue Fund in excess of the amounts required to make the deposits to the Series 2007D Bond Fund will be used to pay, and there is no reasonable assurance such amounts will be available to pay, the principal of and interest on the Series 2007D Bonds. It is expected that the Gross Revenues deposited into the Revenue Fund from time to time will be sufficient to pay the amounts required to be paid therefrom, including the deposits to the Series 2007D Bond Fund.

(i) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Operation and Maintenance Fund are expected to be expended on a current basis to pay the Operation and Maintenance Expenses of the Airport System. Amounts transferred from the Revenue Fund to the Operation and Maintenance Reserve Account in the Operation and Maintenance Fund are expected to be expended to defray deficiencies in amounts available in the Operation and Maintenance Fund to pay Operation and Maintenance Expenses.

(ii) Except as described in the following sentence, amounts transferred from the Revenue Fund to the Capital Fund at the end of each Fiscal Year are expected to be expended to pay costs of acquiring, improving, or equipping Airport Facilities in connection with the future development of the Airport System or to pay the costs of major repairs, renewals and replacements. It is expected, however, that an amount will be accumulated and maintained in the Capital Fund as Other Available Moneys for purposes of the rate maintenance covenant of the General Bond Ordinance and, while not expected to be used to pay the principal of or interest on the Series 2007D Bonds, may be available for such purpose. Accordingly, except as otherwise permitted by an opinion of nationally recognized bond counsel, any portion of such amount allocable to the Series 2007D Bonds will be invested at a yield not exceeding the yield on the Series 2007D Bonds.

(iii) Amounts transferred from the Revenue Fund to the Bond Fund are expected to be expended on a current basis to pay debt service on the Senior Bonds.

(b) Except as set forth in this Certificate:

(i) No debt service fund, redemption fund, reserve fund, replacement fund or similar fund or account has been or will be created or established from which the principal of or premium, if any, or interest on the Series 2007D Bonds is expected to be directly or indirectly paid;

(ii) There will be no amounts (A) that are directly or indirectly pledged to pay the principal of or premium, if any, or interest on the Series 2007D Bonds, and (B) with respect to which there is any reasonable assurance that such amount will be available to pay principal or interest on the Series 2007D Bonds if the City encounters financial difficulties; and

(iii) There are and will be no other amounts that have a sufficient nexus with the Series 2007D Bonds or their governmental purpose to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2007D Bonds were not used or to be used for that purpose.

(c) As set forth in the Financial Advisor's Certificate, the weighted average maturity of the Series 2007D Bonds is 12.59 years, and, as set forth in Appendix A the weighted average economic life of the projects financed and refinanced by the Series 2007D Bonds is not less than 10.5 years, and therefore the Series 2007D Bonds will not be outstanding longer than reasonably necessary under Section 1.148-1(c)(4)(i) of the Regulations.

(d) Accordingly, except as set forth in this Certificate, there will be no replacement proceeds of the Series 2007D Bonds within the meaning of Section 1.148-1(c) of the Regulations.

#### Section 2.7 No Abusive Arbitrage Device

There is no action being taken in connection with the issuance of the Series 2007D Bonds that (a) has the effect of enabling the City to obtain a material financial advantage by exploiting the difference between taxable and tax-exempt interest rates (apart from the savings attributable to lower interest rates), or (b) results in the City issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purpose of the Series 2007D Bonds.

### **III. ARBITRAGE REBATE AND LIMITATION ON NONPURPOSE INVESTMENTS**

Section 3.1 Definitions. For purposes of this Article III, the following terms shall have the meanings specified below:

"Available Construction Proceeds" means an amount of Gross Proceeds equal to the Issue Price, increased by earnings on such amounts, earnings on any reasonably required reserve or replacement fund not funded by the issue, and earnings on all of the foregoing earnings, and reduced by the amount of Sale Proceeds deposited in a reasonably required reserve fund and by the amount of Gross Proceeds used for costs of issuance. Notwithstanding the preceding sentence, earnings on a reasonably required reserve or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of the date construction is substantially completed or the date that is 2 years after the issue date. An issuer may elect, on or before the issue date, to exclude earnings on a reasonably required reserve or replacement fund from Available Construction Proceeds.

"Bond Year" means each one-year period (or shorter period beginning on the issue date or ending on the final maturity date of the Series 2007D Bonds) ending at the close of business on the day selected by the City. If no day is selected by the City before the earlier of the final maturity date of the 2007D Bonds or the date that is five years after the issue date of the Series 2007D Bonds, each Bond Year ends on each anniversary of the issue date of the Series 2007D Bonds.

"Computation Date" means an Installment Computation Date or the Final Computation Date.

"Computation Period" means the period between Computation Dates.

"Construction Issue" means any issue (i) that is not a refunding issue, (ii) any private activity bonds that are a part of which consist of either qualified 501(c)(3) bonds or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization, and (iii) for which the issuer reasonably expects that at least 75 percent of the Available Construction Proceeds will be allocated to construction expenditures (as opposed to expenditures for the acquisition of land or existing property) for property owned by a governmental unit or a 501(c)(3) organization.

"Final Computation Date" means, with respect to the Series 2007D Bonds, the date the last bond that is part of the same issue as the 2007D Bonds is discharged.

"Fixed Rate Investment" means any investment whose yield is fixed and determinable on its issue date.

"Future Value" of a payment or receipt at the end of any period is determined under the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the 2007D Bonds, using the same compounding interval and financial conventions used to compute that yield.

"Gross Proceeds" means gross proceeds as defined in Regulations Section 1.148-1(b), as reduced by operation of the universal cap rule under Regulations Section 1.148-6(b)(2).

"Installment Computation Date" means, with respect to the Series 2007D Bonds, the last day of any Bond Year selected by the City ending not later than 5 years after the issue date of the Series 2007D Bonds, and the last day of the fifth and each succeeding fifth Bond Year.

"Investment Proceeds" means investment proceeds as defined in Regulations Section 1.148-1(b).

"Investment Property" means any security (within the meaning of Code Section 165(g)(2)(A) or (B)), obligation, annuity contract or investment-type property. Such term shall not include any "tax-exempt bond" as defined in Regulations Section 1.150-1(b).

"Nonpurpose Investment" means any Investment Property in which Gross Proceeds of the Series 2007D Bonds are invested and which is not acquired to carry out the governmental purpose of the Series 2007D Bonds.

"Nonpurpose Payment" means (i) any amount actually or constructively paid to acquire a Nonpurpose Investment (including any payment for "qualified administrative costs" as defined in Regulations Section 1.148-5(e)), (ii) for a Nonpurpose Investment that is first allocated to the Series 2007D Bonds or that becomes subject to the rebate requirement under Section 148(f) of the Code on a date after it is actually acquired, the Value of the investment on that date, (iii) for a Nonpurpose Investment that was allocated to the Series 2007D Bonds at the end of the preceding Computation Period, the Value of the investment at the beginning of the Computation Period, (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Series 2007D Bonds that are subject to the rebate requirement, and on the final maturity date of the Series 2007D Bonds, a computation credit of \$1,000, and (v) any yield reduction payment on Nonpurpose Investments made to United States pursuant to Regulations Section 1.148-5(c).

"Nonpurpose Receipt" means (i) any amount actually or constructively received from a Nonpurpose Investment, including earnings and return of principal, (ii) for a Nonpurpose Investment that ceases to be allocated to the Series 2007D Bonds or that ceases to be subject to the rebate requirement under section 148(f) of the Code on a date earlier than its disposition or redemption date, the Value of the investment on that date, and (iii) for a Nonpurpose Investment that is held at the end of a Computation Period, the Value of the investment on that date.

"Plain Par Investment" means an investment that is an obligation (i) issued with an original issue discount or premium of no more than two percent of its stated redemption price at maturity (disregarding any original issue premium that is attributable exclusively to reasonable underwriters' compensation), or, if acquired on a date other than its issue date, acquired with a market discount or premium of no more than two percent of its stated redemption price at maturity; (ii) issued for a price that does not include more than one year's accrued interest or accrued interest to be paid more than one year after the issue date; (iii) that bears interest from its issue date at a single, stated, fixed rate, or that is a variable rate debt instrument under Code Section 1275, in either case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

"Present Value" of an investment on a date means the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date, using the Yield on the investment as the discount rate, computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the Yield on the Series 2007D Bonds.

"Rebate Amount" means, with respect to the Series 2007D Bonds, the amount computed as described in Section 3.4 hereof.

"Value" of an investment on a date means, except as provided in the following sentence, the value determined under one of the following methods: (i) for a Plain Par Investment, its outstanding principal amount, plus any accrued interest, on that date; (ii) for a Fixed Rate Investment, its Present Value on that date; or (iii) its fair market value on that date. Any yield restricted investment must be valued at Present Value, and any other investment that is first allocated to or from an issue as a result of a deemed acquisition or disposition (other than by reason of the transferred proceeds allocation rule under Regulations Section 1.148-9(b) or the universal cap rule under Regulations Section 1.148-6(b)(2)) must be valued at fair market value on the date of the deemed acquisition or disposition, except for investments in a commingled fund (other than a bona fide debt service fund) unless it is a commingled fund described in Regulations Section 1.148-6(e)(5)(iii).

"Variable Rate Investment" means any investment that is not a Fixed Rate Investment.

"Yield" means, with respect to the Series 2007D Bonds, yield computed under Regulations Section 1.148-4, or with respect to Nonpurpose Investments, yield computed under Regulations Section 1.148-5, and otherwise means, except as specifically modified herein, that yield with semiannual compounding which when used in computing the Future Value of all payments of principal and interest on an obligation produces an amount equal to its purchase price.

### Section 3.2 In General

Interest on the Series 2007D Bonds will not be excluded from gross income for federal income tax purposes under section 103(a) of the Code unless the arbitrage rebate requirement of section 148(f) of the Code is met. Under this requirement, the issuer generally must pay to the United States the excess of the amount earned on Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Series 2007D Bonds, together with any income attributable to such excess, with certain exceptions.

### Section 3.3 Spending Exceptions.

(a) The Code and Regulations provide certain exceptions to the arbitrage rebate requirement under which some or all of the proceeds of a bond issue will be treated as meeting the arbitrage rebate requirement if certain requirements are met relating to the spending of proceeds.

(i) Under Section 148(f)(4)(B) of the Code and Section 1.148-7(c) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 6 months after the issue date) are spent for the governmental purposes of the issue within 6 months of the issue date, and (B) the arbitrage rebate requirement is met with respect to any Gross Proceeds not required to be so spent.

(ii) Under Section 1.148-7(d) of the Regulations, an issue is treated as meeting the arbitrage rebate requirement if: (A) the Gross Proceeds of the issue (excluding amounts in a reasonably required reserve fund or a bona fide debt service fund, and excluding unanticipated Gross Proceeds arising more than 18 months after the issue date) are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--(1) at least 15 percent within 6 months, (2) at least 60 percent within 1 year, and (3) 100 percent within 18 months; (B) the arbitrage rebate requirement is otherwise met with respect to amounts not required to be so spent; and (C) all of the Gross Proceeds of the issue qualify for the initial temporary period for capital expenditures under section 1.148-2(e)(2) of the Regulations.

(iii) Under Section 148(f)(4)(C) and Section 1.148-7(e) of the Regulations, the Available Construction Proceeds of a Construction Issue are treated as meeting the arbitrage rebate requirement if the Available Construction Proceeds are expended for the governmental purposes of the issue in accordance with the following schedule measured from the issue date--(A) at least 10 percent within 6 months, (B) at least 45 percent within 1 year, (C) at least 75 percent within 18 months, and (D) at least 100 percent within 2 years. The City reasonably expects that at least 75 percent of the Available Construction Proceeds of the Series 2007D will be allocated to construction expenditures (as opposed to expenditures for the acquisition of land or existing property) for property owned by the City, and therefore the Series 2007D Bonds will constitute a Construction Issue.

(b) Except to the extent an exception applies as described in Paragraph (a) above, all funds and accounts treated as Gross Proceeds are subject to the requirement of Section 148(f) of the Code, other than the Series 2007D Bond Fund for any Bond Year during which earnings on such fund are less than \$100,000.

#### Section 3.4 Calculation of Rebate Amount

(a) For each Nonpurpose Investment subject to the arbitrage rebate requirement, the City shall record the purchase date of such investment, its purchase price, its Value as of each Computation Date, accrued interest due on its purchase date, its face amount, its coupon rate, its Yield, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(b) The City shall compute or cause to be computed the Yield on the Series 2007D Bonds as of each Computation Date.



(c) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Receipts and shall determine the Future Value of all Nonpurpose Receipts as of the Computation Date.

(d) With respect to each Computation Date, the City shall determine or cause to be determined the amount of Nonpurpose Payments and shall determine the Future Value of all Nonpurpose Payments as of the Computation Date.

(e) For each Computation Date, the City shall calculate or cause to be calculated the Rebate Amount, an amount equal to the sum of all amounts determined in subsection (c) of this Section, less the amounts determined in subsection (d) of this Section (which amount may be equal to but shall not be less than \$0.00).

### Section 3.5 Payment to United States

(a) Unless the Series 2007D Bonds have been paid or redeemed prior to such time, within 60 days after each Installment Computation Date, the City shall pay to the United States an amount that, when added to the Future Value, as of the Installment Computation Date, of previous payments made to the United States under this subsection, equals at least 90 percent of the Rebate Amount as of the Installment Computation Date. The City shall pay to the United States, not later than 60 days after the Final Computation Date, an amount that, when added to the Future Value of previous payments to the United States under this subsection, equals 100 percent of the Rebate Amount as of the Final Computation Date.

(b) The City shall mail each installment payable under subsection (a) of this Section to the appropriate Internal Revenue Service Center. Each payment shall be accompanied by a copy of such Form as the Internal Revenue Service may require and a statement summarizing the determination of the Rebate Amount.

### Section 3.6 Fair Market Value Requirement

With respect to Gross Proceeds of the Series 2007D Bonds, the City will not purchase a Nonpurpose Investment for an amount greater than, or sell a Nonpurpose Investment for an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date, adjusted to take into account qualified administrative costs (as defined in Regulations Section 1.148-5(e)(2)) allocable to the investment. The purchase of any certificate of deposit, guaranteed investment contract or investments for a yield restricted defeasance escrow using Gross Proceeds of the Series 2007D Bonds shall be done in accordance with the safe harbor procedures provided in Section 1.148-5(d)(6) of the Regulations, or their successor provisions.

### Section 3.7 Recordkeeping

In connection with the rebate requirement, the City shall maintain, until six years after the retirement of the last obligation of the issue of which the Series 2007D Bonds are a part, records

of the rebate calculations and all amounts paid to the United States pursuant to Section 3.5 above.

#### IV. OTHER TAX MATTERS

##### Section 4.1 Exempt Facility.

(a) The facilities financed with proceeds of the Series 2007D Bonds (the "Facilities") are designed to and will be used as part of an airport, or as property that is functionally related and subordinate to an airport and that is of a size and character commensurate with the size and character of such airport.

(b) At least 95 percent of the net proceeds of the Series 2007D Bonds allocable to the Series 2007D Improvement Project will be used to finance costs which were chargeable to the capital account of the Facilities for federal income tax purposes or would be so chargeable either with a proper election (for example, under section 266 of the Code) or but for a proper election to deduct such amount.

(c) The Facilities will be owned by a governmental unit, and if any portion of the Facilities is leased, (i) the lessee will make an irrevocable election (binding on the lessee and all successors in interest under the lease) not to claim depreciation or an investment credit with respect to the leased property, (ii) the lease term (as defined in section 168(i)(3) of the Code) will not be more than 80 percent of the reasonably expected economic life of the leased property (as determined under section 147(b) of the Code), and (iii) the lessee will have no option to purchase the leased property other than at its fair market value (as of the time such option is exercised).

(d) The Facilities will serve, or be available on a regular basis for, general public use, or be a part of a facility so used.

(e) No portion of the Facilities consists of:

(i) office space, other than office space located on the premises of the Airport and at which no more than a de minimis amount of the functions performed are not directly related to the day-to-day operations of the airport; or

(ii) any of the following facilities if used for any private business use: (A) lodging facilities, (B) retail facilities in excess of a size necessary to serve passengers and employees at the Airport, (C) retail facilities (other than parking) for passengers or the general public located outside the airport terminal, (D) office buildings for individuals who are not employees of a governmental unit or the operating authority for the airport, or (E) an industrial park or manufacturing facility.

(f) If the use of the proceeds of the Series 2007D Bonds changes such that the certifications provided in this Section 4.1 are no longer true, the City will take such action, including the redemption of some or all of the Series 2007D Bonds then outstanding, as is necessary to maintain the tax-exempt status of the interest on the Series 2007D Bonds.

#### Section 4.2 Maturity Limitation.

The average maturity of the Series 2007D Bonds as set forth in the Financial Advisor's Certificate is 12.59 years, and the average reasonably expected economic life of the Facilities as provided in Appendix A hereto is at least 10.5 years. Thus, the average maturity of the Series 2007D Bonds does not exceed 120 percent of the remaining average reasonably expected economic life of the Facilities. Any changes in the Facilities being financed with proceeds of the Series 2007D Bonds is permitted only if a recomputation of the remaining average reasonably expected economic life of the Facilities shows that the requirements of this Section 4.2 will be met.

#### Section 4.3 Limitation on Land Acquisition.

(a) The City represents that, except as provided in paragraph (b) below, (i) less than 25 percent of the proceeds of the Series 2007D Bonds will be used (directly or indirectly) to finance or refinance the acquisition of land (or an interest therein), and (ii) no portion of the proceeds of the Series 2007D Bonds will be or were used (directly or indirectly) to finance or refinance the acquisition of land (or interest therein) to be used for farming purposes.

(b) The limitation provided in paragraph (a) above does not apply to land acquired by the City for noise abatement or wetland preservation, or for future use as an airport, provided that there is no other significant use of such land.

#### Section 4.4 Limitation on Existing Property Acquisition.

No portion of the proceeds of the Series 2007D Bonds will be or were used to finance or refinance the acquisition of property (or an interest therein) unless the first use of such property was pursuant to such acquisition.

#### Section 4.5 Prohibited Uses of Proceeds.

No portion of the proceeds of the Series 2007D Bonds will be or were used to finance or refinance any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

#### Section 4.6 Limitation on Financing Issuance Costs

The issuance costs of the Series 2007D Bonds financed by the Series 2007D Bonds will not exceed 2 percent of the proceeds of the Series 2007D Bonds.

#### Section 4.7 Bonds Not Federally Guaranteed.

(a) The payment of principal or interest on the Series 2007D Bonds will not be guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof.

(b) Less than 5 percent of the of the proceeds of the Series 2007D Bonds, if any, will be (i) used in making loans the payment of principal or interest on which are guaranteed, in whole or in part, by the United States, or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts.

(c) The payment of principal or interest on the Series 2007D Bonds is not otherwise indirectly guaranteed, in whole or in part, by the United States, or an agency or instrumentality thereof.

(d) Paragraphs (a) through (c) of this Section 4.2 do not apply to (i) proceeds of the Series 2007D Bonds invested for an initial temporary period until needed for the purpose for which the Series 2007D Bonds were issued, (ii) investments in the Series 2007D Bond Fund, or (iii) investments in bonds issued by the United States Treasury.

#### Section 4.8 Information Return.

The City will file or cause to be filed with the Internal Revenue Service, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2007D Bonds are issued, a completed and signed Form 8038. The information reported on that return will be true, correct and complete to the best of the knowledge and belief of the undersigned.

#### Section 4.9 Not Hedge Bonds.

(a) As described in Section 2.2 of this Certificate, it is reasonably expected on the issue date of the Series 2007D Bonds that at least 85 percent of the spendable proceeds of the Series 2007D Bonds will be used to carry out the governmental purposes of the Series 2007D Bonds within the 3-year period beginning on the issue date of the Series 2007D Bonds. The reasonableness of these expectations is in no way based on expectations as to changes in interest rates or changes in federal tax law, or in regulations or rulings thereunder.

(b) Not more than 50 percent of the proceeds of the Series 2007D Bonds s, if any, will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

(c) Accordingly, the Series 2007D Bonds are not hedge bonds within the meaning of Section 149(g) of the Code.

#### Section 4.10 Public Approval

A public hearing with respect to the City's plan of financing (the "Plan") for the Facilities, was held on July 27, 2007. The time and location of the public hearing provided a reasonable opportunity for persons of differing views to appear and be heard and a reasonable opportunity to be heard was afforded to all persons present at the hearing. The hearing was conducted by the City. Notice of the public hearing, which was published in The Daily Journal on July 13, 2007,

contained: (i) a general, functional description of the type and use of the facilities to be financed and refinanced under the Plan, including the Facilities, (ii) the maximum aggregate face amount of the obligations to be issued with respect to the Plan, (iii) the initial owner, operator or manager of the Facilities and (iv) the location of the Facilities by a general description designed to inform readers of its specific location.

Section 4.11 Entire Issue

(a) There are no other obligations of the City that are or will be:

(i) Sold within 15 days of the Series 2007D Bonds;

(ii) Sold pursuant to the same plan of financing as the Series 2007D Bonds;

and

(iii) Reasonably expected to be paid from substantially the same source of funds as the Series 2007D Bonds, determined without regard to guarantees from unrelated parties.

(b) Accordingly, no other obligations of the City will be considered part of the same issue as the Series 2007D Bonds within the meaning of Section 1.150-1(c) of the Regulations.

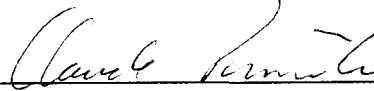
Section 4.12 Tax Covenants in General Bond Ordinance

(a) Pursuant to the General Bond Ordinance, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007D Bonds from time to time, that the City (i) will not make any use of the proceeds of the Series 2007D Bonds, any fund reasonably expected to be used to pay the Series 2007D Bonds or any other fund of the City, (ii) shall not make any use of the Facilities financed or refinanced with proceeds of the Series 2007D Bonds and (iii) shall not take (or omit to take) any other action with respect to the Series 2007D Bonds, the proceeds thereof or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2007D Bonds to be included in gross income for federal income tax purposes.

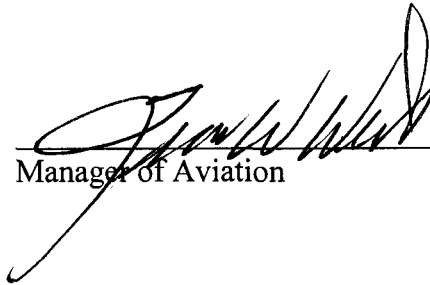
(b) In particular, the City has covenanted, and hereby covenants, for the benefit of the Underwriters and owners of the Series 2007D Bonds from time to time, that it will not take (or omit to take) or permit or suffer any action to be taken, if the result of the same would cause the Series 2007D Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including for such purposes, to the extent applicable, the arbitrage rebate requirement of Section 148(f) of the Code.

Dated: August 29, 2007

CITY AND COUNTY OF DENVER, COLORADO  
for and on behalf of its Department  
of Aviation



\_\_\_\_\_  
Manager of Revenue  
ex officio Treasurer



\_\_\_\_\_  
Manager of Aviation

**Series 2007D Improvement Project  
and Economic Life Analysis**

<b>Terminal &amp; Concourses</b>		
Concourse C Commuter	\$31,279,282.00	40
Concourse C East Expansion	\$95,855,458.54	40
<b>Total</b>	<b>\$127,134,740.54</b>	

Weighted average economic life = 40 years

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D  
UNDERWRITERS' CERTIFICATE**

Lehman Brothers, on its own behalf and on behalf of the underwriters listed below, as the underwriters for the City and County of Denver, Colorado (the "City") of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"), hereby certify that:

1. The Bond Reserve Fund (capitalized terms herein having the same meanings as in the General Bond Ordinance, unless otherwise indicated) for the Series 2007D Bonds is required to be maintained in an amount equal to the Minimum Bond Reserve as more fully set forth in the General Bond Ordinance. The precedents for structuring bond financings similar to the Series 2007D Bonds were established by rating agencies and investors active in this area prior to the structuring of the Series 2007D Bonds. Based on these precedents and on the demands of the market, it is our opinion that the establishment and maintenance of the Bond Reserve Fund in the amount of the Minimum Bond Reserve is reasonably required. The Bond Reserve Fund provides additional security to the owners of the Series 2007D Bonds, thereby improving marketability of the Series 2007D Bonds and providing benefits to the City which are independent of any benefits that may be derived from the investment return on the money on deposit in the Bond Reserve Fund.

2. The initial offering price of the Series 2007D Bonds to the public, being the price at which a substantial amount of the Series 2007D Bonds (at least 10% of each maturity) was sold to the public (excluding bondhouses, brokers and similar persons acting in the capacity as underwriters or wholesalers), was \$154,601,366.65 (the "Issue Price").

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

LEHMAN BROTHERS

By: 

for themselves and:

CITIGROUP GLOBAL MARKETS INC.  
PIPER JAFFRAY & COMPANY  
RBC CAPITAL MARKETS



**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D  
FINANCIAL ADVISOR'S CERTIFICATE**

First Albany Capital, Inc., as the as the financial advisor for the City and County of Denver, Colorado (the "City") in connection with the issuance by the City of its "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"), hereby certify that:

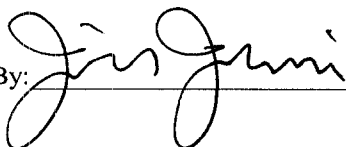
1. MBIA Insurance Corporation (the "Insurer") has issued its bond insurance policy (the "Policy") insuring the timely payment of the principal of and interest on the Series 2007D Bonds. As consideration for the Policy, the Insurer will be paid \$677,000.00 (the "Premium"). The present value of the Premium is less than the present value of the expected interest savings on the Series 2007D Bonds as a result of the Policy. In making this calculation, the yield on the Series 2007D Bonds, calculated by taking into account the Premium, was used as the discount rate in determining such present values.

2. The yield on the Series 2007D Bonds is not less than 4.7877%. This yield was derived by determining the yield which, when used in computing the present value (using the six-month periods ending May 15 and November 15 as compounding intervals) of all payments of principal, interest and fees for qualified guarantees to be paid on the Series 2007D Bonds produces an amount equal to the aggregate issue price of the Series 2007D Bonds (\$154,601,366.65, consisting of par, plus net original issue premium), assuming that certain 2007D Bonds will be redeemed prior to maturity pursuant to Section 1.148-4(b)(3) of the Treasury Regulations. As to the issue price of the Series 2007D Bond used in performing this computation, we are relying solely on the Underwriters' Certificates each attached as Appendices to the City's Tax Certificates relating to the Series 2007D Bonds.

3. The weighted average maturity of the Series 2007D Bonds is 12.59 years, determined by dividing (i) the sum of the products of the issue price of each Bond times the number of years from the date of issue of the Bond (August 29, 2007) to the maturity date or sinking fund redemption date for such Bond by (ii) the aggregate issue price of the Series 2007D Bonds (\$154,601,366.65).

WITNESS my hand this 29<sup>th</sup> day of August, 2007.

FIRST ALBANY CAPITAL, INC.

By: 

Insurer's Certificates



## TAX CERTIFICATE

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

RE: \$188,350,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A

\$34,635,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C

\$147,815,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D  
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing financial guaranty insurance policies (the "Policies") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policies are unconditional obligations of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the City and County of Denver (the "Issuer");
2. The insurance premiums in the amounts of \$1,327,237.24 for Series 2007A, \$255,105.70 for Series 2007C and \$677,000 for Series 2007D, represent the charge for a transfer of credit risk and were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Policies;
3. No portion of such premiums represent an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policies; and



5. To the extent the Insurer is called upon to make any payment under the Policies, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: August 29, 2007

**MBIA Insurance Corporation**

  
Assistant Secretary

Reimbursement Resolution

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

Declaration of Intent to Reimburse  
Expenditures with the Proceeds of Future Bonds

WHEREAS, the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, (the "City") anticipates that it will incur planning, design, acquisition, development, construction, rehabilitation, equipping and furnishing costs (the "Costs") with respect to a new multi-level parking garage located at Denver International Airport (the "Project"); and

WHEREAS, the City intends to issue senior or subordinate airport revenue bonds (the "Bonds") to finance some or all of the Costs, including reimbursement of the City for Costs paid prior to the issuance of the Bonds; and

WHEREAS, the undersigned is the representative of the City authorized or designated to declare "official intent" on behalf of the City within the meaning of Section 1.150-2 of the Treasury Regulations.

NOW, THEREFORE, THE UNDERSIGNED HEREBY DECLARES AS  
FOLLOWS:

1. This Declaration is adopted pursuant to Treasury Regulation Section 1.150-2(e) promulgated under the Code, and constitutes an "official intent" within the meaning of such section.

2. The City hereby declares its intent to finance the Costs by the issuance of the Bonds in the estimated aggregate principal amount of up to \$48,000,000. The City reasonably expects that Costs paid by the City before the issuance of the Bonds will be reimbursed with proceeds of the Bonds.

3. None of the Costs to be reimbursed from proceeds of the Bonds were incurred by the City more than 60 days prior to the date of this Declaration, other than preliminary expenditures including architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs up to an amount not in excess of 20% of the expected aggregate issue price of the Bonds.

4. Proceeds of the Bonds will be allocated to the reimbursement of any Costs not later than 18 months after the later of: (a) the date such cost is paid; or (b) the date the Project to which such Cost relates is placed in service, but in no event more than three years after the date the Cost is paid.

5. The Costs will be of a type that are properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles.

6. Other than the Bonds, it is not expected that the Costs will be financed by obligations of the City.

Dated: May 1, 2006

By: 

Name: Turner West

Title: Manager of Aviation

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007D  
QUALIFYING COST ANALYSIS**

Sale Proceeds		\$154,601,366.65
Plus: Construction Period Earnings (estimated)		\$9,684,959.53
Less: Reserve Fund Deposit		(\$10,372,025.83)
	Net Proceeds	\$153,914,300.35
		x .05
	Maximum Bad Costs	\$7,695,715.02
	Less: Issuance Costs	(\$617,293.00)
	Bond Insurance	(\$677,000.00)
	Underwriters Disc.	(\$845,415.58)
		(\$2,139,708.58)
Bad Costs to be funded		(\$0.00)
	Remaining Bad Costs	\$5,556,006.44



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**PRELIMINARY OFFICIAL STATEMENT DATED JULY 25, 2007**

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATINGS: See “RATINGS” herein**

*In the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007A-C Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2007A-C Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations and (2) interest on the Series 2007B Bonds and the Series 2007C Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007A-C Bonds, under existing law and to the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.*

**CITY AND COUNTY OF DENVER, COLORADO**

**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

**AIRPORT SYSTEM REVENUE BONDS**

**\$188,780,000\* SERIES 2007A  
(AMT)**

**\$25,215,000\* SERIES 2007B  
(NON-AMT)**

**\$34,080,000\* SERIES 2007C  
(NON-AMT)**

**Dated: Date of Delivery**

**Due: November 15, as shown on the inside cover pages**

The Series 2007A-C Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto for the purpose of funding, together with other available Airport System moneys, capital improvements for the Airport (including the current refunding of outstanding Airport System commercial paper notes), capitalized interest relating to the Series 2007A Bonds and the Series 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, advance refunding, redeeming and defeasing certain outstanding Airport System revenue bonds and paying costs of issuing the Series 2007A-C Bonds, all as described herein.

The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2007A-C Bonds. Beneficial Ownership Interests in the Series 2007A-C Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007A-C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2007A-C Bonds bear interest at the rates per annum set forth on the inside cover pages hereof payable on November 15, 2007, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover pages hereof, subject to redemption prior to maturity as described herein.

**The Series 2007A-C Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2007A-C Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.**

Payment, when due, of the principal of and interest on the Series 2007A-C Bonds will be guaranteed under one or more municipal bond insurance policies to be issued simultaneously with the delivery of the Series 2007A-C Bonds by an insurer to be determined. Information regarding the Bond Insurance Policies and the Bond Insurer, as well as a specimen of the Bond Insurance Policies, will be included in the final Official Statement.

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

*Purchasers of Beneficial Ownership Interests in the Series 2007A-C Bonds will be deemed to have consented to certain proposed amendments to the City’s General Bond Ordinance as discussed herein.*

The Series 2007A-C Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado. It is expected that delivery of the Series 2007A-C Bonds will be made through the facilities of DTC on or about August 29, 2007.

Dated: August , 2007

\* Preliminary, subject to change

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## MATURITY SCHEDULE

### CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$188,780,000\***

#### AIRPORT SYSTEM REVENUE BONDS, SERIES 2007A (AMT)

<u>Maturity (November 15)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP® No.<sup>1</sup></u>
2023	\$15,300,000	%	%	
2024	25,720,000			
2026	27,005,000			
2027	28,355,000			
<b>\$92,400,000*</b>	% Series 2007A Term Bonds Due November 15, 2030 – Priced to Yield			% <sup>2</sup>
	CUSIP No.			<sup>1</sup>

**\$25,215,000\***

#### AIRPORT SYSTEM REVENUE BONDS, SERIES 2007B (NON-AMT)

<b>\$25,215,000*</b>	% Series 2007B Term Bonds Due November 15, 2032 – Priced to Yield			%
	CUSIP No.			<sup>1</sup>

<sup>1</sup> The City and the Department take no responsibility for the accuracy of the CUSIP® numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007A Bonds and the Series 2007B Bonds.

<sup>2</sup> Subject to mandatory sinking fund redemption as described in “THE SERIES 2007A-C BONDS - Redemption Prior to Maturity - *Mandatory Sinking Fund Redemption.*”

### GOLDMAN, SACHS & Co.

HARVESTONS SECURITIES, INC.

JPMORGAN

RBC CAPITAL MARKETS

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\* Preliminary, subject to change

**MATURITY SCHEDULE**

**CITY AND COUNTY OF DENVER, COLORADO**

**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

**\$34,080,000\***

**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007C  
(NON-AMT)**

<u>Maturity (November 15)</u>	<u>Principal Amount<sup>1</sup></u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP<sup>®</sup> No.<sup>2</sup></u>
	\$	%	%	

<sup>1</sup> The maturity schedule will be determined at the time the Series 2007C Bonds are marketed.

<sup>2</sup> The City and the Department take no responsibility for the accuracy of the CUSIP<sup>®</sup> numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007C Bonds.

**CITI**

**JPMORGAN**

**RAMIREZ & CO., INC.**

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\* Preliminary, subject to change

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**SELECTED CITY OFFICIALS AND CONSULTANTS**

**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  
Arlene V. Dykstra, Esq.....City Attorney  
LaCharles Keesee.....Manager of the Department of General Services/Deputy Chief Financial Officer  
Alvin J. LaCabe, Jr.....Manager of the Department of Public Safety  
Peter J. Park.....Manager of Community Planning and Development  
Claude Pumilia.....Manager of the Department of Revenue/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, *Ex-Officio* Clerk**

Stephanie Y. O’Malley

**Department of Aviation**

Cheryl Cohen-Vader.....Chief Deputy Manager of Aviation  
Stan Koniz, CPA.....Deputy Manager of Aviation/Business and Technologies  
Patrick Heck.....Acting Deputy Manager of Aviation/Revenue Management and Business Development  
Sally Covington.....Deputy Manager of Aviation/Public Relations and Marketing  
John Kinney.....Deputy Manager of Aviation/Operations  
Ruth Rodriguez.....Deputy Manager of Aviation/Maintenance and Engineering  
Helen Raabe, Esq.....Director of Airport Legal Services/Assistant City Attorney

**Airport Consultant**

Jacobs Consultancy Inc.  
Burlingame, California

**Financial Consultants**

First Albany Capital Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas
---	---

**Bond Counsel**

Hogan & Hartson L.L.P. Denver, Colorado	Bookhardt & O’Toole Denver, Colorado
--	---

**Special Counsel**

Peck, Shaffer & Williams LLP  
Denver, Colorado

This Official Statement does not constitute an offer to sell the Series 2007A-C Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2007A-C Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2007A-C Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2007A-C Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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

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**OFFICIAL STATEMENT**

**RELATING TO**

**CITY AND COUNTY OF DENVER, COLORADO**

**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

**AIRPORT SYSTEM REVENUE BONDS**

**\$188,780,000\* SERIES 2007A**  
**(AMT)**

**\$25,215,000\* SERIES 2007B**  
**(NON-AMT)**

**\$34,080,000\* SERIES 2007C**  
**(NON-AMT)**

**INTRODUCTION**

**The Issuer**

This Official Statement, which includes the cover page, the inside cover pages, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “City”), for and on behalf of its Department of Aviation (the “Department”), of its Airport System Revenue Bonds, Series 2007A, in the principal amount of \$188,780,000\* (the “Series 2007A Bonds”), its Airport System Revenue Bonds, Series 2007B, in the principal amount of \$25,215,000\* (the “Series 2007B Bonds”) and its Airport System Revenue Bonds, Series 2007C, in the principal amount of \$34,080,000\* (the “Series 2007C Bonds”), referred to herein collectively as the “Series 2007A-C Bonds” and individually as a “Series.”

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX C – GLOSSARY OF TERMS.”

**The Airport System; the Senior Bond Ordinance**

The City is a political subdivision of the State of Colorado (the “State”). The Denver Municipal Airport System (the “Airport System”) is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the “Airport”) is the primary asset of the Airport System.

The Series 2007A-C Bonds are being issued by authority of the City’s home rule charter (the “City Charter”), the State’s Supplemental Public Securities Act and the General Bond Ordinance approved by the Denver City Council (the “City Council”) on November 29, 1984, as amended and supplemented (the “General Bond Ordinance”), and the respective Series 2007A-C Airport System Supplemental Bond Ordinances to be approved by the City Council prior to the delivery of the Series 2007A-C Bonds. The General Bond Ordinance, the Series 2007A-C Supplemental Ordinances and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2007A-C Supplemental Ordinances are referred to herein collectively as the “Senior Bond Ordinance.” The covenants and undertakings of the City with respect to the Series 2007A-C Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City that have not been adopted by the City Council (the “Proposed Amendments”). See “Consent to Proposed Amendments to the Senior Bond Ordinance” below, “THE SERIES 2007A-C BONDS – Authorization – Proposed Amendments to the Senior Bond Ordinance,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

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\* Preliminary, subject to change

## Denver International Airport

**General.** The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “THE AIRPORT SYSTEM,” “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

**Passenger and Revenue Growth.** Currently, 30 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport (“Stapleton”). Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 enplaned passengers at the Airport increasing 5.2% over 2002. The number of enplaned passengers at the Airport continued to increase by 12.7% in 2004, 2.6% in 2005 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. In 2006, the rentals, fees and charges received from airlines operating at the Airport under use and lease agreements and other agreements with the City constituted approximately 53.7% of the Gross Revenues of the Airport System.

In 2006, non-airline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 39.0% of the Gross Revenues of the Airport System. Non-airline revenues of the Airport System also recovered from the downturns experienced in 2001 and 2002, increasing 2.2% in 2003, 12.1% in 2004, 11.5% in 2005 and 12.2% in 2006, compared to the previous years, largely as the result of increases in passenger traffic.

The cost per enplaned passenger at the Airport also improved commensurately, declining from \$15.20 in 2002 to \$14.51 in 2003, \$13.05 in 2004, \$12.90 in 2005 and \$11.41 in 2006.

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 consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger growth at the Airport and revenue growth of the Airport System, see generally “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES,” “FINANCIAL INFORMATION – Historical Operations – Management’s Discussion and Analysis of Financial Performance – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Nonairline Revenue.”

***Major Air Carriers Operating at the Airport.*** The principal air carrier operating at the Airport is United Airlines (“United”), one of the largest airlines in the world. The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “United Use and Lease Agreement”), United currently leases 43 of the existing 95 full service jet gates at the Airport, as well as the 16-gate regional jet facility on Concourse B. In 2006, United, together with its low-fare Ted unit and its United Express commuter affiliates (collectively, the “United Group”), accounted for approximately 56.4% of passenger enplanements at the Airport, as well as approximately 59.3% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 31.8% of the Airport System’s Gross Revenues (as defined in the Senior Bond Ordinance). Also, after over three years in bankruptcy reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code (the “Bankruptcy Code”) during which United continued operations, UAL Corporation (“UAL”) and 27 of its subsidiaries, including United, emerged from bankruptcy in February 2006.

Frontier Airlines (“Frontier”) has the second largest market share at the Airport, which serves as Frontier’s only hub. 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 (a related amendment to its Use and Lease Agreement to add these gates is pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. In 2006, Frontier, together with its Frontier JetExpress commuter affiliate (together, the “Frontier Group”), accounted for approximately 20.7% of passenger enplanements at the Airport, as well as approximately 13.0% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 6.9% of the Airport System’s Gross Revenues. Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation (“Lynx”), a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

Southwest Airlines (“Southwest”) commenced service at the Airport in January 2006. Southwest accounted for 3.3% of passenger enplanements at the Airport in 2006 and for 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period).

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues; however, as noted above Southwest has been accounting for an increasing share of passenger enplanements at the Airport.

For further information regarding the major air carriers operating at the Airport and the fare and service competition initiated by Southwest at the Airport see “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES – Airline Information – *United – Frontier – Southwest* – Aviation Activity,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “AIRLINE BANKRUPTCY MATTERS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Hub for United and Frontier Airlines.”

## **Airport Capital Program; 2007 Project**

The City has a Capital Program for the Airport System that represents the City's current expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project, each as described in "DENVER INTERNATIONAL AIRPORT - Terminal Complex," was initially financed with the proceeds of Airport System Subordinate Commercial Paper Notes, Series A (the "Tax-Exempt Commercial Paper Notes") and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the "2008-2013 Capital Program") is described in "CAPITAL PROGRAM." The Airport System's capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The capital projects for the Airport to be funded in part with the net proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds as described below in "Plan of Financing" (the "2007 Project") include the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project in the 2008-2013 Capital Program as described under "CAPITAL PROGRAM."

### **The Series 2007A-C Bonds**

**Purpose.** The proceeds of the Series 2007A Bonds and the Series 2007B Bonds, together with other available Airport System moneys, will be used to fund the 2007 Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on portions of the 2007 Project), capitalized interest relating to the Series 2007A Bonds and the Series 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to pay the costs of issuing the Series 2007A Bonds and the Series 2007B Bonds. The proceeds of the Series 2007C Bonds will be used to advance refund, redeem and defease a portion of the Airport System Revenue Bonds, Series 1998B (the "Series 1998B Bonds"), currently outstanding in the aggregate principal amount of \$103,395,000, and a portion of the Airport System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), currently outstanding in the aggregate principal amount of \$125,000,000, as well as to pay the costs of issuing the Series 2007C Bonds. The portions of the Series 1998B Bonds and the Series 2003B Bonds being refunded with the proceeds of the Series 2007C Bonds are referred to herein collectively as the "Refunded Bonds." See "Plan of Financing" below, "APPLICATION OF PROCEEDS," "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Plan of Financing."

**General Provisions.** The Series 2007A-C Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates and in the amounts set forth on the cover page and inside cover pages hereof. Interest on the Series 2007A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2007, and semiannually thereafter on each May 15 and November 15, computed on the basis of a 360-day year of twelve 30-day months. The Series 2007A-C Bonds are subject to redemption prior to maturity as described in "THE SERIES 2007A-C BONDS – Redemption Prior to Maturity."

**Book-Entry Only System.** The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Series 2007A-C Bonds. Ownership interests in the Series 2007A-C Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the

DTC system (“DTC Participants”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2007A-C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2007A-C BONDS – General Provisions” and “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

***Security and Sources of Payment.*** The Series 2007A-C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the “Senior Bonds.” The aggregate principal amount of Senior Bonds currently outstanding is approximately \$3.7 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds (as described below under “Plan of Financing”) is approximately \$4.1\* billion. See “FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds.*” None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “Owners”) or Beneficial Owners of the Series 2007A-C Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues.”

***Bond Insurance.*** Payment, when due, of the principal of and interest on the Series 2007A-C Bonds will be guaranteed under one or more municipal bond insurance policies (collectively, the “Bond Insurance Policies”) to be issued simultaneously with the delivery of the Series 2007A-C Bonds by an insurer (the “Bond Insurer”) to be determined. Information regarding the Bond Insurance Policies and the Bond Insurer, as well as a specimen of the Bond Insurance Policies, will be included in the final Official Statement.

The Bond Insurer will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007A-C Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007A-C Bonds in the event of a default.

***Further Information.*** For further information regarding the Series 2007A-C Bonds, the Bond Insurance Policy and the Bond Insurer, see generally “THE SERIES 2007A-C BONDS,” “BOND INSURANCE,” “FINANCIAL INFORMATION – Senior Bonds,” “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

## **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (the “Financial Consultants”) have prepared the plan of financing (the “Plan of Financing”) in connection with the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds described in this section. See “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Plan of Financing.”

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\* Preliminary, subject to change

Subject to market conditions, the City also plans to issue one or more series of additional Senior Bonds (the “2007 Planned Bonds”) prior to November 15, 2007 (1) in the approximate principal amount of \$235 million to fund a portion of the 2007 Project for the Airport described herein under “CAPITAL PROGRAM” and (2) in the approximate principal amount of \$362 million to current refund and defease, together with other available Airport System moneys, certain of its outstanding Airport System Revenue Bonds, Series 1997E (the “Series 1997E Bonds”). The Report of the Airport Consultant includes the 2007 Planned Bonds that are not refunding bonds, designating such bonds as the Series 2007D-E Bonds (the “Planned Series 2007D-E Bonds”). See “CAPITAL PROGRAM,” “FINANCIAL INFORMATION – Senior Bonds – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Report of the Airport Consultant**

Jacobs Consultancy Inc. (the “Airport Consultant”), has been retained by the City as its Airport Consultant and in such capacity prepared the Report of the Airport Consultant dated July 25, 2007 (the “Report of the Airport Consultant”), included herein as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a “Fiscal Year”) 2007 through 2013, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “AVIATION ACTIVITY AND AIRLINES – Airline Information,” “CAPITAL PROGRAM,” “FINANCIAL INFORMATION – Plan of Financing” and “REPORT OF THE AIRPORT CONSULTANT.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds and the 2007 Planned Bonds, and will not be revised to reflect differences between the principal amounts and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds assumed in the Report of the Airport Consultant and the final principal amount and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds as marketed. However, prior to the issuance of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds, the Airport Consultant is expected to prepare for the City revised forecasts of debt service coverage on the Senior Bonds that takes into account the final principal amount and interest rates of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds. It is expected that these revised forecasts of debt service coverage will not be materially different from the forecast shown in the Report of the Airport Consultant appended to this Official Statement. The revised forecasts to be prepared in respect of the issuance of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds are also expected to demonstrate the projected compliance with the Additional Bonds Test under the Senior Bond Ordinance in respect of the issuance of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

### **Consent to Proposed Amendments to the Senior Bond Ordinance**

Purchasers of Beneficial Ownership Interests in the Series 2007A-C Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in “THE SERIES 2007A-C BONDS – Proposed Amendments to the Senior Bond Ordinance.” The Proposed Amendments are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

## **Continuing Disclosure**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## **Additional Information**

Brief descriptions of the Series 2007A-C Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007A-C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to Stan Koniz, Deputy Manager of Aviation/Business and Technologies, at (303) 342-2200. Inquiries regarding other City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Revenue, at (720) 865-7116.

## **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

## **Forward Looking Statements**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking



statements. See “FORWARD LOOKING STATEMENTS,” “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Miscellaneous**

The cover page, inside cover pages, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2007A-C Bonds.

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## APPLICATION OF PROCEEDS

The following table presents the estimated sources and uses of funds in connection with the issuance of the Series 2007A-C Bonds.

	<u>Series 2007A Bonds*</u>	<u>Series 2007B Bonds*</u>	<u>Series 2007C Bonds*</u>
<b>Sources</b>			
Principal Amount of Series 2007A-C Bonds	\$188,780,000	\$25,215,000	\$34,080,000
Net Original Issue Premium/(Discount)			
Transfer from Series 1998B Bond Account	--	--	
Transfer from Series 2003B Bond Account	--	--	
<b>Total Sources</b>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
<b>Uses</b>			
Deposit to Related Project Account <sup>1</sup>	\$	\$	\$ --
Deposit to Related Capitalized Interest Subaccount <sup>2</sup>			--
Deposit to Related Escrow Account <sup>3</sup>	--	--	
Deposit to Bond Reserve Fund <sup>4</sup>			--
Payment of Related Costs of Issuance <sup>5</sup>			
<b>Total Uses</b>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

<sup>1</sup> The Series 2007A Project Account and the Series 2007B Project Account are created in the Project Fund pursuant to the Series 2007A-B Supplemental Bond Ordinance for the purpose of providing for the payment of a portion of the 2007 Project. See also "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing."

<sup>2</sup> The Series 2007A Subaccount and the Series 2007B Subaccount are created in the Capitalized Interest Account of the Project Fund pursuant to the Series 2007A-B Supplemental Bond Ordinance for the purpose of funding capitalized interest on portions of the Series 2007A Bonds and the Series 2007B Bonds through the various estimated completion dates of the projects included in the 2007 Project.

<sup>3</sup> To be used to advance refund, redeem and defease a portion of the Refunded Bonds. See also "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing" and "SERIES 2007C ESCROW ACCOUNT; VERIFICATION OF MATHEMATICAL ACCURACY."

<sup>4</sup> To fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2007A Bonds and the Series 2007B Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund."

<sup>5</sup> Includes Underwriters' discount, premiums for the Bond Insurance Policies, legal and other costs of issuance for the related series of Series 2007A-C Bonds. See also "UNDERWRITING."

## THE SERIES 2007A-C BONDS

The following is a summary of certain provisions of the Series 2007A-C Bonds during such time as the Series 2007A-C Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2007A-C Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX C – GLOSSARY OF TERMS," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2007A-C Bonds upon an Event of Default under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2007A-C Bonds. Unless otherwise specified herein, reference in the following summary to the Series 2007A-C Bonds means each series of the Series 2007A-C and references to documents and defined terms mean such documents and defined terms as they relate to each series of the Series 2007A-C Bonds.

\* Preliminary, subject to change

## **Authorization**

Pursuant to the home rule article of the Colorado Constitution, the State's Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of the Colorado Constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the "Manager") is the governing body of the Department. See "THE AIRPORT SYSTEM – Management." The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2007A-C Bonds will be issued pursuant to the Senior Bond Ordinance and, if adopted, the Proposed Amendments. See "Proposed Amendments to the Senior Bond Ordinance" below, "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

## **General Provisions**

The Series 2007A-C Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates set forth on the cover page and inside cover pages hereof, and are subject to redemption prior to maturity as described below in "Redemption Prior to Maturity." Interest on the Series 2007A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable on November 15, 2007, and semiannually on each May 15 and November 15 thereafter, each such date being referred to herein as an "Interest Payment Date."

Principal and interest payments with respect to the Series 2007A-C Bonds will be payable by check or wire transfer by the Chief Financial Officer of the City (the "Chief Financial Officer"), in his or her capacity as paying agent for the Series 2007A-C Bonds (the "Paying Agent") to Cede & Co., as the Owner of the Series 2007A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

## **DTC Book-Entry System**

The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2007A-C Bonds. Beneficial Ownership Interests in the Series 2007A-C Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the registered owners of the Series 2007A-C Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2007A-C Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2007A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Chief Financial Officer in his or her capacity as registrar for the Series 2007A-C Bonds (the “Registrar”) has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007A-C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007A-C Bonds or (5) any other related matter.*

### **Redemption Prior to Maturity**

**Optional Redemption.** The Series 2007A-C Bonds maturing on and after November 15, 2028, are subject to redemption prior to maturity at the option of the City, on and after November 15, 2028, in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to 100% of the principal amount of the Series 2007A-C Bonds to be redeemed plus accrued interest to the Redemption Date.

**Mandatory Sinking Fund Redemption.** The Series 2007A Bonds maturing on November 15, 2030, are also subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on November 15 in each of the years and in the principal amounts set forth in the following table:

**Mandatory Sinking Fund Schedule  
Series 2007A Bonds Maturing on November 15, 2030\***

<u>Year of Redemption</u>	<u>Principal Amount</u>
2028	\$29,770,000
2029	31,260,000
2030 (maturity)	31,370,000

Other maturities of the Series 2007A-C Bonds may also be subject to mandatory sinking fund redemption prior to maturity if sold as Term Bonds.

The City has the option of reducing the principal amount of the Series 2007A-C Bonds to be redeemed on any mandatory sinking fund redemption date by any amount (equal to the smallest denomination then authorized pursuant to the applicable Series 2007A-C Supplemental Ordinances or whole multiples of such smallest denomination) up to the principal amount of such series of the Series 2007A-C Bonds which have been redeemed prior to or will be redeemed on such redemption date under any other provision of the applicable Series 2007A-C Supplemental Ordinances or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of such series of the Series 2007A-C Bonds subject to mandatory sinking fund redemption). The City may exercise such option by delivering to the Paying Agent, on or before the 45<sup>th</sup> day preceding such redemption date, a written notice stating the amount of such reduction.

**Notice of Redemption.** Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first

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\* Preliminary, subject to change

class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2007A-C Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2007A-C Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2007A-C Bonds is required to be given, moneys sufficient to redeem all of such Series 2007A-C Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2007A-C Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2007A-C Bonds properly called for redemption or any other action premised on that notice.

## **SECURITY AND SOURCES OF PAYMENT**

### **Pledge of Net Revenues**

The Series 2007A-C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2007A-C Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below, and from funds made available under the Bond Insurance Policies as discussed in "BOND INSURANCE." The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund, the Bond Reserve Fund and the Project Fund (which are only on deposit in the Project Fund until such funds are spent on the 2007 Project) to the payment of the Senior Bonds. See also "APPLICATION OF PROCEEDS" and "CAPITAL PROGRAM." The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2007A-C Bonds.

"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. No Supplemental Ordinance has included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For a further description of the application of revenues under the Senior Bond Ordinance and the complete definitions

of Gross Revenues and Operation and Maintenance Expenses, see “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE”.

### **PFC Debt Service Account**

The City has, pursuant to the Senior Bond Ordinance, created the PFC Fund within the Airport System Fund and, within the PFC Fund, the PFC Debt Service Account and the PFC Project Account. In addition, pursuant to a Supplemental Ordinance (the “PFC Supplemental Ordinance”) approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements (as defined in “APPENDIX C – GLOSSARY OF TERMS”) on Senior Bonds through December 31, 2013, as further discussed in “FINANCIAL INFORMATION – Passenger Facility Charges – *PFC Debt Service Account; Irrevocable Commitment of Certain PFCs.*”

### **Bond Insurance**

Payment, when due, of the principal of and interest on the Series 2007A-C Bonds will be guaranteed under the Bond Insurance Policies to be issued simultaneously with the delivery of the Series 2007A-C Bonds by a Bond Insurer to be determined. Information regarding the Bond Insurance Policies and the Bond Insurer, as well as a specimen of the Bond Insurance Policies, will be included in the final Official Statement. See also “BOND INSURANCE.”

### **Rate Maintenance Covenant**

The City has covenanted in the Senior Bond Ordinance (the “Rate Maintenance Covenant”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements for the Fiscal Year. See “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Capital Fund.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations

and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “Signatory Airlines”) acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements.”

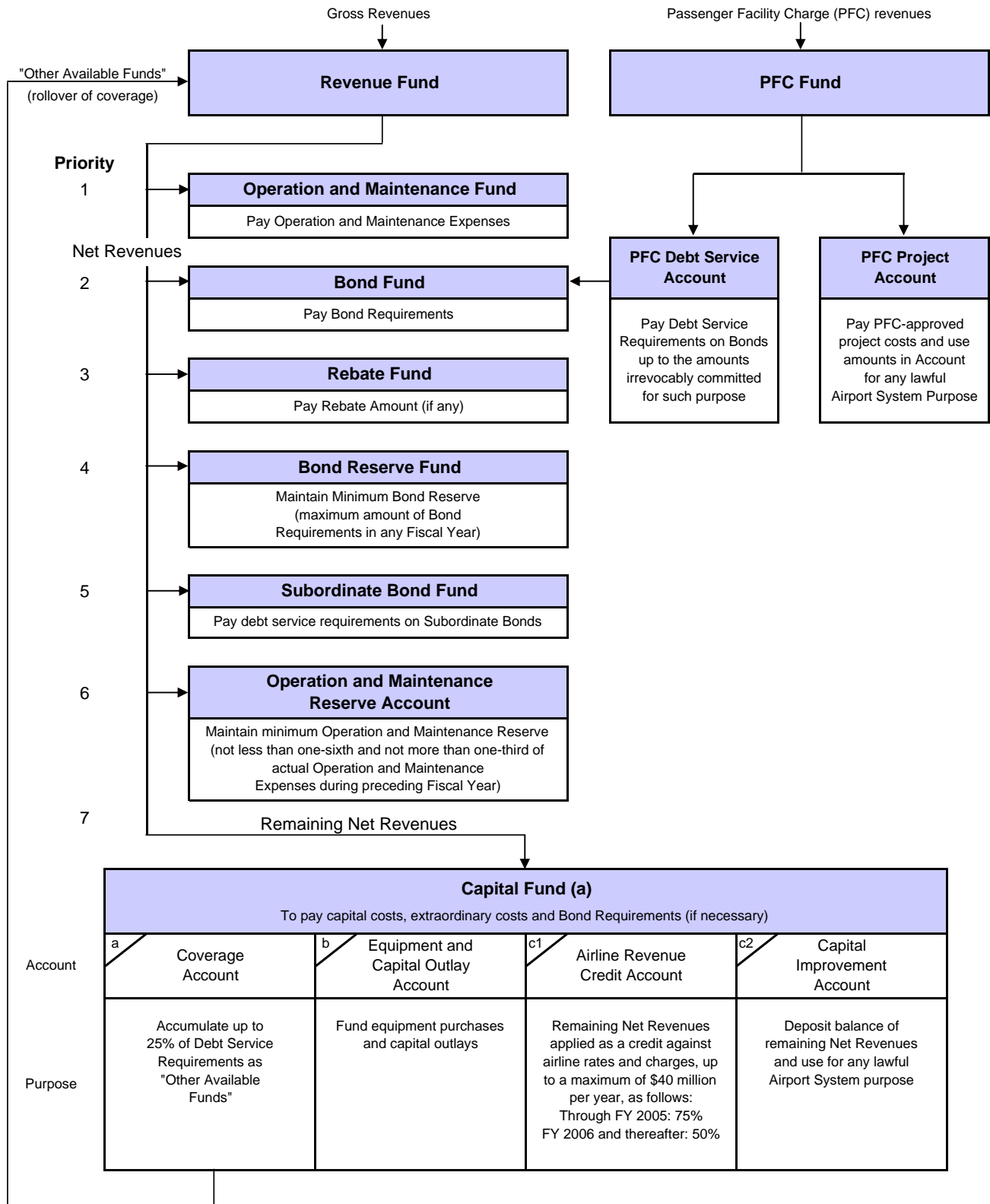
The term “Debt Service Requirements” in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See “APPENDIX C – GLOSSARY OF TERMS.” As described in “PFC Debt Service Account” above, the City has irrevocably committed a portion of the moneys collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through December 31, 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is excluded from the respective computations and is therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds in the years 2007 through 2013. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms “Committed Passenger Facility Charges” and “Maximum Committed Amounts” being used as defined in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*”) in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the additional \$1.50 PFC that commenced April 1, 2001 (the “Additional \$1.50 PFC”), being PFC revenues that do not constitute Committed Passenger Facility Charges, will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*.” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and all of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. The amount of such PFC revenues forecast by the Airport Consultant to be so applied to the payment of Debt Service Requirements is set forth in Exhibit C to the Report of the Airport Consultant. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **Flow of Funds**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates a special fund designated as the “Revenue Fund” and to which the City is required to set aside all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” for a complete description of the application of Gross Revenues.

The flow of funds under the Senior Bond Ordinance is illustrated on the following page.

## FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.



## **Bond Reserve Fund**

Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of “Minimum Bond Reserve” in certain regards. See “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Upon the issuance of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds, an amount at least equal to the Minimum Bond Reserve is expected to be on deposit in the Bond Reserve Fund. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. See “APPLICATION OF PROCEEDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues.”

## **Additional Parity Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance (“Additional Parity Bonds”) to pay the cost of acquiring, improving or equipping Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the “Additional Bonds Test”), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, only Committed Passenger Facility Charges may be considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See “PFC Debt Service Account” and “Rate Maintenance Covenant” above, “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

Since the Series 2007A Bonds, the Series 2007B Bonds and portions of the 2007 Planned Bonds are being issued for the purpose of funding capital improvements for the Airport, the Additional Bonds Test is applicable to their issuance. The Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A Bonds and the Series 2007B Bonds, and in connection with the later issuance of the Planned Series 2007D-E Bonds. See “APPLICATION OF PROCEEDS,” “FINANCIAL INFORMATION – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## Subordinate Bonds and Other Subordinate Obligations

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of Subordinate Commercial Paper Notes (defined herein), and has also entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See “FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations.”

## Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2002 through 2006 in accordance with the Rate Maintenance Covenant discussed in “Rate Maintenance Covenant” above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

### Historical Net Revenues and Debt Service Coverage of the Senior Bonds

(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
Gross Revenues <sup>1</sup>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses <sup>1</sup>	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	282,644	325,994	322,790	336,120	326,990
Other Available Funds <sup>2</sup>	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,787</u>
Total Amount Available for Debt Service	\$329,395	\$376,801	\$377,639	\$391,293	\$376,777
Debt Service Requirements for the Senior Bonds <sup>3,4</sup>	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt Service Coverage <sup>4</sup>	162%	184%	171%	175%	189%

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in “FINANCIAL INFORMATION – Historical Financial Operations.” See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>2</sup> Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>3</sup> Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements. See “FINANCIAL INFORMATION – Passenger Facility Charges.” Debt service also does not include the debt service on certain Senior Bonds that have been economically defeased in the total principal amount of \$144,230,648. See “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

<sup>4</sup> The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

Sources: Financial statements of the Airport System for Fiscal Years 2002-2006, and Airport management and Department of Aviation management records

## Proposed Amendments to the Senior Bond Ordinance

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007A-C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

It is assumed in the Report of the Airport Consultant that any or all of the Proposed Amendments that the City may adopt during the forecast period would not materially change the forecast coverage results presented therein. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **BOND INSURANCE**

Payment, when due, of the principal of and interest on the Series 2007A-C Bonds will be guaranteed under one or more Bond Insurance Policies to be issued simultaneously with the delivery of the Series 2007A-C Bonds by a Bond Insurer to be determined. Information regarding the Bond Insurance Policies and the Bond Insurer, as well as a specimen of the Bond Insurance Policies, will be included in the final Official Statement.

### **RISKS AND OTHER INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk and considerations. Prospective investors are urged to read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2007A-C Bonds.

#### **Dependence on Continued Level of Airline Traffic and Activity**

The Series 2007A-C Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2007A-C Bonds, through 2013. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. The future level of aviation activity and enplaned passenger traffic at the Airport will be dependant upon many local, regional, national and international factors, including economic and political conditions, aviation security concerns and, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. Many of these factors are discussed in detail in the Report of the Airport Consultant. If aviation activity at the Airport does not meet forecast levels, there will likely be a corresponding impact on both forecast Gross Revenues (absent an increase in Airport rentals, rates, fees and charges) and forecast PFC revenues. See “Air Travel Security Concerns” below, “AVIATION ACTIVITY AND AIRLINES” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic.”

## **Market Share Risk**

The United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, is the principal air carrier operating at the Airport. United currently leases all 43 of the full service jet gates on Concourse B, constituting approximately 45.3% of the current 95 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. The United Group also currently accounts for over 50% of (1) passenger enplanements at the Airport and (2) the airline rentals, fees and charges component of the Airport System's operating revenues and over 30% of Airport System Gross Revenues. After the United Group, the Frontier Group is the next largest air carrier operating at the Airport, currently accounting for approximately 20.7% of passenger enplanements at the Airport, and approximately 13.0% of airline rentals, fees and charges component of the Airport System's operating revenues and approximately 6.9% of the Airport System's Gross Revenues.

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. No assurances can be given with regard to the future level of activity of the United Group or the Frontier Group at the Airport, or that, in the event that the operations of the United Group or the Frontier Group at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "AVIATION ACTIVITY AND AIRLINES – Aviation Activity – Airline Information – *United – Frontier – Southwest – Other Airlines*," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

## **Airport Rates and Charges**

The Report of the Airport Consultant bases the forecasts of Net Revenues and Other Available Funds, debt service coverage and airline costs per enplaned passenger on the assumption that the airlines will pay the rates and charges established by the City, and while the City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See "The Rate Maintenance Covenant" below, "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant," See also "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FORECAST DEBT SERVICE COVERAGE – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Debt Service Coverage" for historical and forecast debt service coverage, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

## **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. See, for example, "AVIATION ACTIVITY AND AIRLINES – Security Matters." It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION – Passenger Facility Charges – *Federal Grants and Other Funding*."

## **Airport Use and Lease Agreements**

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements expire between 2008 and 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See “Risk of Future Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

## **Air Travel Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – *Aviation Security Concerns.*”

## **Risk of Future Airline Bankruptcies**

Since 2001, several airlines with operations at the Airport, including United, filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007A-C Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

## **Forward Looking Statements; Report of the Airline Consultant**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

## THE AIRPORT SYSTEM

### General

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton. The Airport System also includes certain land still owned by the City at the Stapleton site. See “FINANCIAL INFORMATION – Stapleton.”

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International, was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “AVIATION ACTIVITY AND AIRLINES.”

### Management

Under the City Charter, the management, operation and control of the Airport System is delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to the Mayor. The Manager of Revenue, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. At a special municipal election held on November 7, 2006, the City’s electors approved certain changes to the City Charter, to take effect on January 1, 2008, that created a new Department of Finance and the position of Manager of Finance, replacing the Department of Revenue and the Manager of Revenue. The newly created Department of Finance consolidates all of the City’s financial operations in one department, including the management of the debt and financial obligations of the City.

**Turner West** was appointed Manager of the Department of Aviation in April 2006 after having served as Co-Manager of the Department of Aviation since July 2003, Deputy Manager of Aviation/Maintenance and Engineering since October 2000, Acting Deputy Manager of Aviation/Maintenance and Engineering since July 1999 and Deputy Manager of Aviation/Maintenance since September 1985. Mr. West has 35 years of aviation industry experience, including 18 years of airline management experience. Prior to joining the City, Mr. West was with Frontier Airlines from 1979 to 1985, Texas International Airlines from 1978 to 1979, Otis Engineering Corp., a subsidiary of Halliburton Co., from 1975 to 1978 and Braniff International Airways from 1966 to 1975.

Mr. West recently announced his intention to retire from his position as Manager of the Department of Aviation in the spring of 2008. The City intends to conduct an international search for a new Manager of the Department of Aviation.

**Claude Pumilia** was appointed the City’s Chief Financial Officer and Manager of Revenue in April 2007, and is to officially begin serving as the Manager of Finance on January 1, 2008. Mr. Pumilia has over 15 years of experience as a senior financial and business executive at the Fortune 100 companies of Compaq Computer Corp., Hewlett-Packard Co. and, most recently, CA Inc., where he served as senior vice president of finance. Prior to working for these companies, Mr. Pumilia served as a strategy consultant with McKinsey & Company Inc., an associate at the law firm of Baker & Botts and an associate at Anderson Consulting.

**Cheryl Cohen-Vader** was appointed Chief Deputy Manager of Aviation in April 2006 after having served as Manager of Revenue for the City since January 1996. Ms. Cohen-Vader has over 21 years of professional experience in commercial and investment banking. Prior to her appointment as

Manager of Revenue, she served as an investment banker in the public finance divisions of Kirkpatrick Pettis Smith Polian, Inc. (now D.A. Davidson & Co.), Weldon Sullivan Carmichael & Company and Citicorp Securities. From 1977 to 1981, Ms. Cohen-Vader worked as a corporate lending officer in the international division of the Bank of New York where she specialized in trade financing. Ms. Cohen-Vader served, as one of five public members, on the Municipal Securities Rulemaking Board for a three year period that commenced October 1, 1998.

**Stan Koniz**, a Certified Public Accountant, became Deputy Manager of Aviation/Business and Technologies in December 2006, having served in this position in an acting capacity since February 2005. Mr. Koniz had previously served as Assistant Deputy Manager of Aviation/Finance since August 1999. Prior to joining the City, Mr. Koniz worked for the Cyprus Amax Coal Company since 1997 in the positions of Market Development Manager and Vice President Customer Alliances. From 1981 through 1997, Mr. Koniz was a senior level financial manager with Public Service Company of Colorado where he held management positions in the accounting and procurement/contract administration areas.

**Patrick Heck** became Acting Deputy Manager of Aviation/Revenue Management and Business Development in June, 2007 after serving as Strategic Advisor for the Airport since August, 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

**Sally Covington** became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 21 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

**John Kinney, C.A.E., C.M.**, became Deputy Manager of Aviation/Operations in November 2006 after having served as Strategic Advisor for the Airport since September 2005. Prior to joining the City, Mr. Kinney has been actively involved in the management of airports for the past 23 years, serving in a variety of senior management functions at both commercial service and general aviation airports. Mr. Kinney was the airport director at Scottsdale Airport for 10 years after which he served the Department of Homeland Security in Chicago and throughout Montana in senior management positions as the Federal Security Director and Assistant Federal Security Director.

**Ruth Rodriguez** became Deputy Manager of Aviation/Maintenance and Engineering in October 2006, after having spent the prior 32 years in public and private management. Ms. Rodriguez has been a senior executive manager for local, county and federal government agencies and has worked in the private sector as an executive consultant and community development manager.

**Helen Raabe, Esq.**, became Director of the Airport Legal Services Section of the City Attorney's Office in February 2004. As supervising attorney for the Airport, Ms. Raabe is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Ms. Raabe has been with the Denver City Attorney's Office for 19 years. She was previously a trial attorney at the law firm of Coghill & Goodspeed in Denver and also served as a law clerk for the Honorable Richard P. Matsch, U.S. District Court for the District of Colorado.

## **DENVER INTERNATIONAL AIRPORT**

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road from Interstate 70.

## **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000-feet long by 150-feet wide, and the sixth runway is 16,000-feet long by 200-feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also "CAPITAL PROGRAM" for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a Federal Aviation Administration ("FAA") air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases."

## **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses having a total of 95 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the newly completed Concourse B Commuter Facility Project described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The number of full service jet gates at the Airport is planned to be increased by 10 additional gates and the number of commuter aircraft parking positions is planned to be increased by 23 additional positions, all as part of the Concourse C Expansion Project discussed under "CAPITAL PROGRAM." The terminal and concourses are connected by an underground automated guideway transit system, or "AGTS," and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed "in-line" for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which 8 gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 43 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B have been improved recently in order to accommodate larger regional jet aircraft and provide various enhancements for passengers (the "Concourse B Commuter Facility Project"). The Concourse B Commuter Facility Project was opened in the spring of 2007. A portion of the costs of the Concourse B Commuter Facility Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates to be increased by 10 additional full service jet gates as part of the Concourse C Expansion Project and commuter aircraft facilities to be expanded as part of the Concourse C Expansion Project. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of



the existing concourses or the construction of two additional concourses. Approximately 60 different concessionaires currently operate in excess of 140 shops within the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement – Other Agreements – *Terminal Complex Concessions.*”

Two multi-level parking structures adjacent to the landside terminal provide in excess of 12,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces. A 1,714 parking space expansion of the west-side terminal parking structure (the “West/Terminal Parking Project”) is under construction. This expansion is currently scheduled to be opened in December 2007. A portion of the costs of the West/Terminal Parking Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. The 2008-2013 Capital Program includes plans to construct a future public parking structure and shuttle lot. See “CAPITAL PROGRAM” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking.*”

In April 2006, the City announced the award of a contract to CMCB Development Co. of Denver (“CMCB”) to develop a 17-acre retail development along Peña Boulevard, the major access highway to the Airport, near the Airport’s 45 minute waiting area. The development, known as the “Landings at DIA,” will incorporate the waiting area and constitutes the first phase in a planned 500-acre development that is designed to provide additional revenue to the Airport. CMCB will lead the development, with SullivanHayes Brokerage as leasing agent. The City recently entered into a related ground lease with the developers of this project. Groundbreaking for the project is expected to occur in the summer of 2007, with phase one of the project expected to be fully operational in the summer of 2008.

### **Request for Proposal for Airport Hotel**

In June 2007 the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the “Hotel RFP”). The Hotel RFP sought the proposal to the City of structures to own, manage, finance and/or construct a first-class hotel property (the “Airport Hotel”) to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the City. The City is in the process of evaluating the proposals received and cannot predict when or if it will complete a final agreement with any particular qualifying proposer for the construction and operation of an Airport Hotel.

### **Other Facilities**

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and the WorldPort at DIA Project, consisting of warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to Dobbs International Services and support facilities originally built for Continental Airlines (“Continental”) and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases” and “FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds.”

## CAPITAL PROGRAM

### 2007 Project; 2008-2013 Capital Program

It is the City's practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis. See "FINANCIAL INFORMATION – Historical Financial Operations – Management's Discussion and Analysis of Financial Performance."

The City has a current Capital Program for the Airport that represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. The Concourse B Commuter Facility Project was opened in the spring of 2007 and the West/Terminal Parking Project is currently scheduled to be opened in December 2007, all as described in "DENVER INTERNATIONAL AIRPORT – Terminal Complex." A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project was initially financed with the proceeds of the Tax-Exempt Commercial Paper Notes and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the "2008-2013 Capital Program") is set forth in the table below. The Airport System's capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The 2007 Project for the Airport to be funded in part with the net proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds includes the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project.

#### Denver International Airport 2008-2013 Capital Program Projects

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

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

<sup>1</sup> A portion of each of these projects is planned to be funded with the proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds.

Source: Department of Aviation management records

Planned Projects in the City's 2008-2013 Capital Program include the projects described below.

## **Airfield Improvements**

The City expects to continue and increase an existing paving and slab replacement program to gradually repair, rehabilitate and upgrade the runways and taxiways at the Airport. The total estimated cost of this program reflected in the 2008-2013 Capital Program is approximately \$150 million, of which approximately 57% is expected to be funded from FAA Federal Airport Improvement Program (“AIP”) discretionary and entitlement grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

In connection with the Concourse C Expansion Project described below in “Terminal and Concourse Improvements,” the City plans to construct a new apron around the new facilities for aircraft loading and provide the associated continuation of taxiways and a holding area for full-sized aircraft. The total estimated cost of this portion of the Concourse C Expansion Project is approximately \$48.4 million, of which approximately 41% is expected to be funded from AIP entitlement and discretionary grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

Other airfield improvements include upgrading runway and taxiway safety areas and maintaining and improving airfield lighting, drainage and other facilities. See “FINANCIAL INFORMATION – Federal Grants.”

## **Terminal and Concourse Improvements**

The City is planning to expand Concourse C (the “Concourse C Expansion Project”) to add 10 new full service jet gates to the east end of Concourse C and a one-story commuter jet aircraft facility to be connected to the expanded east end of Concourse C by a pedestrian bridge. The commuter facility is planned to support 23 commuter aircraft and include holdroom space, concessions and amenities for passengers. The Concourse C Expansion Project includes the related apron, taxiway, holding and runway paving described above under “Airfield Improvements” and a portion of the Concourse C Expansion Project is included in the 2007 Project. A design contract for the Concourse C Expansion Project has been awarded. The Concourse C Expansion Project, including the related airfield improvements, is expected to cost approximately \$280 million and to be completed in the spring of 2010. The City anticipates that various airlines will utilize the new full service jet gates and that Great Lakes Aviation will relocate from its current operations on Concourse A to the new commuter facility on Concourse C upon completion of the Concourse C Expansion Project.

The 2008-2013 Capital Program also includes a terminal complex project that will provide access from a new rail station to be constructed by the Regional Transportation District (“RTD”) to the Airport terminal. RTD, the public agency responsible for mass transit in the Denver metropolitan area, is currently in the environmental processing and preliminary engineering phases of providing commuter rail service from Denver Union Station, located in downtown Denver, to the Airport. Through the issuance of revenue bonds, Federal Transit Administration (“FTA”) grants and regional use and sales taxes, the RTD is planning to fund, design, build and operate a rail line to the Airport, as well as the station platforms and other rail transit amenities at the Airport station. The City, through the proceeds from future Airport System revenue bonds, is planning to design, build and operate the rail station facilities required to provide access from the rail station to the terminal building, including the elevators, escalators, baggage checking and security requirements necessary to accomplish this access. Construction on the 23-mile rail line and associated stations is expected to begin in 2011 and be completed by 2014, with the rail system becoming operational in 2015.

The City is planning a series of projects to improve the baggage system at the Airport in order to improve the efficiency of airline operations. These projects include the design and construction of a relocation project for terminal screening, the design and analysis of a spine system to deliver baggage from the terminal to the concourses and construction of phase one of the spine system and the renovation and upgrading of the Airport baggage system, including sortation carousels, baggage claim carousels,

odd-size baggage systems and related right-of-way clearances in the terminal, the baggage tunnel and the concourses. Certain improvements to the Airport baggage system are included in the 2007 Project.

The 2008-2013 Capital Program includes a project to upgrade the automated guideway transit system or “AGTS” computer hardware and equipment located in the central control center for the AGTS and a project to extend the AGTS south of the terminal in order to accommodate additional trains, allowing the AGTS to handle six train system operations.

### **Roads, Parking and Ground Transportation Improvements**

The 2008-2013 Capital Program includes the construction of a new parking structure and shuttle lot, improvements to Peña Boulevard and the rehabilitation of pavement in targeted roadway and parking areas of the Airport.

### **Other Projects**

The 2008-2013 Capital Program also includes the improvement of Airport building systems such as the fire protection system, the baggage information display system, electrical and mechanical systems and elevators and the expansion of security screening checkpoints.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

### **Aviation Activity**

***Passenger Traffic.*** Denver’s central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006.

The tables set forth below under “*Passenger and Revenue Growth*” and “*Summary of Aviation Activity*” illustrate the total enplanements and market share of individual airlines serving the Airport for the past five years and the first three months of 2006 and 2007.

***Passenger and Revenue Growth.*** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and Stapleton. Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. According to U.S. Department of Transportation T-100 database information, the national average of enplaned passengers increased by 8.3% in 2004, 4.2% in 2005 and 0.3% in 2006, compared to the previous years. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

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 of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic.”

**Enplaned Passengers<sup>1</sup>  
Denver International Airport**

<u>Year<sup>4</sup></u>	<u>Major/National Airlines<sup>2</sup></u>		<u>Regional/Commuter Airlines<sup>3</sup></u>		<u>Charter/Miscellaneous Airlines</u>		<u>Total Airlines</u>	
	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>
2002	16,891,218	(2.1)%	669,432	44.4%	268,914	(19.4)%	17,829,564	(1.2)%
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
<b><u>Jan.-March<sup>4</sup></u></b>								
2006 <sup>5</sup>	4,664,269	9.2%	858,406	16.4%	46,791	(14.0)%	5,569,466	10.0%
2007	4,838,296	3.7	933,480	8.7	61,109	30.6	5,832,885	4.7

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers.

<sup>2</sup> Includes Ted beginning in 2004 and Southwest Airlines beginning in 2006.

<sup>3</sup> See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – *Enplaned Passenger Market Shares*” for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low-cost and regional/commuter airlines.

<sup>4</sup> See “AVIATION ACTIVITY AND AIRLINES” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” for a discussion of factors affecting enplanements since 2002.

<sup>5</sup> Percentage changes are from the same period in 2005.

Source: Department of Aviation management records

**Percentage of Enplaned Passengers by Airline**  
**Denver International Airport**  
(Totals may not add due to rounding)

<u>Airline</u>	<u>Calendar Year</u>					<u>January-March</u>	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.8%	34.2%
Ted <sup>1</sup>	--	--	6.3	7.8	8.5	9.3	9.1
United Express <sup>2</sup>	8.0	9.2	11.1	12.8	12.6	12.7	12.7
Total United Group	62.6	60.2	59.0	56.4	56.4	56.9	56.0
Frontier	10.5	13.8	14.8	17.3	18.7	18.0	18.7
Frontier JetExpress	0.5	0.8	1.8	2.2	2.0	2.0	1.6
Total Frontier Group	11.0	14.5	16.7	19.4	20.7	20.0	20.3
American Airlines <sup>3</sup>	5.4	4.7	3.7	4.1	3.8	3.9	3.8
America West Airlines <sup>4</sup>	1.6	1.8	1.9	1.7	1.2	1.6	0.0
Continental <sup>3</sup>	2.9	2.7	2.3	2.4	2.3	2.3	2.3
Delta Airlines <sup>3,5</sup>	4.7	3.9	3.7	3.4	2.4	2.4	2.2
Northwest Airlines <sup>5</sup>	2.9	2.8	2.9	2.8	1.9	1.9	1.9
Southwest <sup>6</sup>	--	--	--	--	3.3	2.5	4.8
US Airways <sup>4</sup>	1.9	2.0	1.8	1.8	1.3	1.2	2.3
Other	6.9	7.4	8.1	8.0	6.6	6.2	6.4
	26.4	25.2	24.3	24.2	22.9	23.1	23.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>2</sup> Includes Chautauqua Airlines from 2005, GoJet from 2005, Great Lakes Aviation through January 2002, Mesa Airlines from 2003, Shuttle America from 2005, SkyWest Airlines from 2002, Trans States Airlines in 2004 and 2005 and Air Wisconsin through 2006.

<sup>3</sup> Does not include commuter affiliates.

<sup>4</sup> The parent companies of America West Airlines ("America West") and US Airways, Inc. ("US Airways") merged effective September 27, 2005.

<sup>5</sup> Delta Airlines, Inc. ("Delta") and Comair, Inc. (Comair"), a Delta subsidiary that operates as Delta Connection, emerged from bankruptcy on April 30, 2006 and Northwest Airlines, Inc. ("Northwest") emerged from bankruptcy on May 31, 2007. See also "Airline Information – United" and "AIRLINE BANKRUPTCY MATTERS."

<sup>6</sup> Southwest commenced service at the Airport on January 3, 2006.

Sources: Department of Aviation management records and the Report of the Airport Consultant

**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first three months of 2006 and 2007.

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**Summary of Aviation Activity**  
**Denver International Airport**  
(Totals may not add due to rounding)

	Calendar Year <sup>1</sup>					January-March	
	2002	2003	2004	2005	2006	2006	2007
<b>Enplaned Passengers (millions)</b>							
United	9.732	9.575	8.802	7.775	8.365	1.941	1.994
Ted <sup>2</sup>	--	--	1.340	1.690	2.011	0.519	0.531
United Express	1.431	1.721	2.337	2.776	2.971	0.708	0.740
Total United Group	11.162	11.295	12.479	12.241	13.347	3.168	3.265
Frontier	1.869	2.581	3.130	3.749	4.427	1.004	1.089
Frontier Jet Express	0.091	0.149	0.391	0.468	0.478	0.112	0.093
Total Frontier Group	1.960	2.729	3.521	4.217	4.904	1.116	1.181
Other	4.707	4.736	5.144	5.244	5.414	1.285	1.386
Total	17.830	18.761	21.144	21.702	23.665	5.569	5.833
Percent Change from Prior Year	(1.2)%	5.2%	12.7%	2.6%	9.0%	10.0%	4.7%
Total Originating Passengers (millions)	9.644	10.266	11.395	11.984	13.249	3.204	3.438
Percent of Total Enplaned	54.1%	54.7%	53.9%	55.2%	56.0%	57.5%	58.9%
United Group Percent of Total Originating	40.5%	38.9%	39.4%	40.3%	41.2%	42.2%	40.9%
Frontier Group Percent of Total Originating	13.1%	17.5%	18.3%	19.0%	21.0%	20.6%	22.0%
Total Connecting Passengers (millions)	8.185	8.495	9.749	9.718	10.416	2.366	2.395
Percent Connecting of Total Enplaned	45.9%	45.3%	46.1%	44.8%	44.0%	42.5%	41.1%
United Group Percent of Total Connecting	88.6%	86.0%	82.0%	76.2%	75.7%	76.8%	77.7%
Frontier Group Percent of Total Connecting	8.6%	10.9%	14.7%	20.0%	20.3%	19.3%	17.8%
United Group Passengers <sup>2</sup> :							
Percent Originating	35.0%	35.3%	36.0%	39.5%	40.9%	42.7%	43.0%
Percent Connecting	65.0%	64.7%	64.0%	60.5%	59.1%	57.3%	57.0%
Frontier Group Passengers:							
Percent Originating	64.2%	65.9%	59.4%	54.0%	56.8%	59.2%	63.9%
Percent Connecting	35.8%	34.1%	40.6%	46.0%	43.2%	40.8%	36.1%
<b>Average Daily Departures:</b>							
Passenger Airlines:							
United and Ted	244	233	238	213	230	222	228
United Express	113	119	156	182	191	182	196
Frontier	68	80	94	107	125	116	128
Frontier JetExpress	8	11	21	25	24	25	22
Other	202	195	208	194	203	194	208
Total Passenger Airlines	635	638	719	722	772	739	782
All-Cargo Airlines	23	29	31	30	28	29	27
Total	659	666	750	752	801	767	810
Percent Change from Prior Year	2.9%	1.2%	12.5%	0.4%	6.4%	6.2%	5.5%
<b>Landed Weight (billion pounds):</b>							
Passenger Airlines:							
United and Ted	14.483	13.173	13.418	12.254	13.364	3.132	3.242
United Express	1.879	2.054	2.731	3.282	3.512	0.845	0.913
Frontier	2.907	3.630	4.434	5.222	6.087	1.416	1.565
Frontier JetExpress	0.140	0.181	0.526	0.616	0.617	0.150	0.132
Other	7.066	6.663	7.025	6.734	6.837	1.616	1.780
Total Passenger Airlines	26.474	25.701	28.134	28.108	30.418	7.159	7.633
All-Cargo Airlines	1.567	1.495	1.516	1.541	1.430	0.358	0.327
Total	28.041	27.195	29.651	29.649	31.848	7.517	7.961
<b>Enplaned Cargo (million pounds)<sup>3</sup></b>	328.078	326.843	321.204	312.663	280.534	77.056	64.539
Percent Change from Prior Year	(10.6)%	(0.4)%	(1.7)%	(2.7)%	(10.3)%	(9.0)%	(16.2)%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	338,049	323,610	330,674	384,552	428,794	101,568	109,120
Air Taxi/Commuter/Military/General Aviation	171,180	186,665	235,847	183,006	180,723	42,109	41,057
Total	509,229	510,275	566,521	567,558	609,517	143,677	150,177
Percent Change from Prior Year	0.3%	0.2%	11.0%	0.2%	7.4%	5.9%	4.5%

<sup>1</sup> See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements.

<sup>2</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>3</sup> The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records

## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Passenger Demand – Passenger Demand Components” for data on the economy of the Denver region and other determinants of originating passenger traffic.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2006, approximately 10.4 million passengers (44.0%) of the approximately 23.7 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of Frontier and its regional affiliates operating as Frontier JetExpress. United and Frontier accounted for approximately 75.7% and 20.3%, respectively, of the connecting passengers at the Airport in 2006. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

## Airlines Serving the Airport

The following airlines currently provide scheduled passenger service at the Airport:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
AirTran Airways	Big Sky Airlines	Air Canada
Alaska Airlines	Comair (operating as Delta Connection) <sup>1</sup>	British Airways
American Airlines	ExpressJet (Continental Express)	Lufthansa German Airlines
Continental	GoJet Airline (operating as United Express)	Mexicana de Aviacion
Delta <sup>1</sup>	Great Lakes Aviation	Aero Mexico
Frontier	Horizon Air (operating as Alaska Airlines and Frontier Jet Express) <sup>3</sup>	
JetBlue Airways	Mesa Airlines (operating as United Express and America West Express)	
Midwest Airlines	Pinnacle Airlines, Inc. (operating as Northwest AirlinK)	
Northwest <sup>1</sup>	Republic Airlines (operating as Frontier JetExpress)	
Southwest	Shuttle America (operating as United Express)	
United/Ted	SkyWest Airlines (operating as United Express and Delta Connection)	
US Airways <sup>2</sup>	Trans States Airlines (operating as United Express and American Connection)	

<sup>1</sup> Delta and Comair (a Delta subsidiary) emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See “AIRLINE BANKRUPTCY MATTERS.”

<sup>2</sup> The parent companies of America West and US Airways merged in September 2005.

<sup>3</sup> Horizon Air is a sister airline of Alaska Airlines and operates at the Airport under its own livery and as Frontier JetExpress under a code-share agreement with Frontier.

Source: Department of Aviation management records

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, and several all-cargo airlines, including, among others, ABX Air, Inc., Air Transport



International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, provide service at the Airport.

### Airline Information

**United.** United, one of the world’s largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 43 of the existing 95 full service gates at the Airport, as well as a 16-gate regional jet facility described as the Concourse B Commuter Facility Project in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” These 43 gates and the regional jet facility are all of the gates on Concourse B. In addition, the United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years.

**United Group Percent of Airport Operations**

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	62.6%	60.2%	59.0%	56.4%	56.4%	56.9%	56.0%
United Group Percent Originating Passengers	35.0	35.3	36.0	39.5	40.9	42.7	43.0
United Group Percent Connecting Passengers	65.0	64.7	64.0	60.5	59.1	57.3	57.0
Percent of Airport Originating Passengers	40.5	38.9	39.4	40.3	41.2	42.2	40.9
Percent of Airport Connecting Passengers	88.6	86.0	82.0	76.2	75.7	76.8	77.7
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	58.2	66.3	61.3	58.6	59.3	Not Available	
Percent of Airport System Gross Revenues	35.5	39.4	36.3	33.5	31.8	Not Available	

Source: Department of Aviation management records

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

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 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. No assurances can be given with regard to the future level of aviation activity of the United Group at the Airport or that, in the event that the operations of the United Group at the Airport are discontinued, for whatever reason, such operations would be replaced by other carriers. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement,” “FINANCIAL INFORMATION – Special Facilities Bonds” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

**Frontier.** Frontier has the second largest market share at the Airport, which serves as Frontier’s only hub. Frontier currently leases 15 full service jet gates at the Airport on Concourse A, uses six

additional full service gates on Concourse A (a related amendment to its Use and Lease Agreement to add these gates is currently pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years. See also “Aviation Activity – Originating and Connecting Passengers” in this section.

**Frontier Group Percent of Airport Operations**

	Fiscal Year					January – March	
	2002	2003	2004	2005	2006	2006	2007
Percent of Total Enplanements at the Airport	11.0%	14.5%	16.7%	19.4%	20.7%	20.0%	20.3%
Frontier Group Percent Originating Passengers	64.2	65.9	59.4	54.0	56.8	59.2	63.9
Frontier Group Percent Connecting Passengers	35.8	34.1	40.6	46.0	43.2	40.8	36.1
Percent of Airport Originating Passengers	13.1	17.5	18.3	19.0	21.0	20.6	22.0
Percent of Airport Connecting Passengers	8.6	10.9	14.7	20.0	20.3	19.3	17.8
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	5.9	8.3	10.3	12.1	13.0	Not Available	
Percent of Airport System Gross Revenues	3.6	4.9	6.1	6.9	6.9	Not Available	

Source: Department of Aviation management records

Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation (“Lynx”) a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

**Southwest.** Southwest commenced service at the Airport in January 2006. Southwest accounted for approximately 3.3% of passenger enplanements at the Airport in 2006 and for approximately 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period). In 2006, Southwest accounted for approximately 2.7% of the airline rentals, fees and charges component of the Airport System and approximately 1.4% of the Airport System’s Gross Revenues.

**Other Airlines.** Other than the United Group and the Frontier Group, no airline currently accounts for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues. American currently accounts for approximately 3.8% of passenger enplanements at the Airport and Delta, Continental and Northwest currently account for approximately 2.2%, 2.3% and 1.9%, respectively, of passenger enplanements at the Airport. See “Aviation Activity – Passenger Traffic” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements.”

**Availability of Information Concerning Individual Airlines.** Certain of the airlines or their parent corporations, including UAL and Frontier, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington, DC, 20549, and at the SEC’s regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC

20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

*None of the City, the Department or the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC or the DOT web sites.*

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

### **AGREEMENTS FOR USE OF AIRPORT FACILITIES**

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

#### **Passenger Airlines Use and Lease Agreements**

The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 87 leased gates, 8 gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

#### **Passenger Airlines Use and Lease Agreements With Leased Gates**

<u>Airline</u>	<u>Number of Gates</u>	<u>Concourse</u>	<u>Lease Expiration</u>
AirTran Airways	1	C	February 2011
Alaska Airlines	1	C	December 2010
American Airlines	3	C	December 2010
Continental	3	A	February 2010
Delta <sup>1</sup>	3	C	December 2010
Frontier <sup>2</sup>	21	A	February 2010
Midwest Airlines	1	C	December 2010
Northwest <sup>1</sup>	3	C	December 2010
Southwest <sup>3</sup>	5	C	December 2010
United	43	B	February 2025
US Airways <sup>3</sup>	<u>3</u>	C	December 2010
	<u>87</u>		

<sup>1</sup> Delta emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See "AIRLINE BANKRUPTCY MATTERS."

<sup>2</sup> Frontier also currently utilizes one common use international gate on a subordinated use basis and it is expected that in the fall of 2007 Frontier will use two additional full service jet gates on Concourse C.

<sup>3</sup> The parent companies of America West and US Airways merged on September 27, 2005.

The following five international airlines and 18 other airlines have executed Use and Lease Agreements with the City that do not include leased gates but in many cases include other leased premises such as ticket counters: Aero Mexico, Air Canada, ATA, Atlantic Southeast Airlines, Big Sky Transportation Co., British Airways, Chautauqua Airlines, Comair, ExpressJet/Continental Express, GoJet, Great Lakes Aviation, Horizon Air, JetBlue, Key Lime Air, Lufthansa German Airlines, Mesa

Airlines, Mexicana de Aviacion, Pinnacle Airlines, Republic Airlines, Shuttle America, SkyWest, Trans States Airlines. These airlines sublease gates from or use gates pursuant to code-sharing arrangements with airlines leasing gates at the Airport or use common use international gates on Concourse A. These Use and Lease Agreements expire between 2008 and 2012.

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year (the "Majority in Interest") and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of \$40 million. For Fiscal Years 2003, 2004, 2005 and 2006, the maximum of \$40 million was credited to the Airline Revenue Credit Account. See also "FINANCIAL INFORMATION – Capital Fund."

The City may terminate an airline Use and Lease Agreement after a 30 day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30 day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 (in 1990 dollars) as discussed in "United Use and Lease Agreement" below.

### **United Use and Lease Agreement**

United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "Passenger Airlines Use and Lease Agreements" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. The United Use and Lease Agreement as described below includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed \$20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the \$20 threshold. The cost per enplaned passenger for 2005 was \$11.19 (in 1990 dollars) and has been forecast in the Report of the Airport Consultant to not exceed \$15.01 (in 1990 dollars) during the forecast period. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by \$4 million per year from 2004 through 2010, an aggregate amount of \$28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of \$50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional \$1.50 PFC, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport revenue bonds. The City met the \$4 million per year cost reduction goals through 2006. Because the net amount available for revenue sharing in 2004, 2005 and 2006 was in excess of \$55 million in each year, it has not been necessary to further reduce airline rates and charges. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL

FORECASTS – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – Airport Use and Lease Agreements – United’s Airport Use and Lease Agreement.”

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated baggage system are to continue to be charged to the airlines. See “FINANCIAL INFORMATION – Plan of Financing – Rentals, Fees and Charges for the Airport.” However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by \$4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

In the 2005 amendments to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: for 2006, 7.5 million; for 2007, 7.6 million; and for 2008 and subsequent years, 7.7 million. The United Group had 7.4 million revenue connecting passengers in 2005 and 7.9 million revenue connecting passengers in 2006. If United fails to meet this “Base Hub Commitment” in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City’s commitment to reduce rates and charges to United will decline by \$6.00, such amount to be set-off against United’s share of the Net Revenues credit described above. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Inc., Air Transport International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, as well as with several companies having only ground handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. Several other cargo carriers are operating at the Airport on a non-signatory basis.

In 2000, the City, for and on behalf of the Department, entered into a 30-year Master Lease with WorldPort LLC for the construction of up to seven buildings, as well as ramp areas, for air cargo support activities at the Airport. These facilities were to be owned by the City and subleased by WorldPort LLC to air cargo companies and other tenants. Only two of the seven buildings that were planned to be developed were completed by WorldPort LLC, and only one of the buildings has been leased. Special Facilities Bonds were issued by the City to finance construction of the WorldPort project, payable solely from facilities rentals to be received from WorldPort LLC and not from general Airport Revenues. It is expected that the special facilities bonds that remain outstanding for the WorldPort project will be redeemed on August 1, 2007. Following the redemption, the City intends to enter into negotiations with JP Morgan Chase Bank, the provider of the direct pay letter of credit for the bonds, for the City to buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes. See “FINANCIAL INFORMATION - Special Facilities Bonds.”

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

### **Other Building and Ground Leases**

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. The City also has leased a 12.4-acre site for 30 years, with a 10-year renewal option, to AMR Combs, which has financed and constructed general aviation facilities on the site and, in May 2007, the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – Terminal Complex," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – *Assumption or Rejection of Agreements.*"

### **Effect of Bankruptcy on Airline Agreements and Other Obligations**

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

### **Systems Leases**

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

### **Other Agreements**

The City has also entered into various agreements in addition to those described above that generate a significant portion of Airport Gross Revenues. The following is a brief description of some of these additional agreements, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

***Terminal Complex Concessions.*** Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. In 2006, revenues from terminal complex concessions constituted approximately 5.9% of Airport Gross Revenues.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's

program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has over 60 concession companies who operate from over 140 different locations in the terminal complex.

**Public Parking.** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces called “WallyPark.” In 2006, public parking revenues constituted approximately 18.0% of Airport Gross Revenues.

**Rental Cars.** The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. In 2006, rental car privilege fee revenues constituted approximately 5.6% of Airport Gross Revenues.

**Other.** Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2002 through 2006. See also “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005” and “Management’s Discussion and Analysis of Financial Performance” below.

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**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year				
	2002	2003	2004	2005	2006
Operating revenues:					
Facility rentals	\$204,867	\$207,540	\$210,461	\$203,800	\$197,353
Concession income	23,977	25,933	30,638	32,566	34,304
Parking income	77,619	80,381	88,411	97,919	110,535
Car rentals	31,551	33,530	33,780	37,175	41,641
Landing fees	86,865	88,473	88,741	94,695	92,390
Aviation fuel tax	10,644	12,104	15,402	16,996	12,714
Other sales and charges	8,398	9,133	10,232	11,341	11,872
Total operating revenues	<u>443,921</u>	<u>457,093</u>	<u>477,665</u>	<u>494,491</u>	<u>500,810</u>
Operating expenses:					
Personnel services	86,490	88,414	90,005	92,979	97,592
Contractual services	129,732	112,339	117,091	122,193	139,652
Maintenance, supplies and materials	12,654	11,160	14,117	15,956	18,903
Bad debt (revenue) expense <sup>1</sup>	9,608	--	--	--	--
Total operating expenses	<u>238,484</u>	<u>211,913</u>	<u>221,214</u>	<u>231,129</u>	<u>256,147</u>
Operating income before depreciation and amortization and asset impairment	205,437	245,180	256,451	263,363	244,662
Depreciation and amortization <sup>2</sup>	125,692	144,758	130,379	146,922	143,506
Impairment losses <sup>3</sup>	--	--	18,007	85,286	--
Operating income	<u>79,745</u>	<u>100,422</u>	<u>108,065</u>	<u>31,154</u>	<u>101,157</u>
Nonoperating revenues (expenses)					
Passenger facility charges <sup>4</sup>	62,730	64,057	62,040	84,000	93,510
Investment income	41,840	25,762	22,486	35,823	56,147
Interest expense	(208,267)	(213,762)	(221,296)	(205,142)	(207,385)
Grants	4,568	373	241	241	566
Other revenue (expense) <sup>5</sup>	(20,716)	(11,700)	(2,051)	(22,187)	(10,609)
Net operating revenues (expenses)	<u>(119,845)</u>	<u>(135,271)</u>	<u>(138,581)</u>	<u>(107,265)</u>	<u>(67,772)</u>
Change in net assets before capital contributions	(40,100)	(34,849)	(30,515)	(76,112)	33,385
Capital contributions:					
Capital grants <sup>6</sup>	84,140	26,029	42,083	31,547	29,188
Capital contributions <sup>6</sup>	--	6,625	--	--	--
Capital passenger facility charges <sup>4</sup>	7,013	7,888	20,122	--	--
Change in net assets	<u>\$ 51,052</u>	<u>\$ 5,693</u>	<u>\$ 31,690</u>	<u>\$(44,564)</u>	<u>\$ 62,573</u>

<sup>1</sup> This constitutes the net prepetition receivable of United that was recognized in 2002 and paid in 2003.

<sup>2</sup> Depreciation and amortization increased significantly in 2003 due in part to assets placed in service in 2003, including the Sixth Runway; decreased in 2004 due primarily to the partial write-off of the automated baggage system; and increased again in 2005 due primarily to the completion of an explosive detection system project implemented for the screening of checked baggage (the "EDS").

<sup>3</sup> In accordance with GASB No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, implemented by the City in 2004, the City concluded that sections of the automated baggage system were permanently impaired, being a significant, unexpected decline in the service utility of a capital asset, and removed them from its books, resulting in the impairment losses stated in the table in 2004 and 2005. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement" and Note 5 to the Fiscal Year 2006 and 2005 financial statements of the Airport System appended to this Official Statement.

<sup>4</sup> These amounts are net of the PFC collection fee retained by the airlines. The PFC revenues recorded as nonoperating revenues include the revenues of the \$3.00 portion of the PFC and a part of the revenues from the \$1.50 portion of the PFC not related to capital projects. The PFC revenues recorded as capital contributions constitute the balance of the revenues of the \$1.50 portion of the PFC that may be used for FAA-approved capital projects. For 2005 and 2006, all capital PFC revenue was reallocated to the payment of debt service related to the automated baggage system and, in 2006, the original cost of the Airport. See "Passenger Facility Charges" below.

<sup>5</sup> Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

<sup>6</sup> Capital contributions constitute amounts received pursuant to a Memorandum of Agreement and a Letter of Intent under which the Transportation Security Administration (the "TSA") reimbursed the City for a portion of the cost of the EDS. The amount received in 2003 was classified as capital contributions; the amounts received in 2004, 2005 and 2006 have been classified as capital grants. The final TSA federal grant payment was received in 2006.

Sources: Audited financial statements of the Airport System for Fiscal Years 2002-2006

## Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2002 through 2006. All figures presented below are approximate unless otherwise stated.

**2006 vs. 2005.** Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.0% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the EDS project in 2005, which was federally funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2006 compared to 2005 is included as part of the financial statements of the Airport System appearing as "APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005."

**2005 vs. 2004.** Operating revenues at the Airport were \$494.5 million, an increase of \$16.8 million (3.5%) for the year ending December 31, 2005, as compared to December 31, 2004. The increase in revenue was related primarily to the increase in passenger traffic, which led to an increase in concession, parking and car rental revenues, as well to an increase in landing fees. Passenger traffic increased 2.6% for the year ended December 31, 2005. Operating expenses, exclusive of depreciation, were \$231.1 million, an increase of \$9.9 million (4.5%) for the year ended December 31, 2005, as compared to December 31, 2004. The increase was attributable to an increase in personnel costs, electricity, natural gas rates, diesel fuel and gasoline costs and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which resulted from an increase in yields and more cash being invested long term. In addition, non-capital PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic, as well as no PFC's being expended on capital projects. Lastly, there was a decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$23.3 million in environmental costs associated with remediation of Stapleton. See "Stapleton" below.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the EDS project, which was federally funded. Also, in 2005 there was no capital PFC revenue, while in 2004 capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFC's revenues from the capital projects to the payment of debt service related to the automated baggage system.

In 2005, net assets decreased by \$44.6 million, compared to an increase of \$31.7 million in 2004. Income from operations decreased \$76.9 million (71.2%) due to an increase in operating expenses of \$9.9 million and an increase in depreciation and impairment loss of \$83.8 million as a result of the write down of a portion of the automated baggage system.

**2004 vs. 2003.** Operating revenues at the Airport in 2004 were \$477.7 million, an increase of 4.5% as compared to 2003. The increase in revenues was related primarily to an increase in passenger traffic which led to an increase in facility rentals, concession and parking revenues. Operating expenses, exclusive of depreciation, increased by \$9.3 million (4.4%) to \$221.2 million in 2004 as compared to 2003, attributable to an increase in personnel, utility rates and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, increased by \$3.3 million to \$138.6 million in 2004. The increase was due primarily to an increase in interest expense of \$7.5 million (3.5%) as the result of issuance of new debt for capital projects. The decrease in investment income of \$3.3 million (13.0%) was due to an unrealized loss on investments and a decrease in yields. In addition, non-capital PFC revenues decreased \$2.0 million (3.1%). These were offset by a decrease in other expenses of \$9.6 million. The decrease was the result of the near completion of environmental and demolition costs associated with Stapleton.

In 2004 and 2003, capital grants totaled \$11.3 million and \$26.0 million, respectively, while capital PFCs totaled \$20.1 million and \$7.9 million, respectively. The increase in capital PFCs was due to the increase in passenger traffic and reallocation of PFCs from operating to capital. Other capital contributions of \$30.8 million and \$6.6 million were received in 2004 and 2003, respectively, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project.

In 2004, net assets increased by \$31.7 million, compared to an increase of \$5.7 million in 2003. Income from operations increased \$7.6 million (7.6%) due to an increase in operating revenues of \$20.6 million, offset by an increase in operating expenses of \$9.3 million and an increase in depreciation of \$3.6 million as a result of the write-off of a portion of the automated baggage system.

**2003 vs. 2002.** Operating revenues at the Airport in 2003 were \$457.1 million, an increase of 3.0% as compared to 2002. The increase in revenue was primarily related to the increase in passenger traffic, parking revenues and landing fee rates. Operating expenses, exclusive of depreciation, decreased by \$26.6 million (11.1%) in 2003 as compared to 2002. The significant decrease was attributable to the recognition of the Adams County noise penalty settlement that was accrued for in 2002 of \$14.5 million compared to \$2.5 million in 2003, the payment of previously recognized bad debt related to United's prepetition receivable and other reductions resulting from budgetary control and fiscal restraint.

In 2003, net assets increased by \$5.7 million, compared to an increase of \$51.1 million in 2002. Income from operations increased \$20.7 million (25.9%), due primarily to the increase in operating revenues and a decrease in operating expenses, offset by an increase in depreciation and amortization of \$19.0 million.

Total nonoperating expenses, net, increased by \$15.4 million to \$135.3 million. The increase was due primarily to a decrease in investment income of \$16.1 million (38%) resulting from a decrease in yields. In 2003 there was a decrease of \$4.2 million (92%) in non-capital grants received from the federal

government. The increase in PFCs of \$1.3 million (2.1%) was due to an increase in passenger traffic. Interest expense increased by \$5.5 million (2.6%) as the result of the reclassification of deferred refunding from other expense to interest expense, offset by both lower interest rates realized from debt refunding and a decline in variable interest rates paid on several series of outstanding Senior Bonds and Subordinate Bonds.

In 2003 and 2002, capital grants totaled \$26.0 million and \$84.1 million, respectively, while capital PFCs totaled \$7.9 million and \$7.0 million, respectively. Other capital contributions of \$6.6 million were also received in 2003, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project. The decrease in capital grants and capital PFCs was due to the completion of the Sixth Runway that was heavily grant funded.

## **Senior Bonds**

***Outstanding Senior Bonds.*** The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds and the related advance refunding and defeasance of the Refunded Bonds and the planned current refunding and defeasance of the outstanding Series 1997E Bonds. See also “Plan of Financing” below.

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**City and County of Denver, Colorado, Department of Aviation  
Senior Bonds**

<u>Issue</u>	<u>Principal Amount Outstanding</u>	
	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds</u>
Series 1991A Bonds <sup>1</sup>	\$ 18,795,000	\$ 18,795,000
Series 1991D Bonds <sup>1,2</sup>	117,400,000	117,400,000
Series 1992C Bonds <sup>2</sup>	40,080,000	40,080,000
Series 1992F Bonds <sup>3</sup>	26,200,000	26,200,000
Series 1992G Bonds <sup>3</sup>	21,800,000	21,800,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds <sup>4</sup>	415,705,000	62,220,000
Series 1998A Bonds	206,665,000	206,665,000
Series 1998B Bonds <sup>4</sup>	103,395,000	103,395,000 <sup>7*</sup>
Series 2000A Bonds	267,735,000	267,735,000
Series 2000B Bonds <sup>3,5</sup>	200,000,000	200,000,000
Series 2000C Bonds <sup>3,5</sup>	100,000,000	100,000,000
Series 2001A Bonds	282,620,000	282,620,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	59,465,000	59,465,000
Series 2002A1 Bonds <sup>6</sup>	68,500,000	68,500,000
Series 2002A2 Bonds <sup>6</sup>	105,025,000	105,025,000
Series 2002A3 Bonds <sup>6</sup>	100,450,000	100,450,000
Series 2002C Bonds <sup>3</sup>	41,100,000	41,100,000
Series 2002E Bonds	182,855,000	182,855,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds <sup>4</sup>	125,000,000	125,000,000 <sup>7*</sup>
Series 2004A Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2004B Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2005B1 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005B2 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005C1 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2005C1 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2006A Bonds <sup>5</sup>	279,585,000	279,585,000
Series 2006B Bonds <sup>5</sup>	170,005,000	170,005,000
Series 2007A Bonds	--	188,780,000 *
Series 2007B Bonds	--	25,215,000 *
Series 2007C Bonds	--	34,080,000 *
2007 Planned Bonds	--	600,000,000 *
	<u>\$3,669,785,000</u>	<u>\$</u>

<sup>1</sup> A portion of Series 1991A Bonds and Series 1991D Bonds are capital appreciation bonds shown at their principal value at maturity.

<sup>2</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease \$54,880,000 of Series 1991D Bonds and Series 1992C Bonds. In 2006, the City used revenues from PFCs to establish an escrow to defease \$90 million of Senior Bonds. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2006 appended to this Official Statement.

<sup>3</sup> These constitute variable interest rate obligations that are additionally secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>4</sup> Certain of the Series 1998B Bonds and the Series 2003B Bonds are planned to be advance refunded with the proceeds of the Series 2007C Bonds, and certain of the Series 1997E Bonds are planned to be current refunded with the proceeds of a series of the 2007 Planned Bonds. See "APPLICATION OF PROCEEDS" and "Plan of Financing."

<sup>5</sup> The Series 2000B Bonds, the Series 2000C Bonds and the 2006A Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – Subordinate Hedge Facility Obligation" below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement, effectively converting the floating rates of the Series 2000B Bonds and Series 2000C Bonds to fixed rates and converting the fixed rates of the Series 2006A Bonds to variable rates.

<sup>6</sup> These constitute auction rate bonds.

<sup>7</sup> The portion of the principal amount of the bonds of these Series which may be refunded will be determined by market conditions at the time the Series 2007C Bonds are marketed.

Sources: The Department of Aviation and First Albany Capital Inc.

\* Preliminary, subject to change

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

***Debt Service Requirements.*** The following table sets forth the aggregate Debt Service Requirements for the Senior Bonds (1) prior to the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds and the related defeasance of the Refunded Bonds and the outstanding Series 1997E Bonds, and (2) after the issuance of the Series 2007A-C Bonds and the defeasance of the Refunded Bonds.

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**City and County of Denver, Colorado, Department of Aviation**  
**Senior Bonds Debt Service Requirements<sup>1,2,3</sup>**  
(Rounded)

<u>Year</u>	<u>Prior to Issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds</u>	<u>After Issuance of the Series 2007A-C Bonds</u>
2007	\$ 294,392,418	\$
2008	283,818,445	
2009	278,332,500	
2010	281,328,413	
2011	299,639,775	
2012	299,861,638	
2013	311,589,385	
2014	299,684,463	
2015	299,951,238	
2016	300,424,390	
2017	300,299,303	
2018	283,650,113	
2019	261,889,504	
2020	258,118,512	
2021	257,511,273	
2022	295,771,396	
2023	328,437,782	
2024	340,922,598	
2025	363,523,455	
2026	43,261,250	
2027	43,186,750	
2028	43,108,500	
2029	43,038,250	
2030	42,962,000	
2031	42,886,250	
2032	42,812,000	
2033	40,655,000	
	<u>\$5,981,056,597</u>	<u>\$</u>

<sup>1</sup> Includes the Debt Service Requirements for the economically defeased Senior Bonds. See “*Outstanding Senior Bonds*” above.

<sup>2</sup> The interest rate for variable rate bonds is assumed to be 4.00%.

<sup>3</sup> Interest on the Series 2000B and 2000C Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See “*Subordinate Bonds and Other Obligations – Subordinate Hedge Facility Obligations*” below.

Source: First Albany Capital, Inc.

### **Subordinate Bonds and Other Obligations**

***Subordinate Bond Ordinance.*** Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the “Subordinate Bond Ordinance”).

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds, Junior Lien Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to \$800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager’s certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

**Outstanding Subordinate Bonds.** The following table sets forth the Subordinate Bonds currently outstanding.

**City and County of Denver, Colorado  
Department of Aviation  
Outstanding Subordinate Bonds**

<u>Issue</u> <sup>1,2</sup>	<u>Outstanding Principal Amount</u>
Series 2001C1 Subordinate Bonds	\$ 50,000,000
Series 2001C2 Subordinate Bonds	50,000,000
Series 2001C3 Subordinate Bonds	50,000,000
Series 2001C4 Subordinate Bonds	<u>50,000,000</u>
	<u>\$200,000,000</u>

<sup>1</sup> The outstanding Subordinate Bonds are Periodic Auction Reset Securities, or “PARS<sup>sm</sup>.” PARS<sup>sm</sup> is a service mark of Goldman, Sachs & Co.

<sup>2</sup> The outstanding Subordinate Bonds have been hedged with the 1999 Swap Agreements and 2002 Swap Agreements discussed below.

Sources: The Department of Aviation and First Albany Capital Inc.

**Subordinate Commercial Paper Notes.** On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (defined herein as the Tax-Exempt Commercial Paper Notes), and its Airport System Subordinate Commercial Paper Notes, Series B, (Taxable) (collectively, the “Series A-B Commercial Paper Notes”), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of \$300 million or the amount that, together with the interest (including accreted



amounts) due thereon to the stated maturity date of each such outstanding Series A-B Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Commercial Paper Notes. The Series A-B Commercial Paper Notes are currently secured by a letter of credit issued severally by JPMorgan Chase Bank, National Association (as successor to JPMorgan Chase Bank) (62.893%) and Bayerische Landesbank (now Bayern LB), acting through its New York Branch, individually and as agent (37.107%), in the original stated amount of \$55 million, but which may be increased to a maximum of \$127.2 million. The Tax-Exempt Commercial Paper Notes are currently outstanding in the amount of \$30 million, which amount was issued in 2007 to fund the costs of certain Airport capital projects, including the West/Terminal Parking Project and the Concourse B Commuter Facility Project. The Tax-Exempt Commercial Paper Notes are to be current refunded with a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. See “CAPITAL PROGRAM” and “Plan of Financing” below.

***Subordinate Hedge Facility Obligations.*** In 1998, 1999, 2002, 2005 and 2006, 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 the outstanding Senior Bonds. Detailed information regarding these swap agreements is set forth in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement. See “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR THE FISCAL YEARS 2006 AND 2005.” The City has not entered into any additional Subordinate Hedge Facility Obligations in 2007.

### **Special Facilities Bonds**

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and recently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the “1992 Special Facilities Bonds”), United executed a 31-year combined special facilities and ground lease (the “1992 Lease”) for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of \$270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the “2007 Special Facilities Bonds”) issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the “Amended Lease”). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See “DENVER INTERNATIONAL AIRPORT – Other Facilities” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases.”

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the

issuance by the City, for and on behalf of the Department, of its \$36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A, \$38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B, and \$3,105,000 Airport Development Revenue Bonds (Rental Car Projects), Taxable Series 1999C, currently outstanding in the aggregate principal amount of \$45,675,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport. In addition, two of the rental car companies executed nine-year Loan Agreements with the City to acquire shuttle vehicles.

In 2000, WorldPort LLC financed a portion of the cost of the WorldPort at DIA project with Special Facilities Bonds. These bonds were secured by a Master Lease between the City and WorldPort LLC and an irrevocable, direct pay letter of credit issued by JP Morgan Chase Bank. The bonds are payable solely from revenues of WorldPort LLC and not from general Airport Revenues. Of the original authorized \$53,780,000 Airport Special Facilities Revenue Bonds (WorldPort at DIA Project), Series 2000A, the principal amount currently outstanding is \$12,170,000. On June 26, 2007, a Notice to Redeem this outstanding amount was sent to HSBC Bank as Trustee. It is expected that the bonds will be fully redeemed on August 1, 2007, by JP Morgan Chase Bank, as the letter of credit provider for the bonds.

### **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, 2006, the Master Installment Purchase Agreements were outstanding in the total principal amount of \$88,985,485.

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.

### **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have prepared the Plan of Financing in anticipation of the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds. The Plan of Financing, which forms the basis for certain elements of the financial forecasts in the Report of the Airport Consultant, assumes: (1) the issuance of the Series 2007A-C Bonds to fund a portion of the costs of the 2007 Project, including the current refunding of the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects, capitalized interest relating to the Series 2007A Bonds and the 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to advance refund and defease the Refunded Bonds; (2) the issuance of 2007 Planned Bonds (a) in the approximate principal amount of \$235 million to fund a portion of the costs of the 2007 Project and (b) in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds; and (3) additional Senior Bonds and Commercial Paper Notes between 2009 and 2012 for the purpose of funding certain projects in the 2008-2013 Capital Program. The issuance of such additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will be dependent upon various factors, including market conditions, the continued need for particular projects in the 2008-2013 Capital Program, the eventual scope and timing of particular Planned Projects and the financial feasibility of issuing additional Senior Bonds or Commercial Paper

Notes at particular times. Consequently, there can be no assurance that any of the additional Senior Bonds and/or Commercial Paper Notes assumed in the Plan of Financing will be issued. See also “Subordinate Bonds and Other Obligations – *Subordinate Commercial Paper Notes – Subordinate Hedge Facility Obligations*” above, “CAPITAL PROGRAM” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Capital Fund**

The amount on deposit in the Capital Fund as of March 31, 2007, was approximately \$180.3 million. Amounts in the Capital Fund have been designated by the City as follows: (1) \$67.1 million for the Coverage Account (constituting Other Available Funds); (2) \$5.7 million to cover existing obligations and contingencies; and (3) \$107.5 million for any lawful Airport System purpose. See also “SECURITY AND SOURCES OF PAYMENT – Flow of Funds.”

### **Rentals, Fees and Charges for the Airport**

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatory to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally “AGREEMENTS FOR USE OF AIRPORT FACILITIES.”

### **Passenger Facility Charges**

**General.** Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. §40117 (the “PFC Enabling Act”). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected and remitted to \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also “AIRLINE BANKRUPTCY MATTERS – PFCs” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2004, 2005 and 2006 increased 14.2%, 2.2% and 11.3%, respectively, compared to the

corresponding prior periods. See also “THE REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

The City’s authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through March 2007, the City had collected approximately \$850.4 million of PFC revenues. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”) and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City’s ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds.

***Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*** The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. To date, no Supplemental Ordinance has included PFC revenues in the definition of Gross Revenues. The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See “APPENDIX C – GLOSSARY OF TERMS” and “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds.”

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined “Committed Passenger Facility Charges” to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from \$3.00 of the \$4.50 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority: (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the “Maximum Committed Amounts”); and (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied in clause (1). The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through December 31, 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The PFC revenues

forecast to be deposited in the PFC Debt Service Account are less than the Maximum Committed Amounts in each year of the forecast period. See “*Treatment of PFCs in the Report of the Airport Consultant*” below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current \$4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through December 31, 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds.

***Treatment of PFCs in the Report of the Airport Consultant.*** In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast to be less than the Maximum Committed Amounts in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the Additional \$1.50 PFC (*i.e.*, PFC revenues that do not constitute Committed Passenger Facility Charges) will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “*Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and the portion of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. The Report of the Airport Consultant assumes that future aviation fuel tax revenues will continue to be remitted to the City each year. State aviation fuel tax receipts remitted to the Airport in 2006 were approximately \$6.2 million.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2006 totaled approximately \$6.5 million.

### **Federal Grants and Other Funding**

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (the “AIP”). AIP grants include entitlement funds that are apportioned annually based upon enplaned passengers and discretionary funds that are available at the discretion of the FAA based upon a national priority system. In accordance with the laws and regulations relating to PFCs, because the City imposes a

PFC at the rate of \$4.50, annual AIP entitlement grants available to the Airport are reduced by the amount of PFC revenues received during such year, with a maximum reduction of 75% of the amount of the available entitlement grants. See “Passenger Facility Charges” above.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate unless and until a reauthorization bill is passed. For purposes of the Report of the Airport Consultant, it is assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding or PFC collection authority will occur. Under the FAA’s proposed reauthorization bill, large-hub airports, including the Airport, would no longer receive entitlement grants beginning in federal fiscal year 2010, but would continue to be eligible for discretionary grants.

## **Stapleton**

***Agreements Regarding Disposition.*** When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton’s approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the “Redevelopment Plan”). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation (“SDC”), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period at land values set forth in a December 1999 appraisal (approximately \$123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has to date sold a total of approximately 1,330 acres of Stapleton property for a total of approximately \$44.33 million, and there are approximately 292 acres of pending sales in the amount of approximately \$9.6 million. An additional 437 acres of open space has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund.

The City allocated approximately \$120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the “Stapleton Airlines Agreement”), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of \$15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of \$85 million. This amount has been funded as follows: \$13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; \$30 million from Airport System Revenue Bonds; and \$41.9 million advanced from the Capital Fund. The debt service on these bonds is being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional \$20 million for such additional remediation from the City’s share of Airport Net Revenues. The City has paid \$10 million to date for such additional remediation, and does not expect to incur any additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy

discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

***Related Assumptions in the Report of the Airport Consultant.*** Proceeds from the sale of Stapleton are not included in the definition of Gross Revenues under the Senior Bond Ordinance, although the City used approximately \$15.7 million received from the sale of Stapleton assets to retire then outstanding Subordinate Bonds.

During the period covered by the Report of the Airport Consultant, no proceeds from the sale of Stapleton assets are assumed to be received by the Airport System, but it is assumed that all overhead and maintenance expenses associated with Stapleton will be paid by the SDC, and that the City will fund certain Stapleton disposition expenditures and will continue to amortize its investment in the Airfield Cost Center at the Airport over 25 years as discussed above.

### **Noise Agreement with Adams County**

The City and Adams County, Colorado, from which a portion of land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "Intergovernmental Agreement"), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

When calculated noise levels, based on a full year of data, exceed the Intergovernmental Agreement standards, the City and Adams County agreed to jointly petition the FAA to implement changes in flight procedures or Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition. If the City does not act within 90 days following the FAA's failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County \$500,000 for each annual Class II violation that occurs at any grid point (when individual grid point values are exceeded by at least two decibels), or the noise contour restriction is exceeded.

Since the opening of the Airport, twelve annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2006, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time the potential Class II violations have decreased to the extent that the annual noise reports for calendar years ending December 31, 2005 and 2006 reflected only one potential Class II violation for each year (maximum potential liability of \$500,000 per year) and that the noise contour restriction in the Intergovernmental Agreement had not been exceeded in either year. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. In the City's judgment, it is likely that noise levels at a limited number of grid points may continue to exceed the levels established under the Intergovernmental Agreement.

## **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in “Investment Securities” as defined therein. See “APPENDIX C – GLOSSARY OF TERMS.”

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers’ acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

## **Property and Casualty Insurance**

The City maintains property insurance for most of the City’s real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. Airport real and personal property is insured based on a total loss limit of \$1 billion, subject to a \$250,000 per occurrence deductible, on a reported value of approximately \$2.9 billion. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sub-limits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$70.9 million. Terrorism and non-certified acts of terrorism are included under the Airport’s property insurance at a sub-limit of \$1 million per occurrence and \$5 million in the aggregate. As an additional cost savings initiative, Airport management has determined that it is not cost-effective to maintain property insurance on the Airport’s runways and roadways, which are valued at approximately \$1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A \$50 million per occurrence liability limit is currently provided with various aviation specific sub-limits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of \$450 million per occurrence in excess of the \$50 million primary layer. Prior to the events of September 11, 2001, war risk/terrorism insurance was provided as a free rider to the Airport’s general liability insurance policy. After such events the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Airport, although not in meaningful amounts and at a cost that Airport management has determined to be prohibitive.

## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of Article X, Section 20 of the State Constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under



such constitutional provision. “Enterprises” are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **AIRLINE BANKRUPTCY MATTERS**

Since 2001, several airlines with operations at the Airport, including United, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007A-C Bonds. The following is a discussion of various impacts to the Airport of an airline bankruptcy.

### **Assumption or Rejection of Agreements**

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages, the amount of which in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. However, the amount ultimately received in the event of a rejection of a Use and Lease Agreement or other agreement could be considerably less than the maximum claim amounts allowed under the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country (such as Air Canada as described above), the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

## **Prepetition Obligations**

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

## **PFCs**

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections, however, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

## **REPORT OF THE AIRPORT CONSULTANT**

Jacobs Consultancy Inc., as the Airport Consultant, prepared the Report of the Airport Consultant, dated July 25, 2007, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2007 through 2013. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were prepared taking into account analyses of (1) historical long-term trends in passenger traffic growth at the Airport, (2) short-term monthly passenger traffic trends at the Airport, (3) historical and forecast economic indicators for the Denver metropolitan area and (4) forecasts developed by the FAA. It was assumed that airline traffic at the Airport will

increase as a function of both growth in the population and the economy of the Denver metropolitan area, continued airline competition and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant.”

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D Bonds and additional Airport System Revenue Bonds and Commercial Paper Notes that may be issued during the forecast period to fund Planned Projects in the Airport’s current capital program. Based on the Plan of Financing, the Report of the Airport Consultant assumes that all of such additional Airport System Revenue Bonds will be Senior Bonds. See “THE SERIES 2007A-C BONDS – Security and Sources of Payment – *Additional Parity Bonds*.” The forecasts do not reflect any Airport System Revenue Bonds the City may issue for (1) Demand Responsive Projects at the Airport, or (2) refundings of outstanding Airport System Revenue Bonds in or after 2007. See “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.” In addition, the estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds and that are forecasted to be received during the forecast period plus other PFC revenues that the City intends to use to pay Debt Service Requirements during the forecast period. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

The following table summarizes the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds as presented in the Report of the Airport Consultant. Net Revenues, together with Other Available Funds, are forecast to be sufficient to meet the Rate Maintenance Covenant in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds, as well as historical debt service coverage figures, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” See also “THE SERIES 2007A-C BONDS – Historical Debt Service Coverage.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds and the Planned Series 2007D Bonds, and will not be revised to reflect differences between the principal amount and interest rates of the Series 2007A-C Bonds and the Planned Series 2007D Bonds assumed in the Report of the Airport Consultant and the final principal amount and interest rates of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A Bonds and the Series 2007B Bonds, and in connection with the later issuance of the Planned Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

**Net Revenues and Other Available Funds, Debt Service  
Requirements and Debt Service Coverage on Senior Bonds**  
(In thousands, except coverage ratios)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenues and Other Available Funds <sup>1</sup>	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements on Senior Bonds <sup>2</sup>	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Debt Service Coverage <sup>2</sup>	178%	173%	181%	185%	166%	170%	166%

<sup>1</sup> Other Available Funds include amounts forecast to be available in the Coverage Account of the Capital Fund to be applied to help meet the Rate Maintenance Covenant of the Senior Bond Ordinance.

<sup>2</sup> Excludes Debt Service Requirements forecast to be paid from PFC revenues. See "FINANCIAL INFORMATION – Passenger Facility Charges."

Sources: Report of the Airport Consultant and audited financial statements of the Airport System

Forecasts of revenues to be derived from airline landing fees, terminal rentals and other use charges are often expressed on a per enplaned passenger basis for the purpose of comparing airline costs at different airports. The following table shows the forecast amounts of revenues and average cost per enplaned passenger for all airlines as presented in the Report of the Airport Consultant.

**Cost Per Enplaned Passenger for All Airlines**  
(In thousands except cost per passenger)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net airline rentals, fees and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	24,602	25,351	25,936	26,332	26,730	27,068	27,293
Cost per passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

Source: Report of the Airport Consultant

For a more detailed discussion of forecast airline rates and charges and forecast Gross Revenues, see "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – EXHIBIT E – Airline Rentals, Fees and Charges."

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Jacobs Consultancy Inc. as airport consultants.

**LITIGATION**

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

**FORWARD LOOKING STATEMENTS**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward

looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. For a discussion of certain of such risks and possible variations in results, see “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” as well as “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **RATINGS**

Moody’s, S&P and Fitch have published ratings of “ ”, “ ” and “ ”, respectively, with respect to the Series 2007A-C Bonds based on the understanding that upon delivery of the Series 2007A-C Bonds, the Bond Insurance Policies insuring the payment when due of principal of and interest on the Series 2007A-C Bonds will be issued by the Bond Insurer. See “BOND INSURANCE.”

Moody’s, S&P and Fitch have published underlying ratings with respect to the outstanding Senior Bonds of “A1,” “A+” and “A+,” respectively, in each case with a rating outlook of “stable.”

The City and the Bond Insurer have furnished to these rating agencies the information contained in the Official Statement and certain other materials and information relating to the Series 2007A-C Bonds, the Airport System and the Bond Insurer, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007A-C Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007A-C Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2007A-C Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007A-C Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007A-C Bonds.

## **SERIES 2007C ESCROW ACCOUNT; VERIFICATION OF MATHEMATICAL ACCURACY**

Portions of the net proceeds of the Series 2007C Bonds are to be deposited to separate irrevocable escrow accounts to be established with respect to each series of the Refunded Bonds pursuant to an Escrow Agreement to be entered into between the City, for and on behalf of the Department, and Zions

First National Bank, Denver, Colorado, as escrow agent, and utilized, together with other available Airport System moneys deposited therein and any earnings on such deposits, to advance refund, redeem and defease the Refunded Bonds.

Causey Demgen & Moore Inc., certified public accountants, will verify from the information provided to them the mathematical accuracy as of the date of issuance of the Series 2007C Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits to be held in escrow will be sufficient to pay, when due, the principal, interest and redemption premium, if any, with respect to the Refunded Bonds. No opinion will be expressed as to the assumptions provided to such firm, or as to the exemption from taxation of the interest on the Series 2007C Bonds. See also "APPLICATION OF PROCEEDS."

## **UNDERWRITING**

### **Series 2007A Bonds and Series 2007B Bonds**

The Series 2007A Bonds and the Series 2007B Bonds are being purchased from the City by the underwriters set forth on the related inside cover page hereof (the "Series 2007A-B Underwriters") as follows: for the Series 2007A Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2007A Bonds less an underwriting discount of \$ \_\_\_\_\_; and for the Series 2007B Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2007B Bonds less an underwriting discount of \$ \_\_\_\_\_. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Goldman, Sachs & Co., as representative of the Series 2007A-B Underwriters (the "Series 2007A-B Bond Purchase Agreement"), the Series 2007A-B Underwriters agree to accept delivery of and pay for all of the Series 2007A Bonds and the Series 2007B Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007A-B Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

### **Series 2007C Bonds**

The Series 2007C Bonds are being purchased from the City by the underwriters set forth on the related inside cover page hereof (the "Series 2007C Underwriters") at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2007C Bonds less an underwriting discount of \$ \_\_\_\_\_. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Citigroup Global Markets Inc., as representative of the Series 2007C Underwriters (the "Series 2007C Bond Purchase Agreement"), the Series 2007C Underwriters agree to accept delivery of and pay for all of the Series 2007C Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007C Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

## **CONTINUING DISCLOSURE**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, in order to provide certain continuing disclosure with respect to the Series 2007A-C Bonds in accordance with Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in

which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2007A-C Bonds are subject to the approval of Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado.

## **TAX MATTERS**

The following discussion is a summary of the opinions of Bond Counsel that are to be rendered on the tax-exempt status of interest on the Series 2007A-C Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2007A-C Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2007A-C Bonds, Hogan & Hartson L.L.P., Bond Counsel, and Bookhardt & O’Toole, Bond Counsel, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2007B Bonds and the Series 2007C Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation’s adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings include interest on the Series 2007B Bonds and the Series 2007C Bonds. An increase in a corporation’s alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2007A-C Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements

could cause the interest on the Series 2007A-C Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2007A-C Bonds.

The opinions of Bond Counsel will also provide to the effect that, under existing law and to the extent interest on any Series 2007A-C Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Bond Counsel have further advised the City and the Underwriters that under existing law and to the extent interest on any Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, any original issue discount on such Series 2007A-C Bonds will be treated as interest that is excluded from gross income for federal income purposes with respect to such holder, and will increase such holder's tax basis in any such Series 2007A-C Bonds. Generally, original issue discount is the excess of the stated redemption price at maturity of any Series 2007A-C Bond over the issue price of the Series 2007A-C Bond. Purchasers of any such Series 2007A-C Bonds should consult with their own tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2007A Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability in such year even though no cash attributable to such original issue discount has been received in such year.

If a holder purchases a Series 2007A-C Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2007A-C Bond with "amortizable bond premium" equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2007A-C Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2007A-C Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2007A-C Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2007A-C Bond. Purchasers of Series 2007A-C Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2007A-C Bonds.

Other than the matters specifically referred to above, Bond Counsel express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007A-C Bonds. Prospective purchasers of the Series 2007A-C Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2007A-C Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007A-C Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2007A-C Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2007A-C Bonds; (3) interest on the Series 2007A-C Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2007A-C Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2007A-C Bonds.



The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2007A-C Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2007A-C Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2007A-C Bonds could adversely affect their value and liquidity.

Bond Counsel will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are not binding on the courts or the IRS; rather, such opinions represent Bond Counsel’s legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2007A-C Bonds, the exclusion of interest on the Series 2007A-C Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2007A-C Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences. For example, on May 21, 2007, the United States Supreme Court agreed to hear an appeal from a Kentucky state court which ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by the state and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions.

**Prospective purchasers of Series 2007A-C Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007A-C Bonds in light of their particular tax situation.**

## **EXPERTS**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2007A-C Bonds and in such capacity have prepared the Plan of Financing. Jacobs Consultancy Inc. has served as the Airport Consultant to the City with respect to the Series 2007A-C Bonds and in such capacity has prepared the Report of the Airport Consultant.

## **FINANCIAL STATEMENTS**

The financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005 are attached to this Official Statement as “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of APPENDIX B was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

**MISCELLANEOUS**

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007A-C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

**CITY AND COUNTY OF DENVER, COLORADO**

By \_\_\_\_\_  
Manager of Aviation

By \_\_\_\_\_  
Manager of Revenue

\* \* \*

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**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**

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Appendix A

**REPORT OF THE AIRPORT CONSULTANT**

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007

Prepared for

City and County of Denver  
Denver, Colorado

Prepared by

Jacobs Consultancy  
Burlingame, California

July 25, 2007

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555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

July 25, 2007

Mr. Turner West  
Manager of Aviation  
Department of Aviation  
City and County of Denver  
Denver International Airport  
Room 9860, Airport Office Building  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant, City and County of Denver,  
Colorado, for and on behalf of its Department of Aviation, Airport  
System Revenue Bonds, Series 2007

Dear Mr. West:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Airport System Revenue Bonds, Series 2007 (the 2007 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport and the site of the former air carrier airport (Stapleton International Airport) serving the region, which is also owned by the City, constitute the Airport System.

The 2007 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance) with a first lien on the Net Revenues\* of the Airport System. (Capitalized terms in this report are used as defined in the General Bond Ordinance\*\* or the Airport use and lease agreements, discussed later.)

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (a) issuing additional Bonds, (b) establishing rates, fees, and charges as provided under the Rate Maintenance Covenant, and (c) paying

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\*Net Revenues equal Gross Revenues less Operation and Maintenance Expenses.

\*\*See Appendix D of the Official Statement.



Mr. Turner West  
July 25, 2007

Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

This feasibility report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2007 through 2013, referred to in this report as the forecast period\*, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance following the issuance of the 2007 Bonds.

## **2007 BONDS**

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to the Financial Consultants,\*\* the 2007C Bonds are to be issued at the time the 2007A-B Bonds are issued, which would be followed by issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the principal of outstanding Bonds. As such, any mention of the 2007 Bonds in this report refers to the 2007A-B Bonds and 2007D-E Bonds.

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\*Coincides with the last year of the Airport Capital Program (2013).

\*\*First Albany Capital and Estrada Hinojosa & Company, Inc.

Mr. Turner West  
July 25, 2007

The City expects to issue the 2007A-B Bonds and the 2007D-E Bonds in the approximate principal amounts and for the uses indicated below.

Series	Principal to be issued (millions)	Uses of 2007A-B and 2007D-E Bonds (millions) (a)		
		Refund Outstanding Commercial Paper Notes	Reimburse Airport equity	Fund Airport Capital Program costs
2007A-B Bonds	\$224,016	\$30,000	\$40,000	\$130,170
2007D-E Bonds	<u>250,020</u>	<u>--</u>	<u>--</u>	<u>201,700</u>
Total (a)	<u>\$474,036</u>	<u>\$30,000</u>	<u>\$40,000</u>	<u>\$331,870</u>

(a) Issuance costs are not reflected above and, as such, the total principal amount to be issued does not equal the amounts to be used to refund the Commercial Paper Notes and to fund project costs.

Sources: First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants).

According to the Financial Consultants, the 2007A Bonds and the 2007D Bonds are to be issued as alternative minimum tax (AMT) Bonds, and the 2007B and the 2007E Bonds are to be issued as non-AMT Bonds.

The Airport Capital Program costs to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds are part of a broader City plan to expand and improve Airport facilities, as discussed later in this report.

The 2007A-B Bonds and the 2007D-E Bonds are considered “additional Bonds” under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to issuance of those Bonds. The City retained Jacobs Consultancy as the Airport Consultant and compliance with the additional Bonds test for the 2007A-B Bonds has been demonstrated, as provided in a separate letter to the City for those Bonds. The additional Bonds test for the 2007D-E Bonds is to be undertaken and the results are to be provided to the City in connection with the proposed issuance of those Bonds.

## **AIRPORT CAPITAL PROGRAM**

The Airport Capital Program includes projects to expand, maintain, and reconstruct Airport facilities in 2007, as well as the 6-year period from 2008 through 2013.

Mr. Turner West  
July 25, 2007

From 2007 through 2013, the Department expects to invest approximately \$1.22 billion in Airport facilities from the net proceeds of the 2007A-B Bonds, the 2007D-E Bonds, and additional Bonds (the Future Planned Bonds\*) the City expects to issue during the forecast period to fund projects from 2008 through 2013, as well as certain other sources of funds.

As certain projects in the 2007-2013 Capital Program are ready for their intended use, certain assumptions have been incorporated into the financial forecasts presented in this report regarding additional (a) Gross Revenues from airline rentals, fees, and charges and/or other sources, (b) O&M Expenses, and (c) debt service associated with the 2007 Bonds and the Future Planned Bonds.

### **Project Costs to Be Funded with 2007A-B and 2007D-E Bond Proceeds**

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to include the following:

- Construct 10 new mainline gates and additional apron area by expanding Concourse C to the east
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C
- Extend Taxiway K in the north-south direction to the east of Concourse C
- Extend the east-west taxilanes to the north and south of Concourse C
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C
- Improve baggage systems to increase the efficiency of airline operations
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes
- Construct a new public parking structure adjacent to the Landside Terminal, which was previously funded with Commercial Paper Notes and Airport equity

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\*The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.

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According to the Department, the 2007 Project is expected to cost approximately \$401.9 million.

### **Future Planned Bonds**

The projects (i.e., the 2008-2013 Airport Capital Program) to be funded from the net proceeds of the Future Planned Bonds are expected to include, but are not limited to, the following:

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Continue improving the baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators
- Construct a FasTracks rail station on the south side of the Landside Terminal to provide rail service between Denver Union Station and the Airport
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the Landside Terminal to accommodate additional trains
- Expand the security screening checkpoint
- Construct future public parking structure and shuttle lot; improve Peña Boulevard; rehabilitate pavement in targeted roadway and parking areas

According to the Department, the 2008-2013 Airport Capital Program is estimated to cost approximately \$822.7 million.

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July 25, 2007

## **RATE MAINTENANCE COVENANT**

The Rate Maintenance Covenant of the General Bond Ordinance states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year,\* Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. Based on audited data for 2006 and unaudited data for the first 3 months of 2007, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

Under various approvals from the Federal Aviation Administration (FAA), the City has the authority to collect a \$4.50 passenger facility charge (PFC) up to \$3.3 billion in PFC revenues; the City collected approximately \$850.4 million of its total approval through March 31, 2007. Through an adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

In general, the irrevocable commitment equals the revenues received from \$3.00 of each \$4.50 PFC\*\* imposed by the City, which extends through December 31, 2011. Following the date of this report and prior to the issuance of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through December 31, 2013.

---

\*The City's Fiscal Year is the same as the calendar year.

\*\*Less the airline collection fee amount.

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The City expects that, during the forecast period, all of the revenues from the remaining \$1.50 PFC would be irrevocably committed to one of the following purposes:

- Payment of debt service on Senior Bonds
- Defeasance of the outstanding principal of certain Senior Bonds, which would reduce the level of debt service that would have otherwise been payable from Net Revenues

Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

## **AIRPORT USE AND LEASE AGREEMENTS**

In 2006, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City constituted approximately 53.7% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources represented the remaining 46.3% of 2006 Gross Revenues.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.
- The annual recalculation of airline rentals, fees, and charges.
- The distribution of 50% of Net Revenues remaining at the end of the year\* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of \$40 million.
- An increase in rentals, fees, and charges at the Airport such that Net Revenues, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance.

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\*Only after all other requirements of the General Bond Ordinance have been satisfied.

Mr. Turner West  
July 25, 2007

The City has executed Airport use and lease agreements, which include leased gates, with the passenger Signatory Airlines listed below. Of the 95 gates at the Airport, 87 are leased by the following airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1)	Midwest Airlines (1)
Alaska Airlines (1)	Northwest Airlines (3)
American Airlines (3)	Southwest Airlines (5)
Continental Airlines (3)	United Airlines (43)
Delta Air Lines (3)	US Airways (3) (b)
Frontier Airlines (21) (a)	

- 
- (a) Frontier leases 15 gates and an agreement amendment is pending for an additional 6 gates. Also, Frontier is expected to use or lease two gates on Concourse C, which are not included in the totals above.
- (b) The parent companies of America West Airlines and US Airways merged in September 2005.

The City also has Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain airlines listed above. In addition, the City has Airport use and lease agreements with five foreign-flag passenger airlines, and six all-cargo airlines.

Most of the passenger and cargo airline use and lease agreements at the Airport are scheduled to expire during the forecast period (in 2010). As of the date of this report, the City intends to negotiate similar agreements with lease terms of 5 years and substantially similar business terms.

United Airlines operates a major connecting hub at the Airport under an Airport use and lease agreement with the City that expires in 2025. The United's operations at the Airport include service by United mainline, Ted (a low-fare unit of United), and the United Express regional airline partners (collectively, the United Airlines Group). In 2006 and the first 3 months of 2007, the United Airlines Group enplaned 56.4% and 56.0%, respectively, of all passengers enplaned at the Airport.

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## **SCOPE OF REPORT**

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The Airport Capital Program from 2007 through 2013, giving particular attention to major projects in the Capital Program and when those projects are expected to be completed and ready for their intended use.
- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed 2007 Bonds and the Future Planned Bonds.
- Historical relationships among Gross Revenues, O&M Expenses, airline traffic, and other factors that may affect future Gross Revenues and O&M Expenses.
- Audited financial results for the Airport System in 2006, the City's current estimate of O&M Expenses for 2007, and the City's preliminary budget of O&M Expenses for 2008.
- The City's policies and contractual agreements relating to the use and lease of the Airport; the calculation and adjustment of airline rentals, fees, and charges; the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.
- Certain cost reduction goals in the United Airport use and lease agreement, as amended.
- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance, and the proposed terms of the PFC Supplemental Bond Ordinance to be adopted by the City following the date of this report.



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We also identified key factors upon which the future financial results of the Airport System may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of the attachment to this letter and summarized herein.

**FORECAST DEBT SERVICE COVERAGE**

Exhibit H (as mentioned above, all financial exhibits are provided at the end of the attachment) and the table on the following page summarize forecasts of Net Revenues and Other Available Funds, Debt Service Requirements, and debt service coverage, taking into consideration.

- The estimated debt service on the proposed 2007A-B Bonds and the 2007D-E Bonds and the Future Planned Bonds
- Additional Gross Revenues and O&M Expenses resulting from the completion of projects in the 2007-2013 Airport Capital Program

Exhibit C presents the estimated debt service on the 2007 Bonds and the Future Planned Bonds. As stated earlier, the forecasts do not reflect any Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

<b>DEBT SERVICE COVERAGE CALCULATION INCLUDING THE FUTURE PLANNED BONDS</b>							
<b>(in thousands, except coverage)</b>							
	Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net Revenues and Other Available Funds	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements <i>(a)</i>							
Senior Bonds	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>
Total	\$232,228	\$233,705	\$226,670	\$229,044	\$277,068	\$275,196	\$292,136
Debt service coverage							
Senior Bonds	178%	173%	181%	185%	166%	170%	166%
All Bonds	169%	164%	172%	175%	159%	162%	159%

*(a)* The Financial Consultants.

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Estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include both the revenues from \$3.00 of the PFC that are required to be deposited in the PFC Debt Service Account plus all of the revenues from the \$1.50 PFC that the City intends to credit to the PFC Debt Service Account to pay Debt Service Requirements or use to defease certain Senior Bonds during the forecast period, as discussed earlier. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

The calculation of debt service coverage indicates compliance with the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period.

**AIRLINE COST PER ENPLANED PASSENGER**

As shown in Exhibit E, airline rentals, fees, and charges include Terminal Complex rentals, landing fees, and other fees and charges. These airline payments (costs) are expressed on a per enplaned passenger basis, as presented in the following table.

<b>AVERAGE COST PER ENPLANED PASSENGER FOR ALL AIRLINES</b>							
(in thousands, except cost per enplaned passenger)							
	Estimated 2007	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net passenger airline rentals, fees, and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	<u>24,602</u>	<u>25,351</u>	<u>25,936</u>	<u>26,332</u>	<u>26,730</u>	<u>27,068</u>	<u>27,293</u>
Cost per enplaned passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

The average cost per enplaned passenger, as shown above, is forecast to be approximately \$12.63 between 2007 and 2013, compared to costs per enplaned passenger at the Airport from 1996 (the first full year of Airport operations) through 2006, which ranged between \$11.41 and \$16.07.

Mr. Turner West  
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**ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS**


The accompanying financial forecasts are based on information and assumptions that were either provided by, or reviewed with and agreed to by, Airport management. Accordingly, the forecasts reflect management’s expected course of action during the forecast period and, in management’s judgment, present fairly the expected financial results of the Airport System.

The key factors and assumptions that are significant to the forecasts are set forth in the attachment, “Background, Assumptions, and Rationale for the Financial Forecasts.” The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the assumptions underlying the financial forecasts provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

\* \* \* \* \*

We appreciate the opportunity to serve as the City’s Airport Consultant in connection with this proposed financing.

Respectfully submitted,  
  
JACOBS CONSULTANCY

Attachment

**BACKGROUND, ASSUMPTIONS, AND RATIONALE  
FOR THE FINANCIAL FORECASTS**

City and County of Denver, Colorado

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## **AIRLINE TRAFFIC ANALYSIS**

### **AIRPORT FACILITIES**

Denver International Airport occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six runways and a related system of taxiways and aircraft aprons. Four of the runways are oriented north-south and two are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal and three airside concourses (A, B, and C). The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Landside Terminal, surface parking lots, and a remote shuttle bus lot. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and Concourses A, B, and C via an underground automated guideway transit system (AGTS). In addition, a pedestrian passenger bridge provides access to Concourse A. Concourses A, B, and C provide 95 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 24 are leased by Continental Airlines and Frontier Airlines. Concourse B has 43 gates, all of which are leased by United Airlines. Concourse C has 22 gates, 20 of which are leased by Alaska Airlines, America West Airlines/US Airways, American Airlines, Delta Air Lines, Midwest Airlines, Northwest Airlines, and Southwest Airlines; 2 gates were added in 2006.

As discussed later in this report, the City intends to expand the number of Concourse C gates, expand the public parking facilities, and make various improvements and upgrades to the Landside Terminal.

### **AIRPORT ROLE**

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned), the primary commercial service airport for the State of Colorado, and a hub for United and Frontier.

The top-five ranking of the Airport among the busiest domestic airports in the United States based on total passengers reflects the Airport's (1) central geographic location, (2) large origin-destination passenger base, and (3) role as a hub for United and Frontier.

### Central Geographic Location

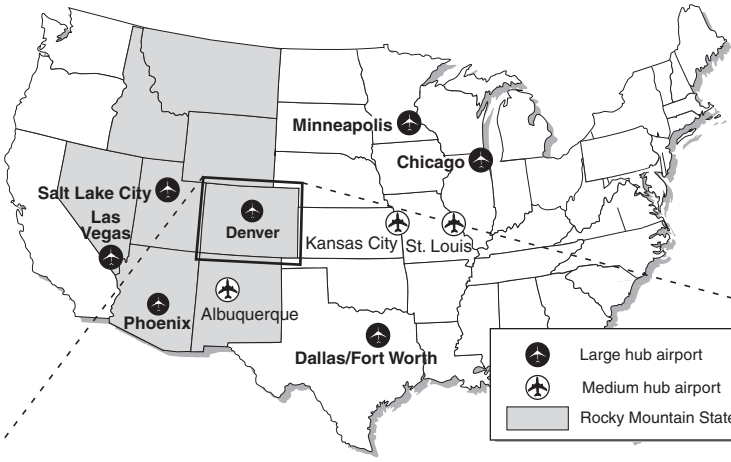
Located near the geographic center of the United States mainland, Denver has long been a major air transportation hub in the route system of United Airlines and other airlines, including Continental Airlines in the past and Frontier Airlines more recently. Denver's natural geographic advantage as a connecting hub location is enhanced by the capabilities of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. Figure 1 shows the central geographic location of the Denver hub compared with other U.S. hub airports.

### Fifth Busiest U.S. Airport

According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2006, as shown in Table 1. The seven largest domestic passenger airlines all serve the Airport, providing service to 159 destinations, including 138 within the continental United States, 1 in Alaska, 3 in Hawaii, and 17 international destinations. All of the large domestic all-cargo airlines provide regular service at the Airport.

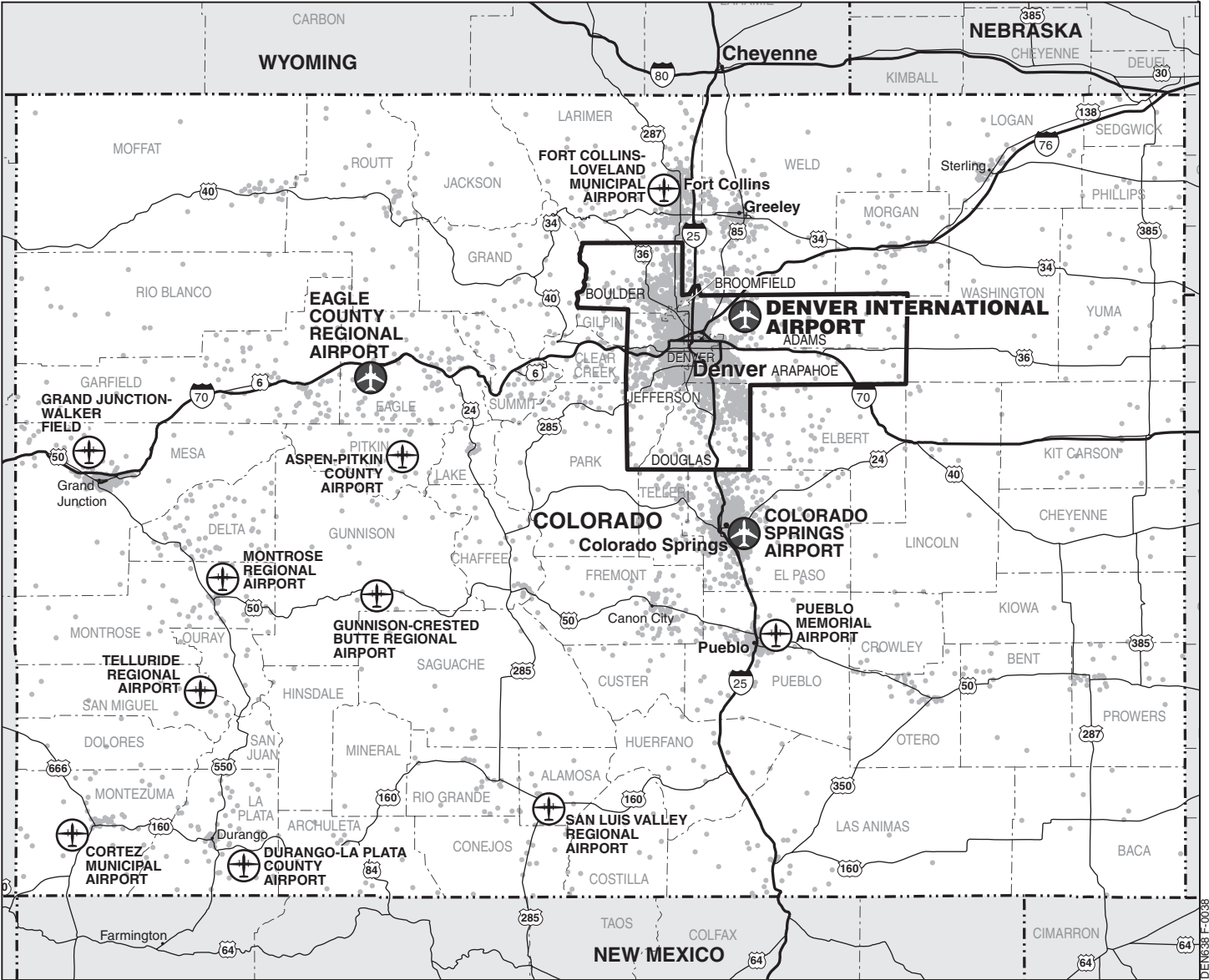
Rank 2006	City (airport)	Total passengers (millions) (a)					Average annual increase 2002-2006
		2002	2003	2004	2005	2006	
1	Atlanta (Hartsfield-Jackson)	76.9	79.1	83.6	85.9	84.8	2.5%
2	Chicago (O'Hare)	66.6	69.4	75.5	76.8	77.0	3.7
3	Los Angeles (International)	56.2	55.0	60.7	61.5	61.0	2.1
4	Dallas/Fort Worth	52.8	53.2	59.4	59.1	60.2	3.3
<b>5</b>	<b>Denver</b>	<b>35.7</b>	<b>37.5</b>	<b>42.4</b>	<b>43.3</b>	<b>47.3</b>	<b>7.3</b>
6	Las Vegas (McCarran)	35.0	36.3	39.5	44.0	46.2	7.2
7	New York (John F. Kennedy)	29.9	31.7	37.5	41.9	43.8	10.0
8	Houston (Bush Intercontinental)	33.9	34.1	36.5	39.7	42.6	5.9
9	Phoenix (Sky Harbor)	35.5	37.4	41.4	41.2	41.4	3.9
10	New York (Newark Liberty)	29.2	29.4	31.9	34.0	36.7	5.9
	Average for airports listed						3.7%

(a) Enplaned plus deplaned passengers.  
Source: Airports Council International, *Worldwide Airport Traffic Report*, for years noted.



Road miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	868
Vail/Eagle	100

- Large hub airport
- Medium hub airport
- Rocky Mountain States



**LEGEND**

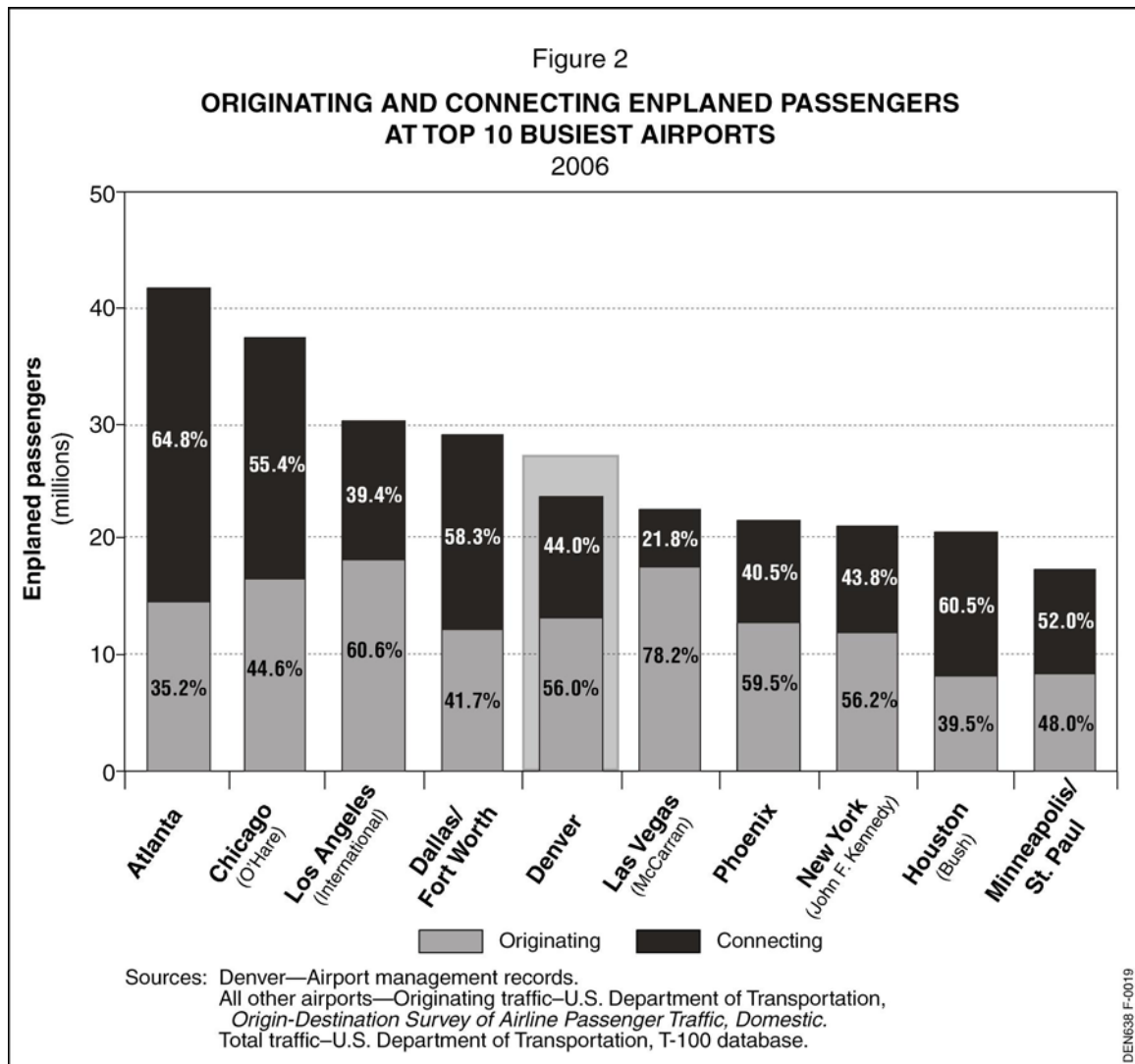
- Primary service region
- County boundary
- Passenger air carrier service
- Commuter service airport
- Population density: 1 dot equals 500 people

Figure 1  
**DENVER AIRPORT SERVICE REGION**  
 Denver International Airport  
 July 2007



Source: U.S. 2000 Census data.

In 2006, approximately 44% of the approximately 23.7 million passengers enplaned at the Airport, or about 10.4 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports, in terms of enplaned passengers, the Airport has the fifth largest share of originating passengers (56%), which reflects the strength of the Denver market and its role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.



### Large Origin-Destination Passenger Base

The Airport's large origin-destination passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier. This large base of local passengers allows United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections. The flights of 13.2 million passengers originated in Denver in 2006 (i.e., these originating passengers did not connect from another

flight). In 2006, the Airport ranked fifth in the nation in numbers of originating passengers.

### Hub for United and Frontier Airlines

As stated earlier, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2006 reflect the Airport’s central geographic location, with the western United States (Rocky Mountain and Pacific states) accounting for 49% of connecting passengers and the eastern United States (Northeast, Midwest, and South states) accounting for 46% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United’s shares of connecting passengers parallel those for the Airport as a whole, while Frontier’s shares differ for some regions as a result of its smaller route network. As shown in Table 2, the Airport accounts for the sixth highest number of daily scheduled seats at U.S. connecting hub airports in August 2007.

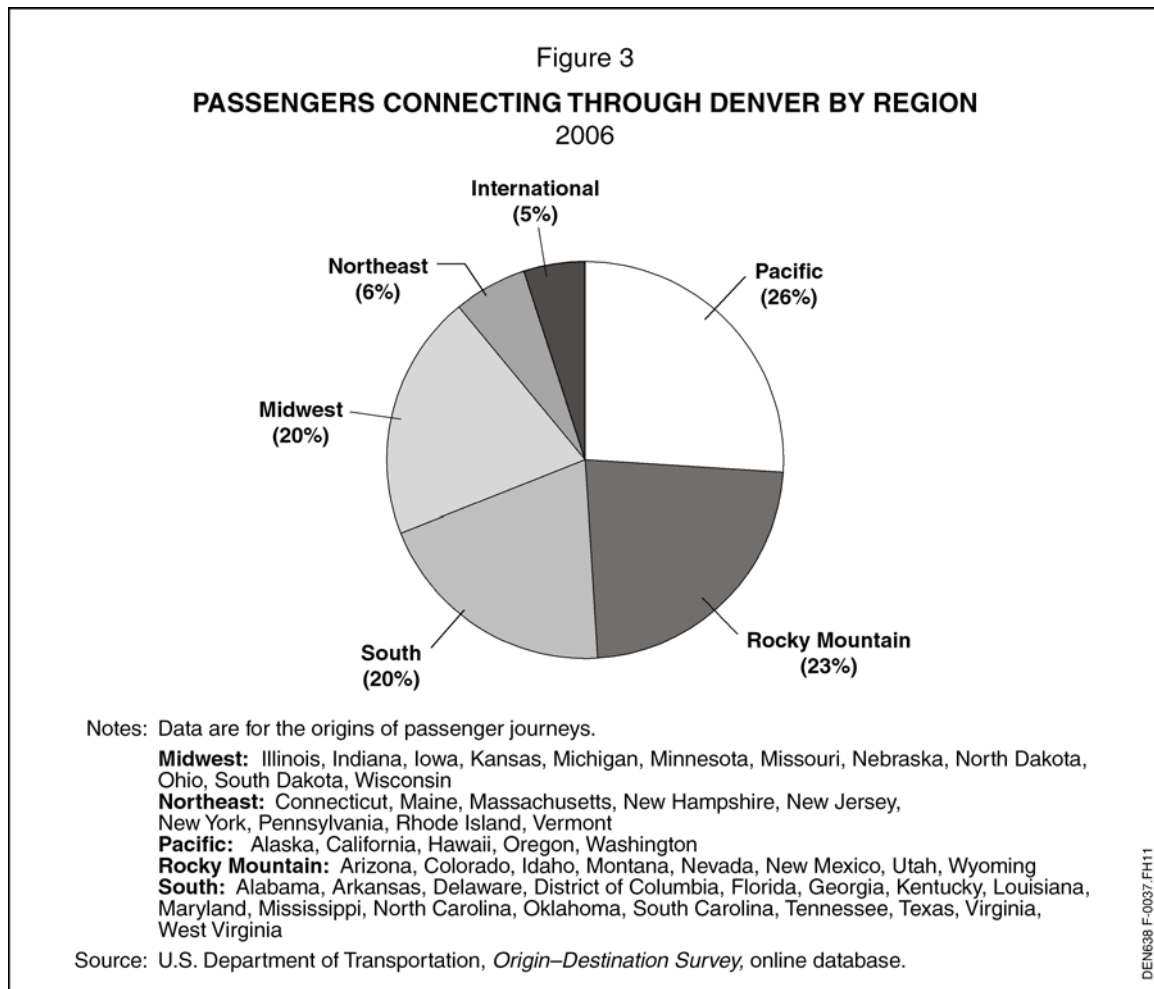




Table 2  
**SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS**  
 August 2007

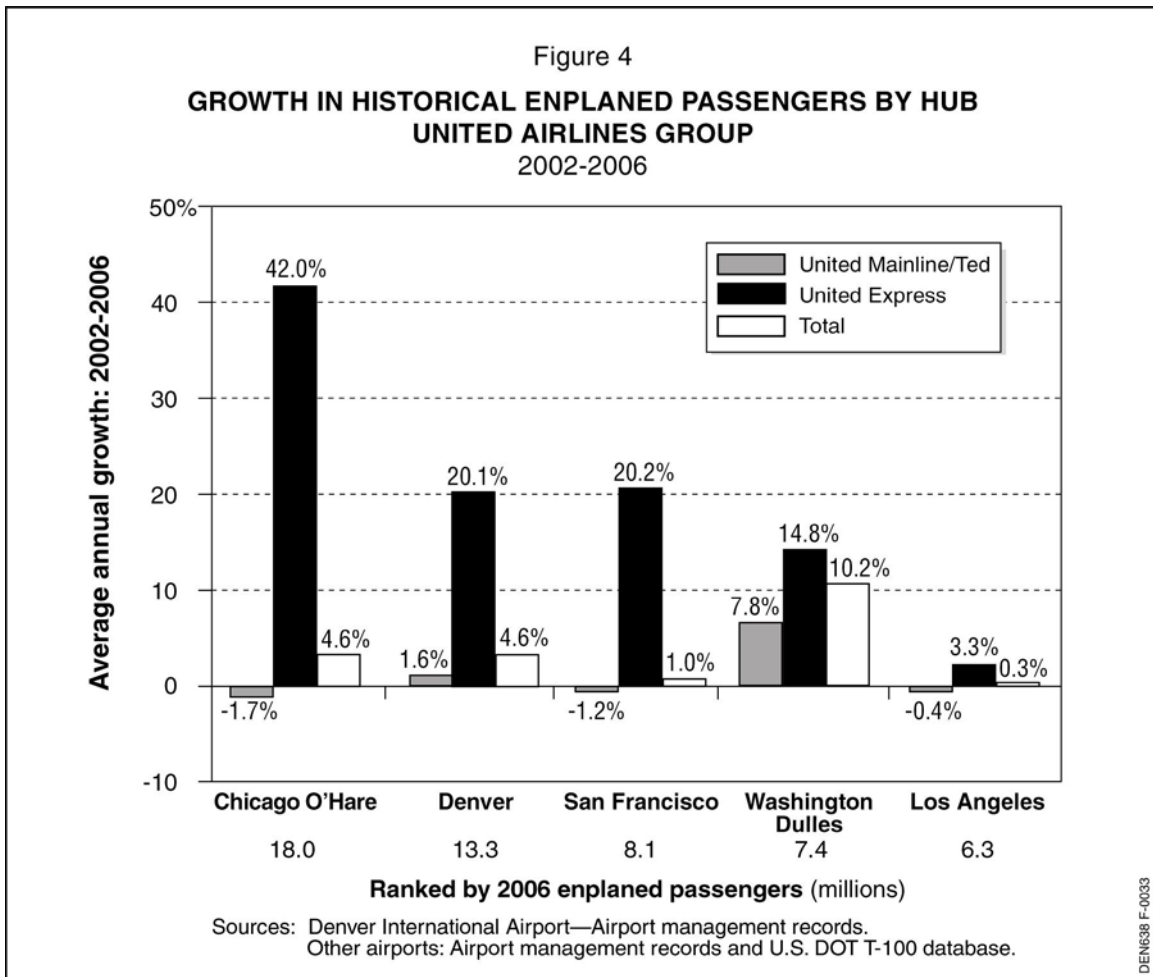
City (airport)	Average daily scheduled seats			Busiest airline(s)		
	International	Domestic	Total	Airline (a)	Average daily scheduled seats	Airline share of airport total
Atlanta (Hartsfield-Jackson)	17,509	144,511	162,020	Delta	115,416	71.2%
Chicago (O'Hare)	22,613	113,883	136,496	AirTran	32,422	20.0
				United	64,679	47.4
Los Angeles (International)	32,217	82,952	115,169	American	48,779	35.7
				United	22,058	19.2
Dallas/Fort Worth	9,813	95,868	105,681	American	89,212	84.4
New York (Kennedy)	43,129	47,561	90,689	JetBlue	24,560	27.1
				Delta	19,180	21.1
<b>Denver</b>	<b>3,722</b>	<b>85,537</b>	<b>89,259</b>	<b>United</b>	<b>45,422</b>	<b>50.9</b>
				<b>Frontier</b>	<b>20,804</b>	<b>23.3</b>
Las Vegas (McCarran)	3,627	74,746	78,373	Southwest	30,208	38.5
Phoenix (Sky Harbor)	3,000	74,075	77,075	US Airways	35,542	46.1
Houston (Bush Intercontinental)	14,692	60,758	75,450	Continental	65,432	86.7
New York (Newark Liberty)	21,403	46,754	68,157	Continental	46,996	69.0
Detroit (Metropolitan)	7,301	57,400	64,700	Northwest	48,835	75.5
San Francisco	15,368	49,123	64,491	United	30,050	46.6
Philadelphia	8,109	55,268	63,377	US Airways	39,966	63.1
Orlando	3,441	58,920	62,361	Southwest	15,163	24.3
Minneapolis/St. Paul	4,146	58,059	62,205	Northwest	48,648	78.2
Charlotte	3,658	57,715	61,373	US Airways	53,122	86.6
Seattle-Tacoma	4,861	55,815	60,676	Alaska	29,830	49.2
Miami	29,351	28,645	57,995	American	39,915	68.8
Boston	8,274	46,685	54,959	US Airways	9,734	17.7
New York (LaGuardia)	2,631	48,981	51,612	Delta	12,060	23.4
Washington, D.C. (Dulles)	11,610	33,138	44,749	United	26,810	59.9
Baltimore/Washington	1,064	41,528	42,592	Southwest	23,225	54.5
Salt Lake City	1,075	39,014	40,089	Delta	28,807	71.9
Washington, D.C. (Reagan National)	776	36,809	37,584	US Airways	16,344	43.5
Chicago (Midway)	198	37,170	37,368	Southwest	28,571	76.5
Honolulu	6,638	30,261	36,899	Hawaiian	11,202	30.4
San Diego	502	34,218	34,721	Southwest	12,489	36.0
Tampa	347	32,231	32,578	Southwest	10,832	33.2
Cincinnati/Northern Kentucky	1,548	29,175	30,722	Delta	27,536	89.6

Note: Rows may not add to totals shown because of rounding.

(a) Including regional airline affiliates.

Source: Official Airline Guides, Inc., online database for August 2007.

**The Airport's Role in United's System.** The United Airlines Group, which includes United mainline, United Express—the regional/commuter airline affiliates operating as United Express, and Ted—United's low-fare airline, accounted for 56% of the passengers enplaned at the Airport in 2006. From 2002 to 2006, the number of enplaned passengers at Denver and Chicago O'Hare international airports, United's two largest hubs, increased an average of 4.6% per year as the result of increases in the number of passengers enplaned by United Express, as shown on Figure 4. The



increasing use of regional airline affiliates is also evident in the growth in the number of enplaned passengers at United's other hubs and is part of an overall airline industry trend to outsource short-haul and low-density routes to regional airline partners in order to optimize airline revenues. United's plans to optimize revenue performance include a reduction in its 2007 mainline domestic capacity (to meet increased international passenger demand) and a 4% to 5% increase in the systemwide capacity of its regional/commuter airline affiliates\*. It is expected that

\*United Airlines Group, press release dated May 17, 2007, as reported at its corporate web site.

United’s revenue optimization strategies will vary each year, but the large number of regional airline affiliates at United’s hubs—five United affiliates serve Denver—underlines the airline’s continued plans to use United Express carriers and the continued role and development of the Airport as a connecting hub in United’s system.

In addition to the revenue enhancing advantages of using regional affiliates in short-haul markets, the increased use of regional affiliates also allows United to compete with low cost and other airlines in terms of service frequencies. As shown on Figure 5, United’s regional affiliates provide nearly as many nonstop daily departures as United’s mainline and Ted operations at the Airport. Similarly, at Chicago O’Hare International Airport, the regional affiliates operate more daily nonstop departures than United mainline.

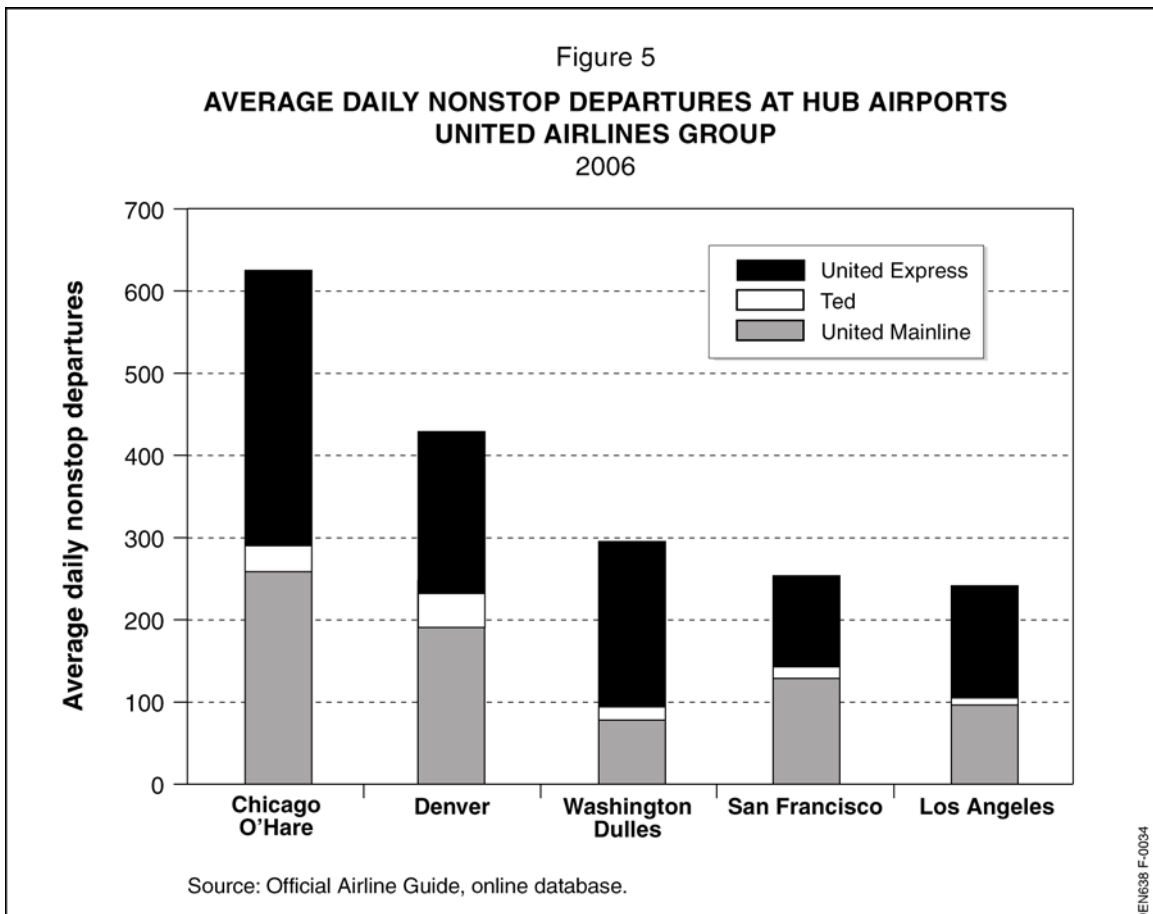


Table 3 presents trends in the numbers of passengers enplaned by United Airlines Group at the Airport in 1995 and 2000 through the first 3 months of 2007. Between 1995, when the Airport opened, and 2000—the year prior to the terrorist attacks on September 11, 2001, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2006, United’s number of connecting passengers at the Airport fluctuated, reflecting

Table 3

**HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	5,215,773	--%	6,114,051	--%	11,329,824	--%	54.0%
2000	5,422,369	0.8%	7,915,705	5.3%	13,338,074	3.3%	59.3
2001	4,824,409	(11.0)	7,240,233	(8.5)	12,064,642	(9.5)	60.0
2002	3,907,030	(19.0)	7,255,448	0.2	11,162,478	(7.5)	65.0
2003	3,991,803	2.2	7,303,606	0.7	11,295,409	1.2	64.7
2004	4,489,565	12.5	7,989,301	9.4	12,478,866	10.5	64.0
2005	4,830,836	7.6	7,409,702	(7.3)	12,240,538	(1.9)	60.5
2006	5,461,372	13.1	7,885,944	6.4	13,347,316	9.0	59.1
January – March							
2006	1,351,520	--%	1,816,706	--%	3,168,226	--%	57.3
2007	1,404,425	3.9	1,860,703	2.4	3,265,128	3.1	57.0
Average annual increase (decrease)							
1995-2000		0.8%		5.3%		3.3%	
2000-2006		0.1		(0.1)		0.0	

Source: Airport management records.

the national recovery from the 2001 events, United's emergence from Chapter 11 bankruptcy protection, and United's efforts to balance mainline domestic capacity and optimize its revenue performance. Overall, the total number of passengers enplaned by United at the Airport in 2006 approximately equaled the number enplaned in 2000.

Table 4 presents a comparison of connecting passenger trends for the United Airlines Group at the Airport and at United's other hub airports from 2002 through 2006. As shown, United Airline Group's number of connecting passengers at the Airport increased an average of 2.1% per year between 2002 and 2006, faster than at its Los Angeles and San Francisco hubs but slower than at its Chicago and Washington, D.C. (Dulles) hubs. The strong growth in United Airline Group's numbers of connecting passengers at Washington Dulles International Airport—an average of 11.9% per year—reflects the continued development of United's domestic and international hub operations.

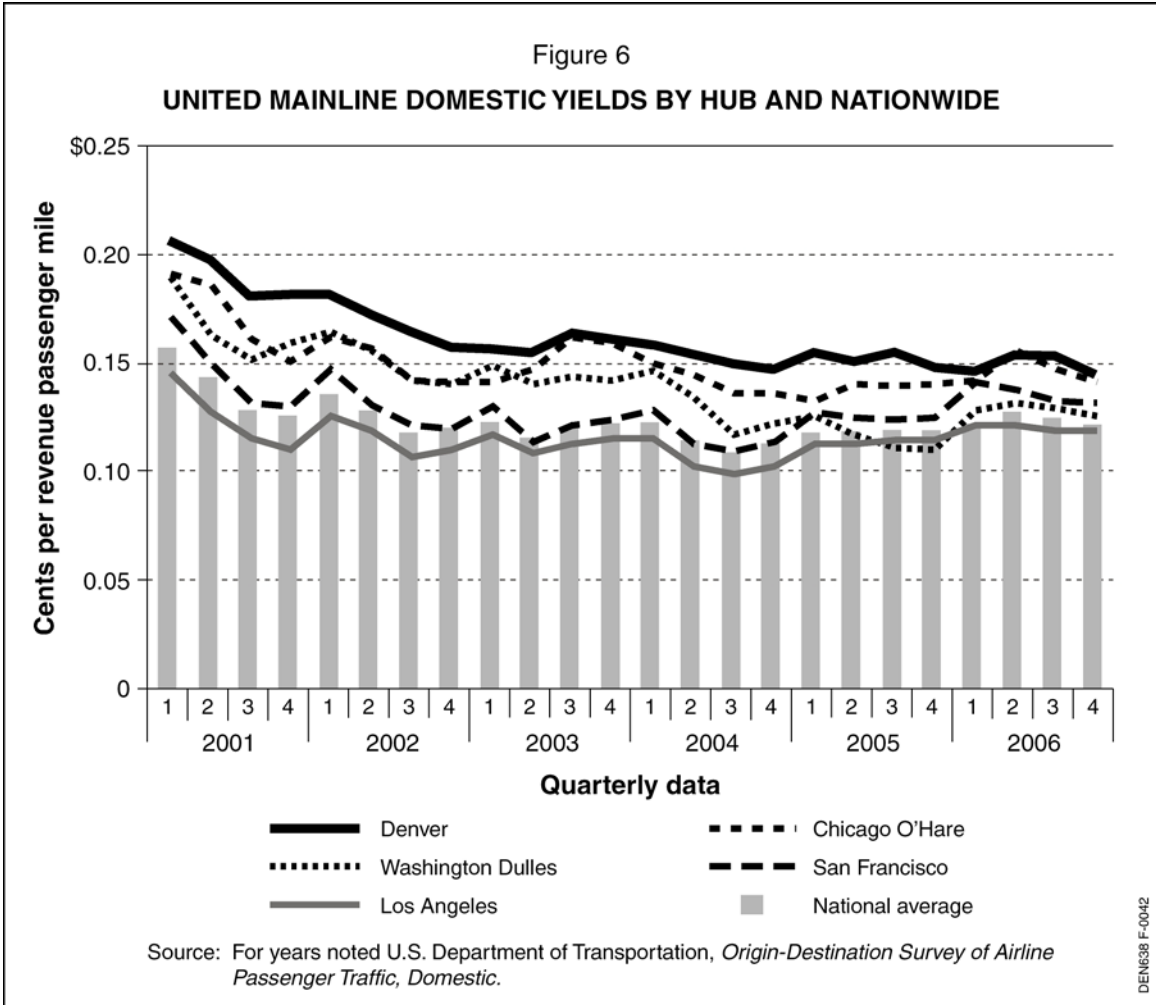
Table 4

**CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP**

United Airlines Group Hub	2006		Average annual increase (decrease) 2002-2006
	Connecting passengers (millions)	Percent of enplaned passengers	
Chicago O'Hare International Airport	11.5	62%	2.5%
<b>Denver International Airport</b>	<b>7.9</b>	<b>59</b>	<b>2.1</b>
Washington Dulles International Airport	3.8	53	11.9
San Francisco International Airport	3.8	45	1.4
Los Angeles International Airport	2.8	42	(0.3)

Sources: Denver International Airport: Airport management records.  
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database.

Figure 6 summarizes comparative United mainline yields (cents per revenue passenger mile) at United's hub airports. As shown, United has generally realized the highest yield at Denver International Airport compared with its yields at its other hub airports since 2001, suggesting that the Airport has a more attractive market relative to the other airports shown. The relatively high historical average yields for United at the Airport (approximately 15% higher than the national average in 2006) are attributable, in part, to the shorter average itinerary length of United flights from the Airport (approximately 5% shorter than United's system average) and, in part, to the status of the Airport as a connecting hub, with United dominating service in many travel markets. Since 2001, average yields for United at the Airport has decreased as the share of low cost carriers have increased, resulting in decreased yields in many markets.



**The Airport's Role in Frontier's System.** The Airport is the only hub in Frontier Airlines' system and accounts for nearly half of its scheduled departing seats. Because Frontier operates only one hub, no airport, other than Denver International Airport, accounts for more than 5% of the airline's total system seats. As a result, Frontier is sensitive to changes in the Denver market, including service and fare competition on its Denver routes. Frontier is also susceptible to adverse weather conditions and other traffic delays in the Rocky Mountain region that may affect it more than other airlines that may be better able to spread the traffic risks over larger route networks. Table 5 presents passenger trends for Frontier and Frontier JetExpress and, in particular, the growth in Frontier's connecting activity at the Airport.

Table 5  
**HISTORICAL ENPLANED PASSENGERS—  
FRONTIER AIRLINES AND FRONTIER JETEXPRESS**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	34.4%	339,122	65.6%	1,526,719	38.7%	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
January – March							
2006	660,421	--%	455,521	--%	1,115,942	--%	40.8%
2007	755,090	14.3	426,213	(6.4)	1,181,303	5.9	36.1
Average annual increase							
1995-2000		34.4%		65.6%		38.7%	
2000-2006		15.3		35.7		21.5	

Source: Airport management records.

From 1995 to 2000, the number of passengers enplaned by Frontier at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the number of passengers enplaned by Frontier has continued to grow—an average increase of 21.5% per year between 2000 and 2006—with connecting passengers accounting for an increasing share of the total (43.2% in 2006). From 2005 to 2006, during the first year of Southwest service at the Airport, the growth in the number of passengers enplaned by Frontier slowed, reflecting the fare and service competition from Southwest beginning in 2006. Frontier’s originating passenger traffic increased 22.3% between 2005 and 2006 as the airline responded to Southwest’s service by decreasing fares; the number of passengers connecting on Frontier through Denver increased, but at a much slower rate than in previous years, as Southwest attracted passengers connecting through Denver to other airports in Southwest’s route system.

The domestic yields for Frontier Airlines (excluding Frontier JetExpress) at the Airport have remained lower than those for United. Since 2002, the differences between Frontier and United yields have varied—from 10% to 16% in any given year. In 2006, the domestic yield for Frontier was 13.7 cents per revenue-passenger-mile, compared with 15.0 cents for United and 12.8 cents in the nation.

Frontier has announced its intention to expand its Denver hub operation and increase connecting traffic by adding other high volume markets to its current route system, introducing and expanding Lynx Aviation, a new subsidiary, and entering into code-sharing agreements and other relationships with other airlines. In September 2006, Frontier formed Lynx Aviation to serve under-served markets in Colorado and in the Rocky Mountain region. Lynx Aviation plans to purchase 10 Q400 turboprop aircraft, each with a seating capacity of 74, to be operated under a separate operating certificate (with the option to purchase 10 additional aircraft). In January 2007, Lynx Aviation submitted its application to provide scheduled air transportation to the U.S. Department of Transportation and obtained conditional approval to sell tickets on June 30, 2007. Lynx Aviation is seeking final approval from the FAA to begin revenue service operations in September 2007, with initial service to three new cities from Denver—Wichita, Rapid City, and Sioux City.

### **Primary Commercial Service Airport in Colorado**

Of the 13 commercial service airports in Colorado, Denver International Airport is the primary commercial service airport, accounting for more than 90% of the passengers enplaned in the State, as shown earlier on Figure 1 and in Table 6. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2006. Approximately 1.0 million passengers were enplaned and 50 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2006, compared to 23.7 million passengers enplaned and 784 scheduled daily aircraft departures provided at Denver International Airport in the same year.



Table 6  
**COLORADO COMMERCIAL SERVICE AIRPORTS**  
 2006

Colorado airport	Aircraft type providing service to Denver	Enplaned passengers
<b>Denver International</b>	--	<b>23,665,312</b>
Colorado Springs	Large jet/regional jet/turboprop	1,010,308
Eagle County Regional	Large jet/turboprop	216,789
Aspen-Pitkin County	Regional jet/turboprop	200,816
Grand Junction-Walker Field	Regional jet/turboprop	162,877
Durango-La Plata County	Regional jet/turboprop	113,577
Montrose Regional	Turboprop	82,312
Gunnison-Crested Butte Regional	Turboprop	48,065
Fort Collins-Loveland Municipal	None (a)	32,831
Telluride Regional	Turboprop	16,336
San Luis Valley Regional	Turboprop	7,295
Cortez Municipal	Turboprop	9,266
Pueblo Memorial	Turboprop	<u>7,413</u>
Total Colorado airports		25,573,197

(a) Only service provided at this airport is by Allegiant Air to Las Vegas.

Sources: U.S. Department of Transportation, T-100 database domestic; Denver International Airport records, Official Airline Guides, Inc., online database.

### Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. The population densities for the State of Colorado underline the importance of this region, as shown earlier on Figure 1. The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties, as defined by the Metro Denver Economic Development Corporation, a not-for-profit affiliate of the Denver Metro Chamber of Commerce.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as its extensive airline service, have

helped attract the regional and national headquarters of businesses and government agencies to the region.

The following sections present a review of (1) the economic basis for passenger demand, including socioeconomic, local industry, and other factors that contribute to passenger demand at the Airport, (2) the components of passenger demand, including originating and connecting passengers, (3) a review of air cargo activity at the Airport, (4) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (5) forecasts of airline traffic at the Airport through 2013, including enplaned passengers and aircraft landed weight.

## **ECONOMIC BASIS FOR PASSENGER DEMAND**

The Denver Metropolitan Area is the largest business center in, and the transportation hub for, the State of Colorado and the multistate Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2006, the Denver Metropolitan Area accounted for over 55% of Colorado's population and 60% of its employment.

### **Population, Employment, and Per Capita Personal Income**

Figure 7 summarizes historical economic indicators—population, nonagricultural employment, and per capita income—for the Denver Metropolitan Area, the State of Colorado, and the nation from 1995 through 2006. Both the Denver Metropolitan Area and the State of Colorado have experienced significantly higher economic growth than the nation: much of the economic growth in the State was generated in the Denver Metropolitan Area.

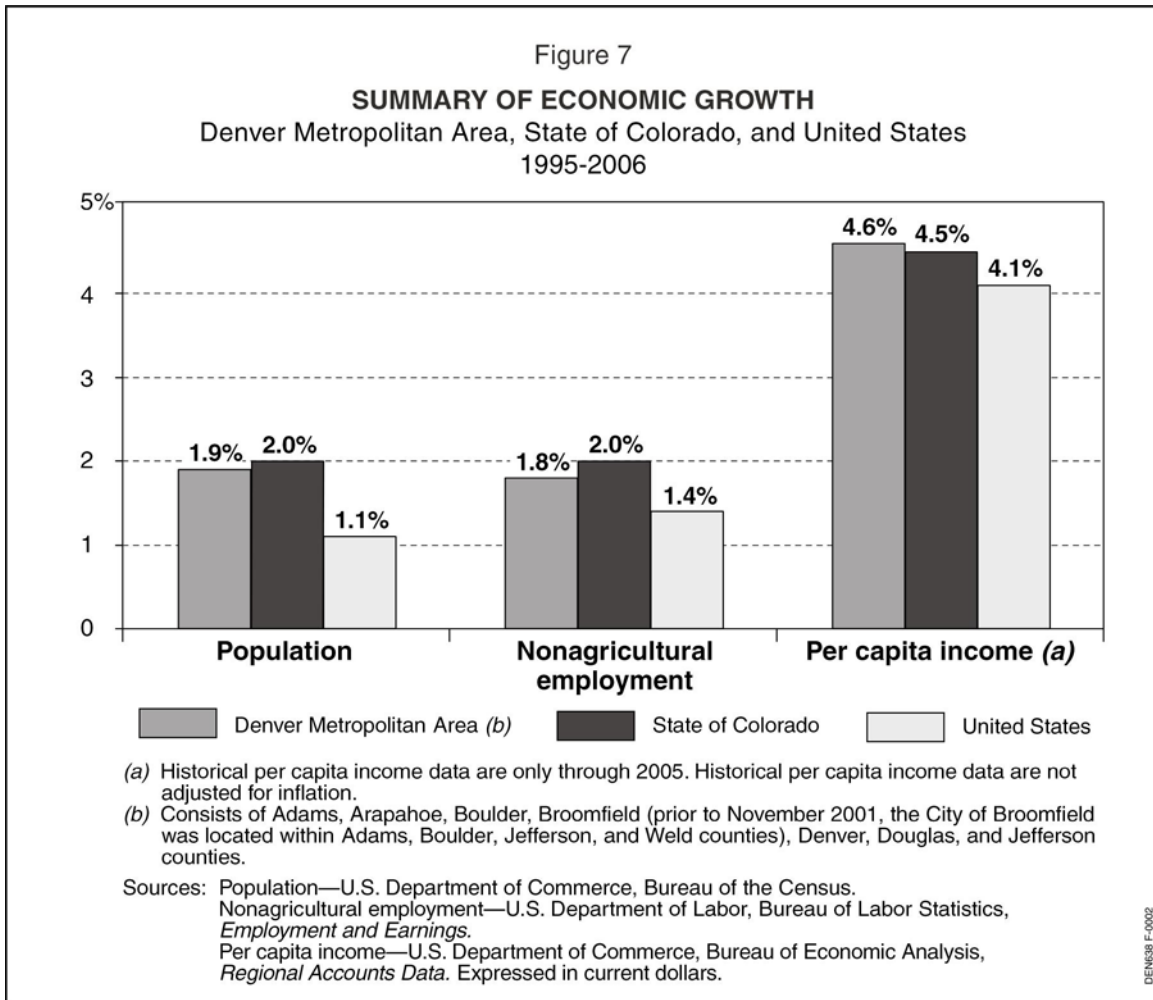


Table 7 presents data on historical and projected economic indicators—population, nonagricultural employment, and per capita personal income—for the Denver Metropolitan Area, the State of Colorado, and the nation. The economic indicators for the Denver Metropolitan Area and the State of Colorado were projected by the Colorado Department of Local Affairs, State Demography Office, the primary State agency for population and demographic information. Population data were projected in association with the Center for Business and Economic Forecasting, a private research firm specializing in Colorado regional economic forecasting, and reflect the interrelationships between demographic and economic change in the State. The economic indicators for the nation are projected by the National Planning Association (NPA), Data Services, Inc.\*

From 1995 to 2006, population in the Denver Metropolitan Area increased an average of 1.9% per year, with slower growth during the last 6 years as the result of decreases in net in-migration and slower economic growth. However, population

\*The National Planning Association is a nationally recognized private firm that analyzes and projects trends by county in the United States.

Table 7  
**HISTORICAL AND PROJECTED SOCIOECONOMIC DATA**  
 Denver Metropolitan Area, State of Colorado, and United States  
 1995-2013

	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita income (c)		
	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1995	2,133	3,827	266,278	1,127	1,834	117,298	\$27,319	\$24,226	\$23,076
2000	2,416	4,327	282,193	1,365	2,214	131,785	37,715	33,371	29,845
2001	2,470	4,427	285,108	1,374	2,227	131,826	39,150	34,493	30,574
2002	2,501	4,498	287,985	1,328	2,184	130,341	39,152	34,027	30,810
2003	2,525	4,548	290,850	1,300	2,153	129,999	39,595	34,528	31,484
2004	2,553	4,602	293,657	1,299	2,180	131,435	41,363	36,113	33,050
2005	2,587	4,665	296,410	1,331	2,226	133,463	42,870	37,510	34,471
2006	2,637	4,753	299,398	1,378	2,279	136,174	n.a.	n.a.	n.a.
Projected, 2013	2,901 (e)	5,357 (e)	317,202(d)	1,582 (e)	2,672 (e)	148,952(d)	\$61,000 (e)	\$56,000 (e)	\$47,000(d)
Average annual percent increase									
Historical									
1995-2000	2.5%	2.5%	1.2%	3.9%	3.8%	2.4%	6.7%	6.6%	5.3%
2000-2006	1.5	1.6	1.0	0.2	0.5	0.5	2.6 (f)	2.4 (f)	2.9 (f)
1995-2006	1.9	2.0	1.1	1.8	2.0	1.4	4.6 (f)	4.5 (f)	4.1 (f)
2005-2006	1.9	1.9	1.0	3.5	2.4	2.0	n.a.	n.a.	n.a.
Projected									
2006-2013	1.4	1.7	0.8	2.0	2.3	1.3	4.5	5.1	4.0

Note: The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Denver, Douglas, and Jefferson counties.

n.a. = Not available.

(a) Historical data from U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov).

(b) Historical data from U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

(c) Historical data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, [www.bea.gov](http://www.bea.gov). Expressed in current dollars.

(d) National Planning Association, Data Services, Inc., *Key Indicators of County Growth, 1970-2025*, 2006 edition, except as noted. Extrapolated by Jacobs Consultancy using the NPA growth rates for 2006 through 2013, except for per capita income, which is projected for 2005 through 2013.

(e) Colorado Division of Local Government, State Demography Office, *The Population Projections Program*, online database, <http://dola.colorado.gov>, as of June 2007. Per capita income is projected for 2005 through 2013.

(f) Represents the percent change through 2005.

growth in the Denver Metropolitan Area outpaced growth in the nation between 1995 and 2006 and is projected to increase an average of 1.4% per year between 2006 and 2013, slower than that in the State (an average of 1.7% per year) and faster than the national average (0.8% per year).

Between 1995 and 2006, nonagricultural employment in the Denver Metropolitan Area increased an average of 1.8% per year, with slower growth during the last 6 years, similar to the trends in population. Nonagricultural employment in Colorado and the nation increased an average of 2.0% and 1.4% per year, respectively, between 1995 and 2006.

Table 8 lists the 20 largest private employers in the Denver Metropolitan Area based on data compiled by Development Research Partners for March 2007.

Table 8			
<b>20 LARGEST PRIVATE EMPLOYERS</b>			
Denver Metropolitan Area			
Rank	Company	Description	Employment (a)
1	King Soopers Inc.	Grocery stores	10,700
2	Wal-Mart	General merchandise	10,000
3	Qwest Communications	Telecommunications	9,400
4	Lockheed Martin Corporation	Aerospace and defense-related	8,200
5	HealthONE	Health care	7,700
6	Safeway Inc.	Grocery stores	6,700
7	Exempla Healthcare	Health care	6,100
8	University of Denver	University	5,900
9	IBM Corporation	Computer systems	5,500
10	Centura Health	Health care	5,200
11	EchoStar Communications	Satellite television	5,000
12	United Airlines	Airline	5,000
13	Kaiser Permanente	Health care	4,800
14	Denver Health & Hospital Authority	Health care	4,500
15	Frontier Airlines	Airline	4,100
16	Ball Corporation	Aerospace, containers	3,800
17	Sun Microsystems	Information technology	3,800
18	Great-West Life & Annuity Insurance Co.	Insurance	3,800
19	University of Colorado Hospital	Health care	3,500
20	United Parcel Service	Parcel delivery	3,500

(a) Rounded to the nearest hundred.

Source: Compiled from various business lists and resources by Development Research Partners Inc., March 2007.

In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Figure 8 shows a comparison of unemployment rates for the Denver Metropolitan Area and the nation in 2000 through 2006.

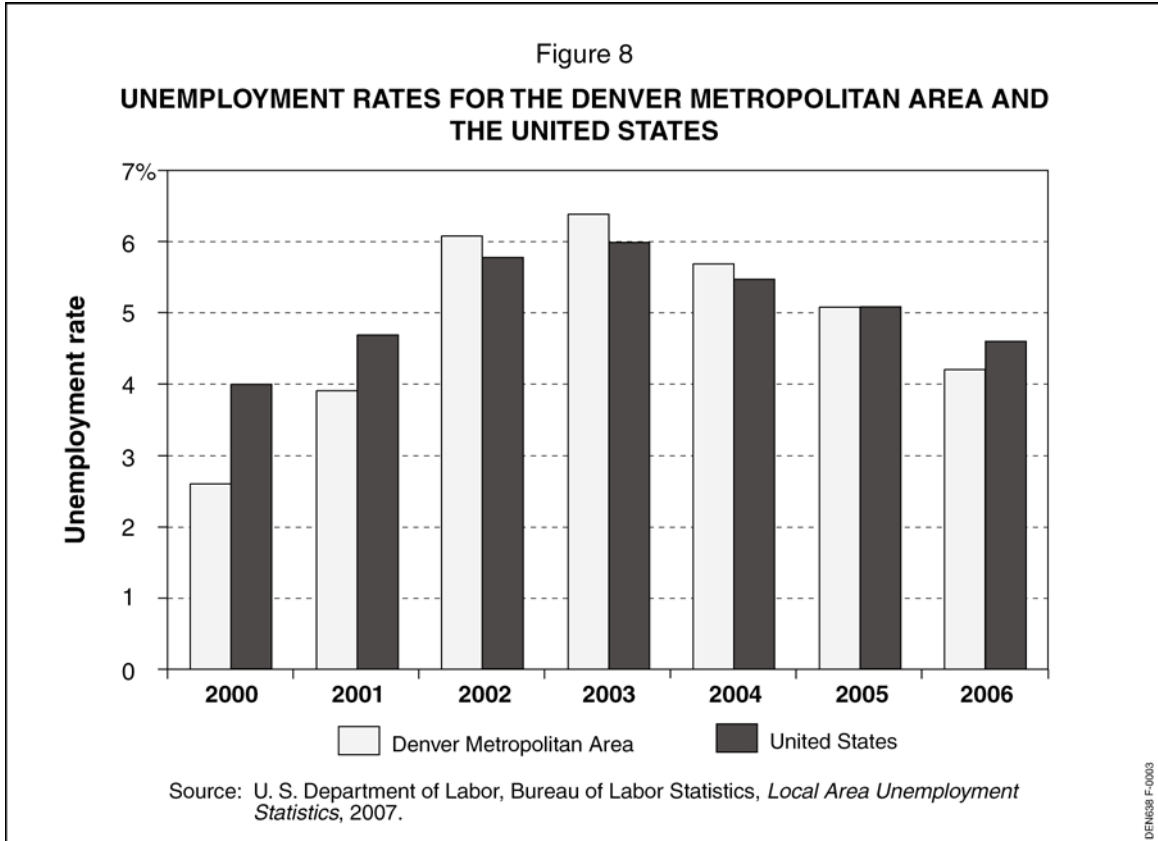
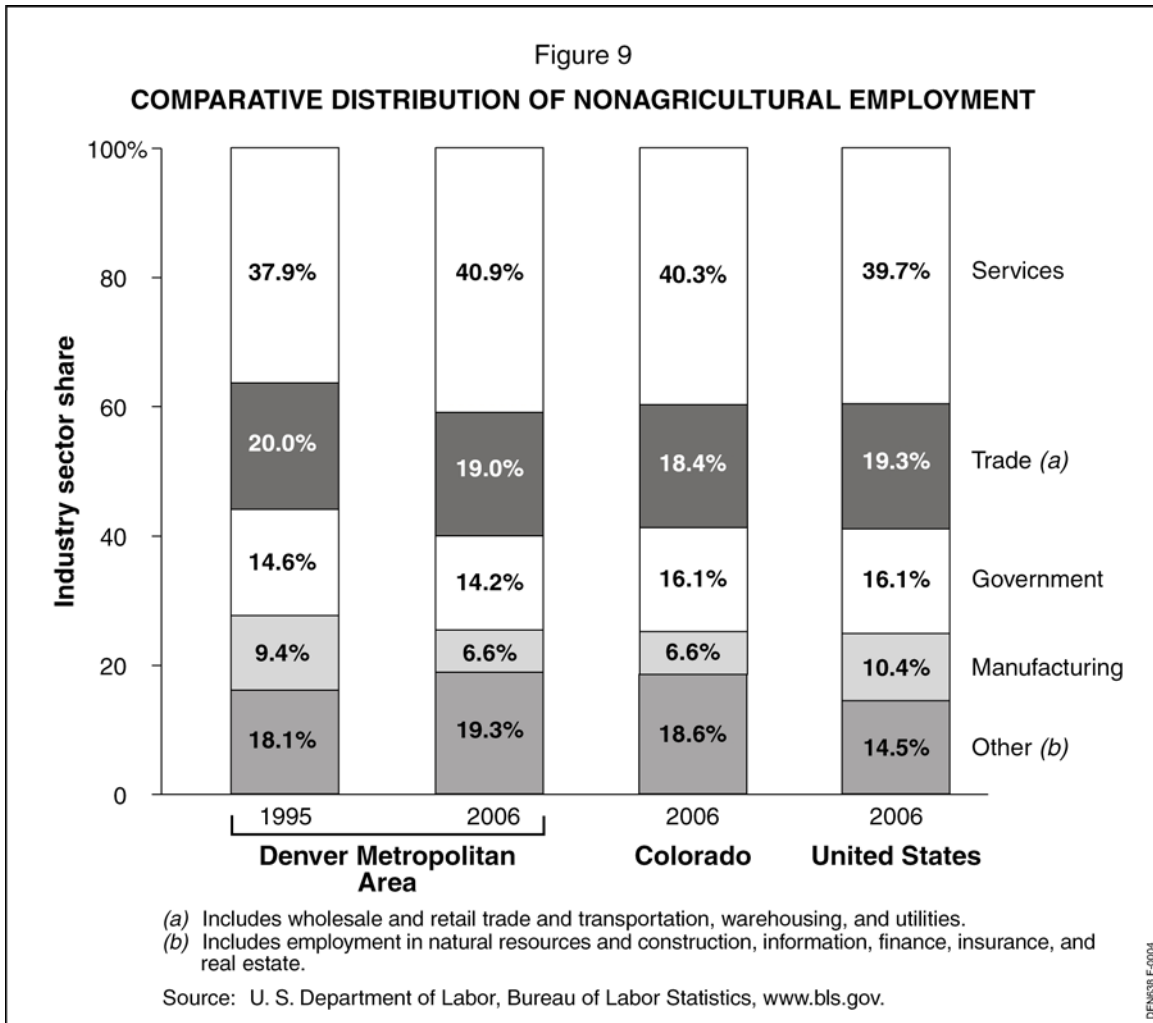
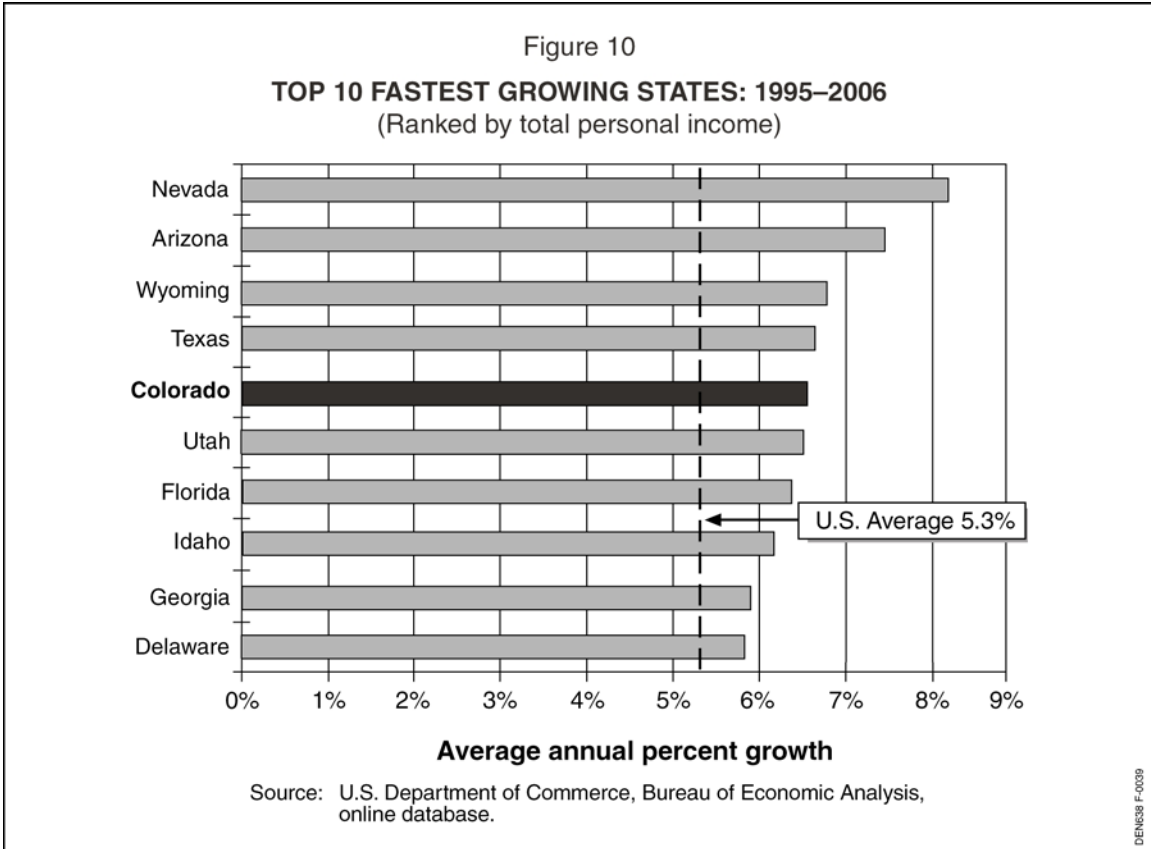


Figure 9 presents a comparison of historical nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and 2006, and for Colorado and the United States in 2006.



Both the Denver Metropolitan Area and Colorado have experienced strong growth in per capita income since 1995—average increases of 4.6% and 4.5%, respectively, between 1995 and 2006. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the State of Colorado was the fifth fastest growing state in the nation in terms of total personal income between 1995 and 2006, as shown on Figure 10. Six of the eight Rocky Mountain region states rank in the top 10.



## Denver Industry Clusters

The Metro Denver Economic Development Corporation (EDC), in association with Development Research Partners, recently conducted a study of Denver’s primary industry clusters, i.e., geographic concentrations of interconnected companies and institutions in a particular field. To further diversify the economic base and grow the overall economy, the EDC identified nine active industry clusters key to the region’s economic strength. For purposes of this discussion, information technology for hardware and for software (two clusters) are combined. (Average salary data by industry cluster are presented for 2005, the most recent year for which such data are available.)

**Aerospace.** The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. According to the EDC, Colorado’s aerospace industry employed 54,000 workers in 2006, including 24,700 private employees and 29,300 military personnel, and accounts for the second strongest private aerospace employment concentration in the country. Total Colorado aerospace employment increased an average of 3.8% per year between 2001 and 2006, compared with a 2.0% per year increase nationally. Colorado is home to four military commands, six major space contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin, Ball Aerospace, Boeing, Raytheon, Northrop Grumman, and



ITT Industries, in addition to more than 300 aerospace companies and suppliers. About 71% of aerospace companies are located in the seven-county Denver Metropolitan Area, according to the EDC. The average salary for an aerospace worker in Colorado in 2005 was \$96,400 compared to the national average of \$77,700.

**Aviation.** The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services. According to the EDC, about 207 aviation companies were located in the Denver Metropolitan Area in 2006, most of which are involved with scheduled air transportation. Between 2001 and 2006, the aviation industry cluster in the Denver Metropolitan Area experienced an average decrease of 1.9% per year in employment, compared with an average decrease of 8.8% per year nationally, reflecting the effects of the 2001 terrorist attacks. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,200 workers directly employed by air transportation companies in the Denver Metropolitan Area. The 2005 average annual salary for aviation employees in the Denver Metropolitan Area was \$42,300 compared to the national average of \$45,300.

**Bioscience.** The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Denver Metropolitan Area has 4,700 biotechnology and pharmaceuticals workers plus 7,300 medical device and instrument production workers, for a total of more than 12,000 total direct bioscience workers. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the \$4.7 billion Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community.

After decreasing in 2002 and 2003, employment in pharmaceuticals and biotechnology increased in 2004 through 2006. From 2001 to 2006, pharmaceuticals and biotechnology employment in the Denver Metropolitan Area increased an average of 1.2% per year, compared with an average decrease of 2.4% per year nationally. About 79% of Colorado's pharmaceuticals and biotechnology industry is located in the Denver Metropolitan Area. In 2005, the average annual salary for a pharmaceuticals and biotechnology worker was \$81,000 in the Denver Metropolitan Area compared to the national average of \$87,300.

Employment in the Denver Metropolitan Area medical device and instruments sector has fluctuated between growth and decline, resulting in a slight 5-year average growth of 0.3% per year, compared with an average increase of 0.1% per year nationally. About 78% of Colorado's medical device and instruments industry is located in the Denver Metropolitan Area. The 2005 average annual salary for a

medical device and instruments worker was \$55,800 in the Denver Metropolitan Area compared to the national average of \$51,500.

**Energy.** The energy industry cluster in the Denver Metropolitan Area included about 22,900 employees in three energy sub-sectors in 2006: (1) fossil energy, (2) renewable energy, and (3) energy research. According to the EDC, the 1,019 companies in the fossil energy industry cluster directly employed 11,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,000 compared to the national average of \$71,200. Employment in fossil energy in the Denver Metropolitan Area declined an average of 3.2% per year between 2001 and 2006—reflecting the reorganization of local utility companies—compared to a 3.6% decline nationally. The 91 companies in the renewable energy industry cluster directly employed 5,600 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$42,000 compared to the national average of \$41,300. Denver Metropolitan Area employment in renewable energy declined an average of 3.1% per year between 2001 and 2006, compared a 4.0% decline nationally. Most companies in the renewable energy industry cluster are public organizations involved in air quality, water quality, and solid waste management. The 803 companies in the energy research sector directly employ 6,300 people in the Denver Metropolitan Area with an average annual 2005 salary of \$65,400 compared to the national average of \$61,200. Employment in the energy research sector in the Denver Metropolitan Area increased an average of 1.7% per year between 2001 and 2006, compared with a 0.1% increase nationally. The majority of energy research companies are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

**Financial Services.** The financial services industry cluster employed a total of 90,000 people in 2006 and is divided into three subsectors: (1) banking and finance, (2) investments, and (3) insurance. The 3,474 companies in the banking and finance sector directly employed 41,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$56,500 compared to the national average of \$54,900. Banking and finance employment in the Denver the Denver Metropolitan Area increased an average of 3.8% from 2001 to 2006, compared with an average decrease of 0.9% per year nationally. The 2,815 companies in the investments sector directly employed 22,900 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$112,700 compared to the national average of \$151,800. Denver Metropolitan Area employment in the investments sector increased an average of 0.9% between 2001 and 2006, compared with a 1.2% per year decline nationally. The insurance industry sector directly employed 26,300 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,200 compared with the national average of \$68,700. Insurance employment in the Denver Metropolitan Area decreased an average of 0.2% per year between 2001 and 2006, compared with a 4.0% per year decline nationally.

**Information Technology (Hardware and Software).** As mentioned earlier, there are two information technology industry clusters: hardware and software. The 288 companies in the hardware industry cluster directly employed 9,700 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$74,500 compared with \$63,700 nationally. According to the EDC, hardware manufacturing companies continue to relocate overseas, resulting in several consecutive years of employment decline. As a result, employment in the hardware industry cluster in the Denver Metropolitan Area decreased an average of 8.5% per year from 2001 to 2006, compared with a 7.1% per year decrease nationally. The 3,434 companies in the software cluster directly employed 44,100 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$82,300 compared with \$79,100 nationally. After decreasing each year following the dot-com downturn (representing an average decrease of 19.8% per year between 2001 and 2006), software employment in the Denver Metropolitan Area increased in 2006.

**Beverage Production.** With 5,500 employees involved in the production of beer and other beverages, the Denver Metropolitan Area has the fourth highest beverage industry employment concentration out of the 50 largest metropolitan areas, according to the EDC. The 2005 average annual salary for beverage production employees in the Denver Metropolitan Area was \$70,400, compared with \$46,100 nationally. Employment in the beverage production industry cluster declined an average of 2.9% per year in the Denver Metropolitan Area from 2001 to 2006, compared with a 1.3% average annual increase nationally. Major beverage production companies in the Denver Metropolitan Area include Molson Coors Brewing Company, Allegro Coffee Company, Celestial Seasonings, and IZZE Beverage Company, among others.

**Broadcasting and Telecommunications.** The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2006, this industry cluster directly employed 43,400 people in the Denver Metropolitan Area, with an average annual salary of \$77,100 compared with \$65,200 nationally. According to the EDC, the telecommunications industry has declined since the dot-com downturn in 2000 and 2001. Employment in the broadcasting and telecommunications industry cluster in the Denver Metropolitan Area declined 5.7% per year from 2001 to 2006, compared with an average decrease of 6.0% per year nationally. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

## Visitors to Denver

Since 1991, the Denver Metro Convention and Visitors Bureau has commissioned an annual in-depth study of the Denver tourism market. This study has been prepared each year by Longwoods International, a research firm that studies North American travel patterns, and coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the Longwoods International study include:

- In 2006, slightly more than half (54%) of Denver's leisure visitors came from the West, consisting of the Mountain, West North Central, and West South Central census divisions. The Northeast contributed 6% of all visitors to Denver in 2006, down from 11% in 2005. Colorado in-state travel to Denver decreased from 15% in 2004 and 13% in 2005 to 12% in 2006.
- Eight out of ten Denver vacationers traveled 500 miles or more, twice the national average. As a result, Denver visitors plan their trips further in advance than most visitors do, and are more likely to fly.
- The number of people combining business and leisure trips increased substantially between 2004 and 2006. One out of three business travelers combined a leisure component on trips in 2006, an increase over the 22% in 2004 and the 31% in 2005 that combined business and leisure.

Table 9 presents a summary of the trends in visitor activity to the Denver Metropolitan Area in 1995 and 2000 through 2006, based on the Longwoods International study as well as the number of conventions and delegates reported by the Denver Metro Convention and Visitors Bureau.

**Business Travel.** In 2006, visitors traveling to Denver on business accounted for 22% of all overnight trips compared with 13% traveling to the State of Colorado, according to the Longwoods International study. Business travelers spent the largest amounts, generating \$96 per person per day, followed by "marketable" leisure visitors,\* who generated \$93 per person per day. Visitors staying with friends and relatives accounted for only \$43 per person per day.

The recent expansion of the Colorado Convention Center has resulted in significant growth in convention activity in Denver. From 2005 to 2006, following the opening of two new hotels, the number of convention delegates increased 17.4%.

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\*Visitors who are not visiting friends or relatives and would, therefore, travel to any destination, but chose to visit Denver.

Table 9  
**VISITOR ACTIVITY**  
 Denver Metropolitan Area

Year	Overnight trips to Denver (millions)			Denver conventions	
	Leisure	Business	Total	Number	Delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
Average annual increase (decrease)					
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2006	4.7	(0.6)	3.4	6.8	3.6
1995-2006	5.2	2.9	4.6	5.0	4.5
2005-2006	15.2	4.0	12.5	37.5	17.4

Source: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted and Denver Metro Convention and Visitors Bureau records.

**Leisure Travel.** Leisure visitors traveling to Denver accounted for most of the overnight trips (78%) and drove the growth trend in overall visitors. From 2005 to 2006, the number of leisure visitors increased 15.2%, reflecting, in part, the availability of new low-fare airline service at the Airport.

Colorado remained the country's top ski destination in 2006, with 23.1% of national overnight ski trips (up from 18.5% in 2005), with the next largest shares accounted for by California (16.1%) and Vermont (6.6%).

## Economic Outlook

As discussed earlier, the economy of the Denver Metropolitan Area, similar to the State and much of the United States, experienced a slowdown between 2000 and 2003. Local economists view the Denver region's economic growth in 2005 and 2006 as the beginning of a positive economic growth trend.

- **Population**—The Colorado Division of Local Government projects that the Denver region's population will increase 1.4% per year between 2006 and 2013, compared to 1.7% per year in the State and, as projected by the National Planning Association, 0.8% per year in the United States as a whole. The Denver Regional Council of Governments projects similar population growth for the Denver Metropolitan Area through 2013—an average increase of 1.5% per year.
- **Nonagricultural employment**—The Colorado Division of Local Government projects that the Denver region's nonagricultural employment will increase 2.0% per year between 2006 and 2013, compared to 2.3% per year in the State and, as projected by the National Planning Association, 1.3% per year in the nation.
- **Per capita income**—The Colorado Division of Local Government projects that per capita income in the Denver region will grow 4.5% per year between 2005 and 2013, compared to 5.1% per year in the State and 4.0% in the United States as a whole between 2005 and 2013.

Economic analysts at the Metro Denver Economic Development Corporation and Development Research Partners project that employment should remain on an upward trend in the region. The EDC's short-term outlook for the Denver Metropolitan Area is for employment growth in all industry sectors (except Information), a strong commercial real estate market, heightened tourism and convention activity, income growth, and increased net migration.\*

Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Denver industry clusters described earlier, (3) continued growth of the leisure and hospitality industry, (4) generally lower labor and living costs compared to those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

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\*Metro Denver Economic Development Corporation and Development Research Partners, *2007 Economic Forecast for Metro Denver*, January 25, 2007.

## PASSENGER DEMAND COMPONENTS

The primary components of passenger demand include (1) the airline service and passenger shares at the Airport, (2) the originating passenger base, and (3) connecting passenger activity and trends.

### Airline Passenger Service and Market Shares

**Airline Service.** Table 10 lists the passenger airlines scheduled to provide service at the Airport in August 2007. In addition, several all-cargo airlines, including ABX Air, Air Transport International, Ameriflight, Antonov Airlines, DHL, FedEx, Key Lime Air, Kitty Hawk Air Cargo, and UPS Air Cargo provide service at the Airport.

Table 10  
**SCHEDULED PASSENGER AIRLINES SERVING DENVER**  
August 2007

<i>Major/national</i>	<i>Regional/commuter</i>
AirTran Airways	Big Sky Airlines
Alaska Airlines	Comair (Delta Connection)
American Airlines	ExpressJet (Continental Express)
Continental Airlines	GoJet Airlines (United Express)
Delta Air Lines	Great Lakes Aviation
Frontier Airlines	Horizon Air (Alaska Airlines and Frontier JetExpress)
JetBlue Airways	Mesa Airlines (US Airways Express and United Express)
Midwest Airlines	Pinnacle Airlines (Northwest AirlinK)
Northwest Airlines	Republic Airlines (Frontier JetExpress)
Southwest Airlines	Shuttle America (United Express)
United Airlines	SkyWest Airlines (Delta Connection and United Express)
United/Ted	Trans States Airlines (American Connection and United Express)
US Airways	
<i>Charter</i>	<i>Foreign-flag</i>
Allegiant Air	Aeromexico
Casino Express Airlines	Air Canada
Champion Air	British Airways
Miami Air International	Lufthansa German Airlines
Sun Country Airlines	Mexicana de Aviacion

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Source: Airport management records.

**Enplaned Passenger Market Shares.** The market shares for the passenger airlines serving the Airport are shown on Figure 11 and in Table 11. During the first 3 months of 2007, the United Airlines Group had the largest market share of enplaned passengers (56.0%) at the Airport, followed by Frontier and its regional/commuter airline affiliate Frontier JetExpress (20.2%), Southwest (4.8%), and American (4.1%).

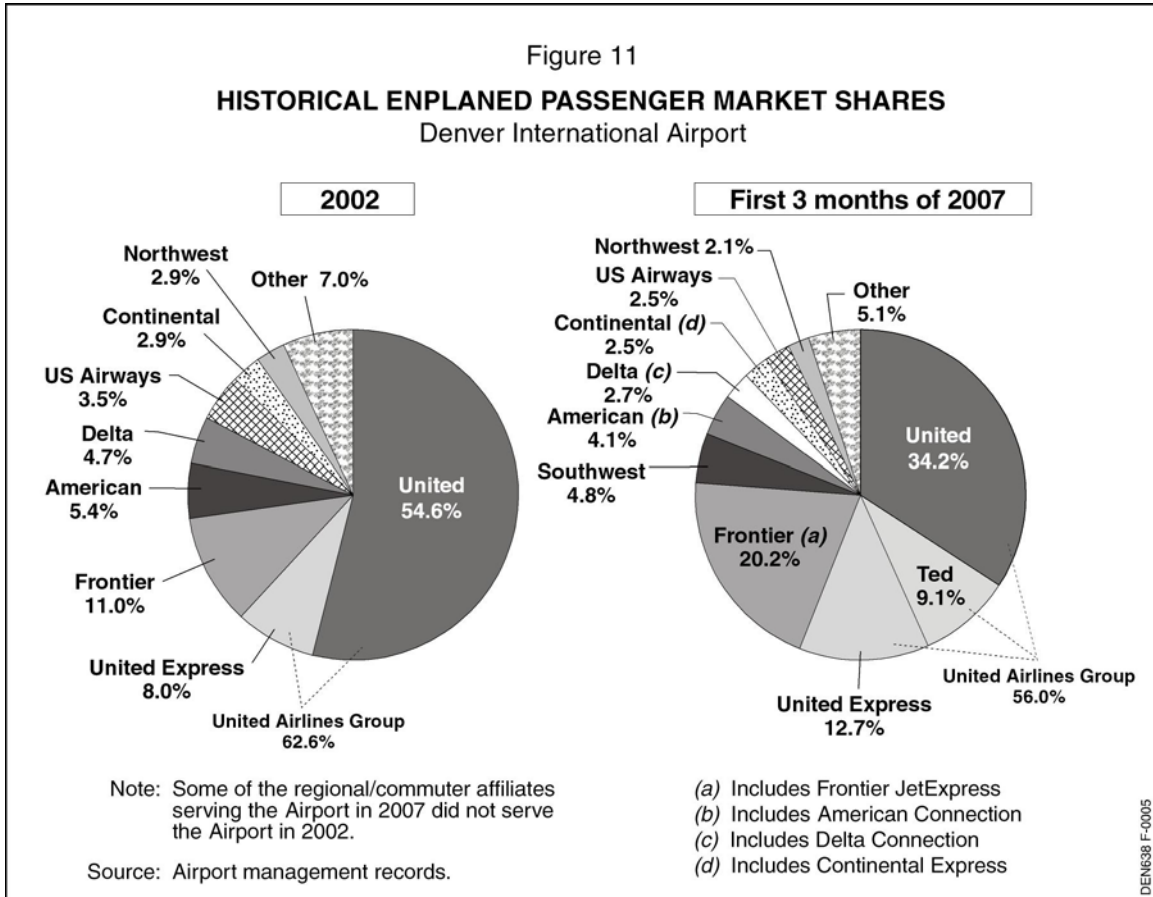




Table 11  
**HISTORICAL ENPLANED PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	9,731,974	9,574,689	8,802,367	7,774,627	8,364,574	1,994,194
Ted (a)	--	--	1,339,764	1,689,891	2,011,441	530,550
United Express (b)	<u>1,430,504</u>	<u>1,720,720</u>	<u>2,336,735</u>	<u>2,776,020</u>	<u>2,971,301</u>	<u>740,384</u>
	11,162,478	11,295,409	12,478,866	12,240,538	13,347,316	3,265,128
Frontier (c)	1,959,761	2,729,240	3,520,991	4,217,059	4,904,231	1,181,303
Southwest (d)	--	--	--	--	789,637	281,345
American (e)	968,895	885,771	795,882	886,533	973,233	240,290
Delta (e)	831,380	788,924	879,754	806,437	663,890	159,758
Continental (e)	524,913	517,149	505,784	534,696	553,301	142,920
US Airways (e, f)	634,877	716,813	797,093	821,455	654,457	143,613
Northwest	524,870	517,022	604,827	615,479	488,406	122,940
Other	<u>1,222,390</u>	<u>1,310,607</u>	<u>1,560,884</u>	<u>1,579,778</u>	<u>1,290,841</u>	<u>295,588</u>
	<u>6,667,086</u>	<u>7,465,526</u>	<u>8,665,215</u>	<u>9,461,437</u>	<u>10,317,996</u>	<u>2,567,757</u>
Total	17,829,564	18,760,935	21,144,081	21,701,975	23,665,312	5,832,885
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.2%
Ted (a)	--	--	6.3	7.8	8.5	9.1
United Express (b)	<u>8.0</u>	<u>9.2</u>	<u>11.1</u>	<u>12.8</u>	<u>12.6</u>	<u>12.7</u>
	62.6%	60.2%	59.0%	56.4%	56.4%	56.0%
Frontier (c)	10.9%	14.5%	16.7%	19.4%	20.7%	20.2%
Southwest (d)	--	--	--	--	3.3	4.8
American (e)	5.4	4.7	3.8	4.1	4.1	4.1
Delta (e)	4.7	4.2	4.2	3.7	2.8	2.7
Continental (e)	2.9	2.8	2.4	2.5	2.3	2.5
US Airways (e, f)	3.5	3.9	3.8	3.8	2.8	2.5
Northwest	2.9	2.8	2.8	2.8	2.1	2.1
Other	<u>7.1</u>	<u>6.9</u>	<u>7.3</u>	<u>7.3</u>	<u>5.5</u>	<u>5.1</u>
	<u>37.4%</u>	<u>39.8%</u>	<u>41.0%</u>	<u>43.6%</u>	<u>43.6%</u>	<u>44.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2006; SkyWest Airlines from 2002 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers on the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.
- Source: Airport management records.

Consistent with its market share of enplaned passengers, United Airlines Group provides the most scheduled departing seats at the Airport and serves more destinations from the Airport than any other airline, including all of the top 20 origin-destination markets (additional information on these markets is shown later in Table 15). United Airlines is scheduled to provide more than twice as many scheduled departing seats as the second busiest airline serving the Airport, Frontier Airlines, in August 2007.

The share of Airport passengers enplaned by the United Airlines Group decreased from 62.6% in 2002 to 56.4% in 2006, primarily as a result of increased competition from other airlines serving the Airport, in particular Frontier Airlines, which serves the second largest number of destinations, including 19 of the Airport's top 20 origin-destination markets. Frontier Airlines increased its market share of Airport enplaned passengers from 10.9% in 2002 to 20.7% in 2006.

Southwest Airlines initiated service at the Airport in January 2006, and enplaned 4.8% of total Airport enplaned passengers in the first 3 months of 2007, up from 3.3% in 2006. In 2006, the United Airlines Group maintained its 2005 market share of enplaned passengers and Frontier Airlines (including Frontier JetExpress) increased its enplaned passenger market share, likely as a result of their competitive response to the new low-fare service offered by Southwest Airlines. Conversely, certain airlines, including Delta Air Lines, Northwest Airlines, and US Airways, had lower enplaned passenger market shares in 2006 compared with 2005, likely as a result of increased competition from other airlines.

Another significant trend at the Airport since 2002 has been the increased enplaned passenger market shares of the regional/commuter airlines. The combined market share of enplaned passengers for United Express and Frontier JetExpress (which initiated service in 2002) increased from 8.5% in 2002 to 14.6% in 2006. Since 1997, United Express has increased service at the Airport to replace United Airlines' service in certain smaller markets and to accommodate general increases in airline travel. According to Official Airline Guides, Inc., in August 2007, United will have marketing and code-sharing agreements with GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines, which operate at the Airport as United Express. Frontier Airlines uses Frontier JetExpress, operated by Horizon Air and Republic Airlines, to serve certain cities from the Airport.

Table 12  
**HISTORICAL ORIGINATING PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	3,600,830	3,542,634	3,415,506	3,349,934	3,613,737	925,469
Ted (a)	--	--	535,420	801,896	965,617	253,613
United Express (b)	<u>306,200</u>	<u>449,169</u>	<u>538,639</u>	<u>679,006</u>	<u>881,718</u>	<u>227,560</u>
	3,907,030	3,991,803	4,489,565	4,830,836	5,461,072	1,406,652
Frontier (c)	1,259,053	1,799,766	2,090,471	2,277,628	2,785,288	755,060
Southwest (d)	--	--	--	--	773,348	266,157
American (e)	968,278	882,078	795,882	886,533	973,233	240,290
Delta (e)	790,282	752,484	840,190	769,517	635,336	150,996
Continental (e)	515,153	505,450	495,376	524,207	537,394	137,551
US Airways (e, f)	634,877	709,741	789,463	769,854	617,333	135,994
Northwest (e)	524,870	517,022	604,827	624,114	488,406	122,940
Other	<u>1,044,735</u>	<u>1,107,126</u>	<u>1,289,442</u>	<u>1,301,133</u>	<u>977,876</u>	<u>221,926</u>
	<u>5,737,248</u>	<u>6,273,667</u>	<u>6,905,651</u>	<u>7,152,986</u>	<u>7,788,214</u>	<u>2,030,914</u>
Total	9,644,278	10,265,470	11,395,216	11,983,822	13,249,286	3,437,556
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	37.3%	34.5%	30.0%	28.0%	27.3%	26.9%
Ted (a)	--	--	4.7	6.7	7.3	7.4
United Express (b)	<u>3.2</u>	<u>4.4</u>	<u>4.7</u>	<u>5.7</u>	<u>6.6</u>	<u>6.6</u>
	40.5%	38.9%	39.4%	40.4%	41.2%	40.9%
Frontier (c)	13.1%	17.5%	18.3%	19.0%	21.0%	22.1%
Southwest (d)	--	--	--	--	5.8	7.7
American (e)	10.0	8.6	7.0	7.4	7.3	7.0
Delta (e)	8.2	7.3	7.4	6.4	4.8	4.4
Continental (e)	5.3	4.9	4.3	4.4	4.1	4.0
US Airways (e, f)	6.6	6.9	7.0	6.4	4.7	3.9
Northwest (e)	5.4	5.0	5.3	5.2	3.7	3.6
Other	<u>10.8</u>	<u>10.8</u>	<u>11.3</u>	<u>10.8</u>	<u>7.4</u>	<u>6.4</u>
	<u>59.5%</u>	<u>61.1%</u>	<u>60.6%</u>	<u>59.6%</u>	<u>58.8%</u>	<u>59.1%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.  
 (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2007; SkyWest Airlines from 2000 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.  
 (c) Includes Frontier JetExpress beginning in 2002.  
 (d) Initiated service at the Airport in January 2006.  
 (e) Includes the enplaned passengers of the airline's commuter affiliates.  
 (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

**Originating Passenger Market Shares.** Originating passengers account for more than half of all passengers enplaned at the Airport. The level of originating passengers is a function of the population, strong local economy, and the service provided by the airlines at the Airport. Since 2002, the United Airlines Group has accounted for approximately 40% of all originating passengers, with increasing shares by Ted and the United Express carriers, as shown in Table 12. The large numbers of originating passengers enplaned by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

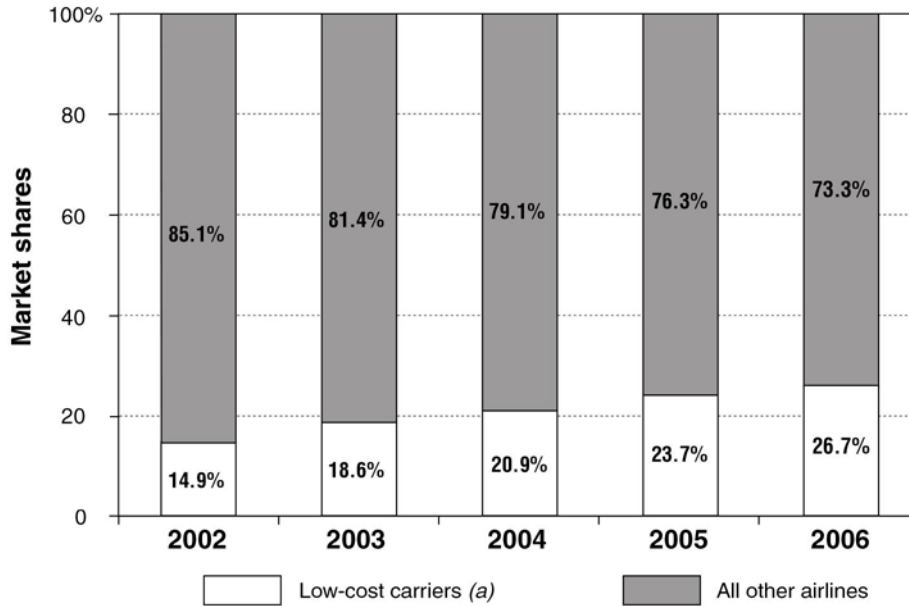
Frontier's share of originating passengers has increased since 2002 with the continued development of its service at the Airport. From 2002 to 2006, Frontier's numbers of originating passengers more than doubled, while its share of originating passengers increased from 13.1% to 21.0%.

**Low-Cost Carrier Market Shares.** A major trend at the Airport since 2001 has been the increased enplaned passenger market share of the low-cost carriers. As shown on Figure 12, the share of passengers enplaned by low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% in 2006. Frontier increased its share of enplaned passengers at the Airport from 10.9% in 2002 to 20.7% in 2006. This trend is similar to the national trend: the national market share of the low-cost carriers increased from 24% in 2002 to 27% in 2006 according to the U.S. Department of Transportation (DOT) T-100 database.

Although the U.S. DOT does not classify Ted as a low-cost carrier, it is marketed by United Airlines as a "low-fare" airline. Adding the market share of enplaned passengers on Ted to the market share of the low-cost carriers shown on Figure 12 would result in a low-cost/low-fare airline market share of about 35.2% in 2006.

Figure 12

**LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS**  
Denver International Airport



(a) Low-cost carriers include:

AirTran Airways

America West Airlines (b)

America West Express (b)

ATA Airlines (terminated service Jan. 2006)

Frontier Airlines

Frontier JetExpress

JetBlue Airways (initiated service January 2001)

Southwest Airlines (initiated service January 2006)

Spirit Airlines (operated between 2002 and 2004)

Vanguard Airlines (terminated service July 2002)

(b) In September 2005, America West Airlines and America West Express merged with US Airways. Data for America West Airlines and America West Express are reported separately from US Airways data and these airlines are considered to be low-cost carriers. Enplaned passengers on US Airways who did not fly on America West Airlines or America West Express are not included in the results shown above.

Source: Airport management records.

DENVER F-006

## Enplaned Passengers

Table 13 summarizes historical enplaned passenger data for the Airport\* organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.9% per year between 1995 and 2006, and increased 4.7% during the first 3 months of 2007 compared with the same period of 2006. The number of originating and connecting passengers increased an average of 3.4% and 4.5%, respectively, between 1995 and 2006. In the first 3 months of 2007, the number of originating passengers increased 7.3% and the number of connecting passengers increased 1.3% compared with the same period of 2006.

\*Includes activity for Stapleton in January and February 1995.

Table 13  
**HISTORICAL ENPLANED PASSENGERS**  
 Denver Airport System

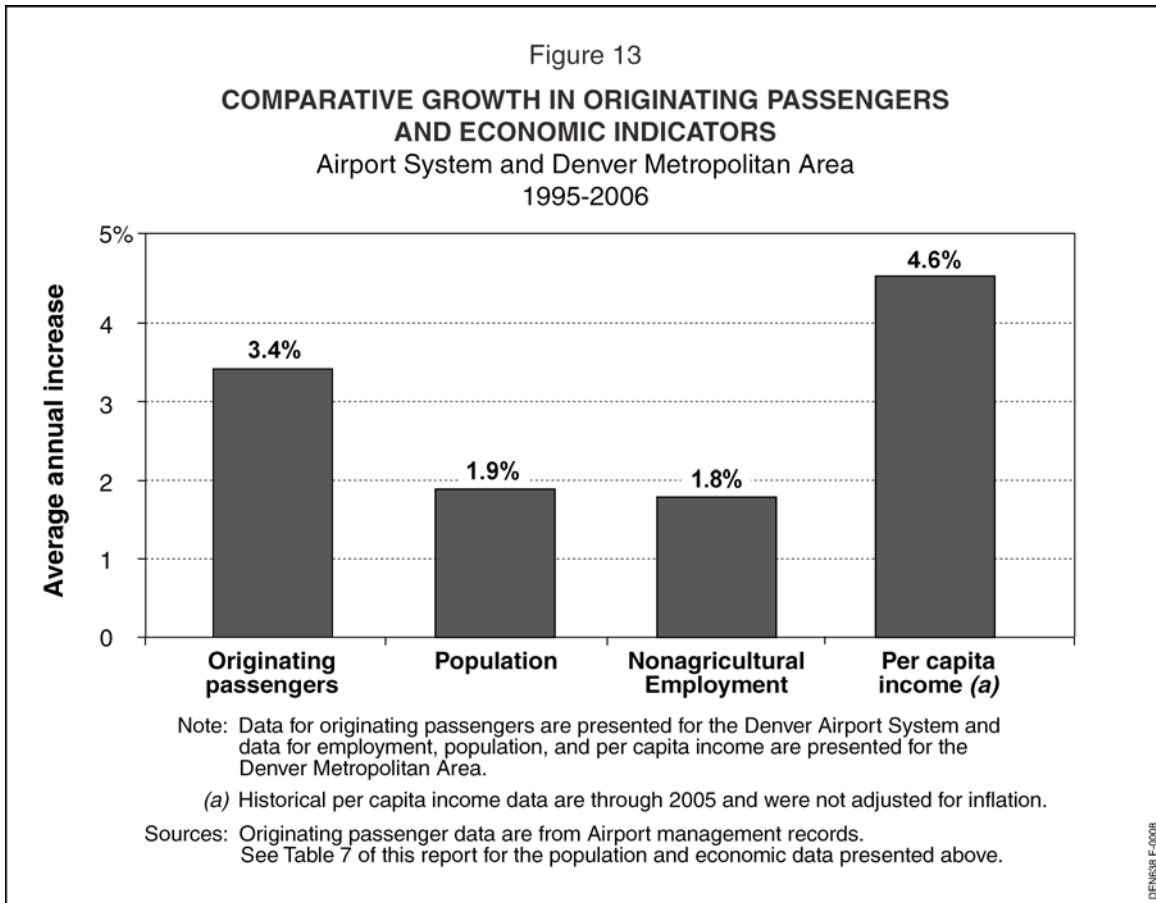
Year	Enplaned passengers			Annual percentage increase (decrease)	Originating passenger share of total
	Originating	Connecting	Total		
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	4.4	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
January – March					
2006	3,203,934	2,365,532	5,569,466	--	57.5
2007	3,437,556	2,395,329	5,832,885	4.7	58.9
Average annual increase					
1995-2000	3.7%	5.5%	4.4%		
2000-2006	3.2	3.6	3.4		
1995-2006	3.4	4.4	3.9		
January – March					
2006-2007	7.3	1.3	4.7		

Source: Airport management records.

### Originating Passengers

The increase in the number of originating passengers\* at the Airport since 1995 has largely resulted from overall population, employment, and income growth in the Denver Metropolitan Area, as discussed in the earlier section “Economic Basis for Passenger Demand.” Figure 13 presents the average annual increase in originating passengers at the Airport compared with the average annual increases in the population, nonagricultural employment, and per capita income in the Denver Metropolitan Area from 1995 through 2006 (per capita income through 2005). Between 1995 and 2006, the number of originating passengers increased an average of 3.4% per year—a higher rate than the average increase in population and

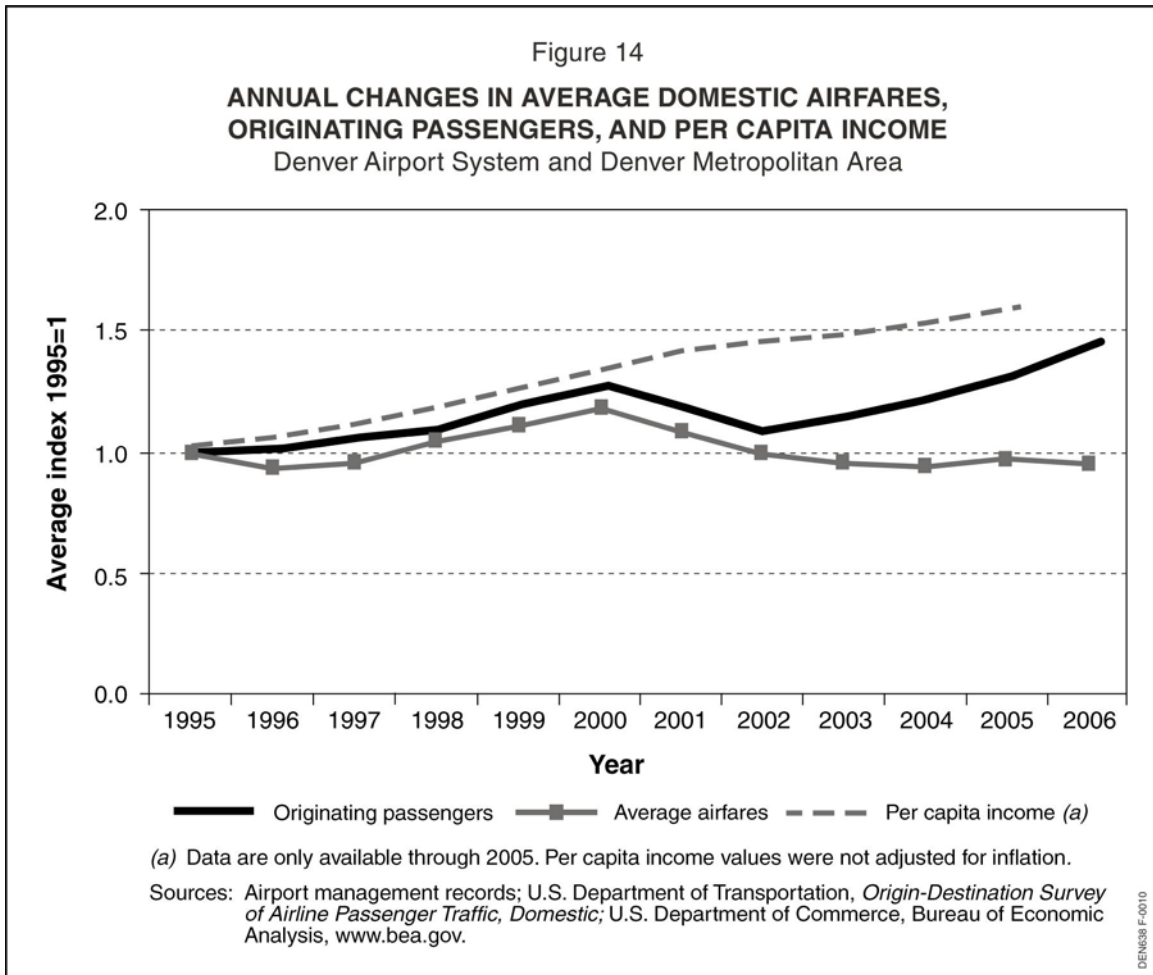
\*Originating passengers, which include residents and visitors, are those enplaned passengers whose flights originate at the Airport, and who are not connecting from another flight.



nonagricultural employment, 1.9% and 1.8%, respectively. The number of originating passengers increased an average of 8.9% per year between 2003 and 2006, which was significantly higher than the average annual increase in the number of originating passengers at the Airport between 1995 and 2006 (3.4%), as a result of, but not solely attributable to, lower airfares.

**Relationship between Originating Passengers, Airfares, and Per Capita Income.** Figure 14 shows the relationship between changes in the number of originating passengers, average domestic airfares, and per capita income between 1995 and 2006, using an index where 1995 equals 1.0 for all data. All dollar amounts in this report, such as per capita income and airfares, are in nominal values and were not adjusted for inflation. Observations on the relationships between originating passengers, airfares, and per capita income are provided below.

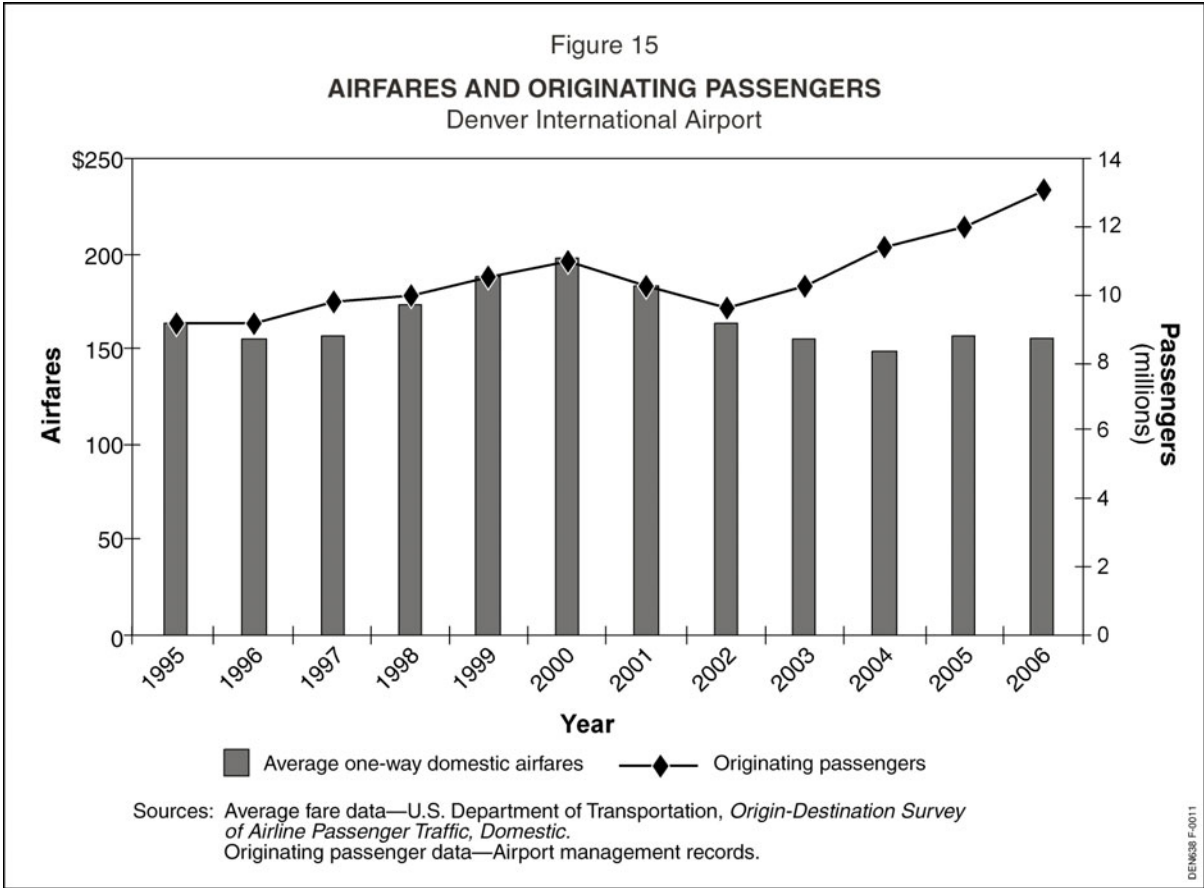
1. Between 1995 and 2000, the number of originating passengers increased in response to strong economic growth reflected in increasing per capita income, notwithstanding increases in average airfares.



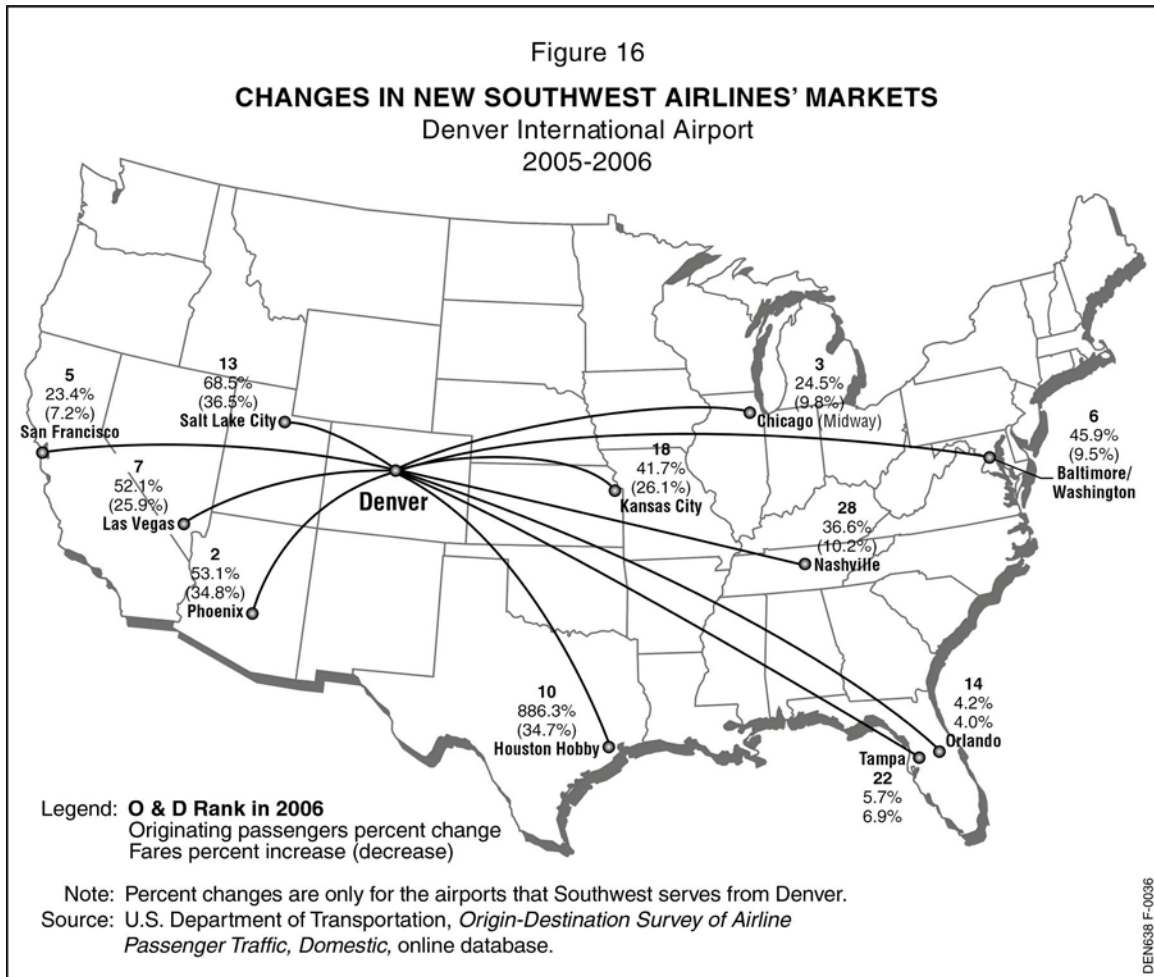
2. Between 2000 and 2002, the numbers of originating passengers decreased in response to the September 2001 terrorist attacks and slower economic growth, while per capita income levels moderated and average airfares decreased.
3. From 2002 to 2006, originating passenger traffic growth resumed, likely the result of the resumption of airline travel following the terrorist attacks in 2001, continued increases in per capita income, albeit at a slower rate, and slight decreases in average airfares.

**Airline Fares and Originating Passengers.** Figure 15 provides a specific comparison of changes in average domestic airfares and numbers of originating passengers at the Airport in 1995 through 2006. As stated earlier, the market share of the low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% (excluding Ted) in 2006, which is one reason for the decrease in airfares at the Airport over that period. In 2005, airline fares at the Airport increased slightly in response to the rising cost of jet fuel. This was followed by another slight decrease in 2006.





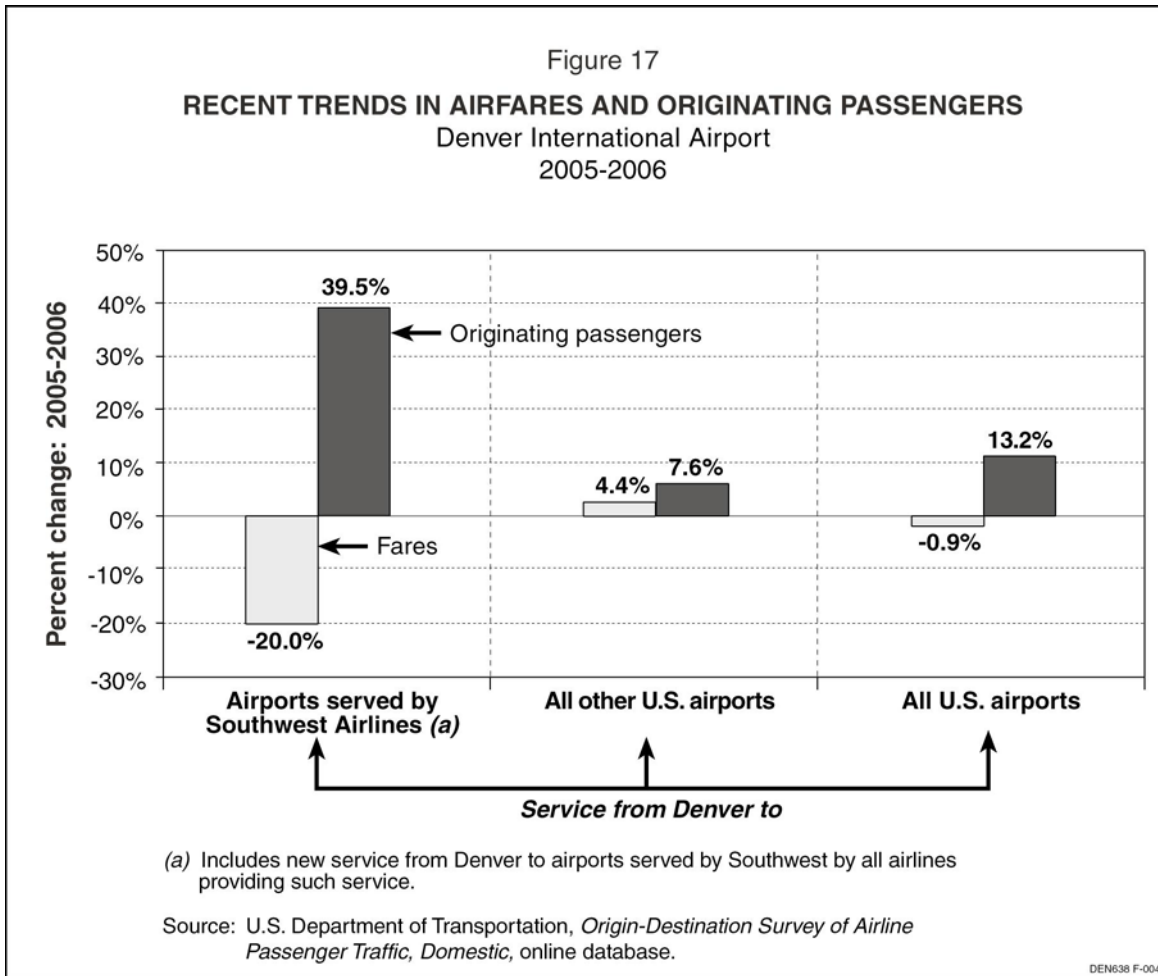
**Southwest Service at Denver.** From 1983 to 1986, Southwest served Stapleton with flights to Albuquerque and Phoenix. In January 2006, 20 years later, Southwest re-established service in Denver, with 13 daily departures from the Airport to 3 cities—Chicago (Midway), Las Vegas, and Phoenix. Since then, Southwest has added nonstop service to 8 additional destinations, for a total of 11 cities served from Denver in June 2007. As shown on Figure 16, the central geographical location of Denver provides Southwest with point-to-point access to all of the 63 airports it serves.



Since Southwest initiated service at the Airport, the number of originating passengers from Denver to the airports served by Southwest has increased 39.5%, as shown on Figure 17. During the first year of Southwest service at Denver, the change in originating passengers at individual airports varied depending on the characteristics of the market served (business or leisure) and the level of competition and service. For example, during the first year of Southwest service, the largest increase in originating passengers from Denver was to Houston (Hobby)—the 10th largest origin-destination (O&D) market (an increase of 886.3%). Prior to the initiation of Southwest service, nonstop service to Houston was provided only to Bush Intercontinental Airport/Houston, where the airfares were significantly higher before Southwest service was initiated in Denver. In contrast, originating passenger traffic from Denver to two predominantly leisure markets—Orlando and Tampa—increased 4.2% and 5.7%, respectively, following the initiation of service at the Airport by Southwest, notwithstanding increases in fares in both markets.

As shown on Figure 17, the initiation of service at the Airport by Southwest in January 2006 had affected fares and numbers of originating passengers at the Airport. The data presented in Figure 17 are from the U.S. Department of Transportation Origin-Destination Survey, a 10% sample of all tickets issued on

scheduled U.S. airlines, and are the only available data on fares and originating passengers by city-pair market. It is important to note that the percent differences in originating passengers on Figure 17 differ from those presented earlier in Table 13, which are based on Airport management records. Between 2005 and 2006, the number of originating passengers from Denver to Southwest airports increased 39.5%, in response to a 20.0% decrease in airfares.



Originating passenger traffic from Denver to all other U.S. airports (not served by Southwest) also increased—by 7.6%—despite a 4.4% increase in fares to those markets; again, this growth reflects the strength of the local economy. According to U.S. DOT data, the number of originating passengers from Denver to all U.S. airports increased 13.2% in 2006, partly in response to an overall decrease of 0.9% in total airline fares, but in large part due to the continued strong economic growth in the Denver Metropolitan Area.

**Origin-Destination Passenger Markets.** Table 14 presents the Airport's top 20 domestic origin-destination passenger markets in 2006. Table 14 also shows the number of average daily nonstop enplaned seats from the Airport to each of the top markets scheduled for August 2007. Of the 85,537 scheduled daily nonstop seats from the Airport, 65.5% are to the top 20 markets listed. U.S. mainland airports scheduled to be served nonstop from the Airport in August 2007 are shown on Figure 18. The Airport serves both (1) a significant number of regional destinations, indicating that it is a successful regional hub serving markets that have strong ties to the Denver Metropolitan Area, and (2) a significant number of major national markets.

**Airline Service to Originating Passenger Markets.** Table 15 presents the percentage shares of average daily scheduled departing seats to the Airport's top 20 origin-destination markets and to all other cities. Given the range in the size of aircraft operating at the Airport, the number of scheduled departing seats is more representative of airline service than the number of scheduled airline aircraft departures.

Frontier serves 19 of the top 20 origin-destination markets (the United Airlines Group serves all 20), with Frontier's largest shares of seats to San Diego, Kansas City, and Salt Lake City (non-United hubs) and the smallest shares to Washington, D.C. (a United hub), New York, and Houston (a Continental Airlines hub). Frontier's route strategy includes the addition of flights to new markets that the airline believes are underserved in Colorado and elsewhere in the Rocky Mountain region with the expansion of its JetExpress operation and the anticipated addition of the Bombardier Q400 turboprop aircraft through its Lynx Aviation subsidiary\*. In 2007, Frontier added service to two new markets not served by any other carrier from Denver—Baton Rouge and Jacksonville. The addition of new markets served by Frontier from Denver is expected to contribute to the airline's traffic growth and to overall growth in numbers of enplaned passengers at the Airport.

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\*Frontier Airlines, Form 10-K, March 31, 2007.

Table 14

**TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE**Denver International Airport  
2006, except as noted

Rank	Origin-destination market	Air miles from Denver	Percent of originating airline passengers	Average scheduled daily nonstop enplaned seats August 2007
1	Los Angeles (a)	862	6.8%	5,506
2	Phoenix	602	5.3	3,291
3	Chicago (b)	888	5.2	4,543
4	New York (c)	1,605	4.9	2,926
5	San Francisco (d)	967	4.8	5,019
6	Washington D.C. (e)	1,452	4.7	3,329
7	Las Vegas	629	4.6	3,178
8	Dallas-Fort Worth (f)	641	3.1	3,340
9	Minneapolis-St. Paul	680	2.8	2,371
10	Houston (g)	861	2.6	2,434
11	Seattle-Tacoma	1,024	2.6	2,397
12	Atlanta	1,199	2.5	2,700
13	Salt Lake City	391	2.3	2,281
14	Orlando	1,545	2.1	1,294
15	Boston	1,754	2.1	1,180
16	San Diego	853	2.1	1,507
17	Miami (h)	1,557	1.9	822
18	Kansas City	532	1.8	2,149
19	Philadelphia	1,552	1.7	1,144
20	Portland	992	1.6	1,808
	Cities listed		65.5%	53,219
	Other cities		34.5	32,318
	All cities		100.0%	85,537

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

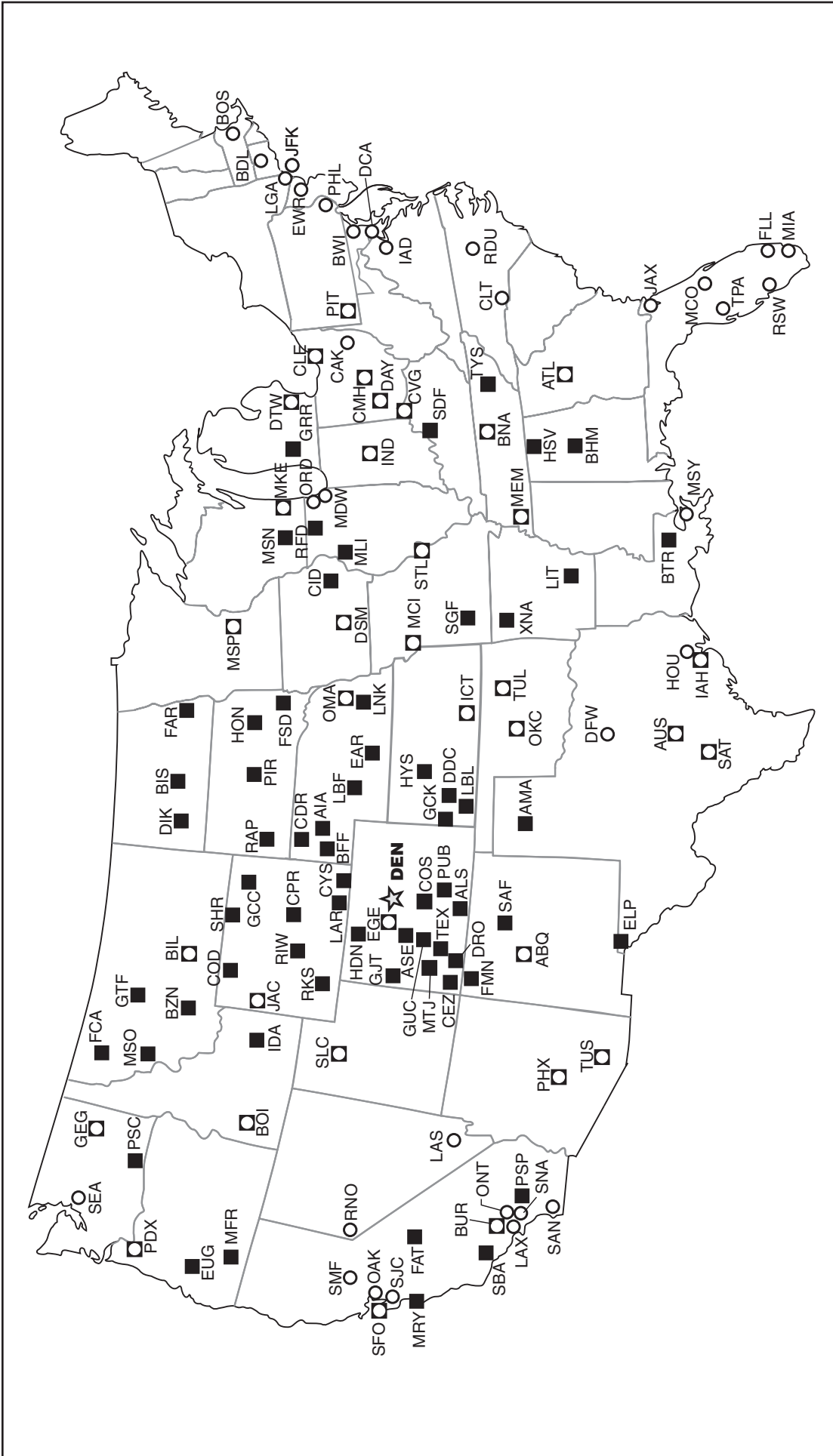
(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for 2006.

Departures: Official Airline Guides, Inc. online database, for August 2007, for domestic destinations.



**LEGEND**

- Air carrier service
- Regional airline service
- Air carrier and regional service

Note: Air carrier service includes all jet service by aircraft with over 90 seats. Destinations listed have at least one scheduled daily departure on the type of aircraft noted.

Source: Official Airline Guides, Inc., online database for August 2007.

Figure 18  
**U.S. MAINLAND AIRPORTS SCHEDULED TO BE SERVED DAILY  
 NONSTOP FROM DENVER INTERNATIONAL AIRPORT, AUGUST 2007**  
 Denver International Airport  
 July 2007



Table 15  
**DAILY DEPARTING SEATS TO THE TOP 20 ORIGIN-DESTINATION PASSENGER MARKETS**  
 Denver International Airport  
 August 2007

		Percent of average scheduled daily seats								
Rank	Origin-destination market	United Airlines Group			Frontier	Frontier		Southwest	Other	Total
		United mainline	Ted	United Express		JetExpress				
1	Los Angeles ( <i>a</i> )	48.4%	12.5%	3.4%	25.0%	--%	--%	10.8%	100.0%	
2	Phoenix	--	31.8	--	22.4	--	23.1	22.7	100.0	
3	Chicago ( <i>b</i> )	48.0	--	--	16.7	--	16.5	18.8	100.0	
4	New York ( <i>c</i> )	50.0	--	--	13.3	--	--	36.7	100.0	
5	San Francisco ( <i>d</i> )	61.2	--	--	26.0	0.6	12.2	--	100.0	
6	Washington, D.C. ( <i>e</i> )	75.6	--	--	12.4	--	12.0	--	100.0	
7	Las Vegas	--	41.0	--	28.6	--	29.3	1.1	100.0	
8	Dallas-Fort Worth ( <i>f</i> )	24.3	--	--	25.4	--	--	50.3	100.0	
9	Minneapolis-St. Paul	26.2	--	3.2	24.1	--	--	46.5	100.0	
10	Houston ( <i>g</i> )	13.6	--	5.7	14.2	--	15.4	51.0	100.0	
11	Seattle-Tacoma	48.8	--	--	24.7	--	--	26.5	100.0	
12	Atlanta	4.5	--	4.8	19.9	--	--	70.8	100.0	
13	Salt Lake City	15.6	--	7.3	33.4	--	21.6	22.1	100.0	
14	Orlando	--	58.7	--	21.3	--	20.0	--	100.0	
15	Boston	87.2	--	--	--	--	--	12.8	100.0	
16	San Diego	51.5	--	--	48.5	--	--	--	100.0	
17	Miami ( <i>h</i> )	--	65.1	--	16.4	--	--	18.4	100.0	
18	Kansas City	33.5	--	5.2	35.5	--	25.9	--	100.0	
19	Philadelphia	36.3	--	--	23.1	--	--	40.6	100.0	
20	Portland	50.0	--	--	31.2	--	--	18.8	100.0	
	Cities listed	36.1%	8.1%	1.5%	23.1%	0.1%	9.6%	21.6%	100.0%	
	All cities	31.4%	6.7%	12.4%	21.1%	2.6%	6.0%	19.9%	100.0%	

Note: Rows may not add to totals shown because of rounding.

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Source: Official Airline Guides, Inc., online database, for August 2007.

Between January 2006 and August 2007, Southwest added service from Denver to 11 cities—2 markets are Frontier’s largest markets at the Airport, as mentioned above (Kansas City and Salt Lake City), 3 are existing Ted markets also served by Frontier and are large leisure markets where Southwest has a significant presence (Las Vegas, Phoenix, and Orlando), 4 are multi-airport markets where Southwest has a significant presence at a secondary airport (Chicago, San Francisco, Washington, D.C., and Houston), and the remaining 2 markets—Tampa and Nashville—are not in the Airport’s top 20 markets, but are also served by Frontier and United. Southwest recently announced plans to add service from Denver to five new markets during the fourth quarter of 2007—Albuquerque, Amarillo, Austin, Oklahoma City, and Seattle-Tacoma.\* The addition of new service by Southwest from Denver to an increasing number of the airports in its system is expected to contribute to continued growth in passenger traffic at the Airport.

As shown in Table 15, the United Airlines Group is scheduled to provide 45.7% of all scheduled departing seats to the Airport’s top 20 destinations, including 36.1% on United mainline, 8.1% on Ted, and 1.5% on United Express affiliates. Frontier Airlines (including Frontier JetExpress) and Southwest Airlines are scheduled to provide 23.2% and 9.6%, respectively, of all scheduled departing seats to the Airport’s top 20 destinations in August 2007.

United Airlines Group serves each of the top 20 destinations shown in Table 15, while Frontier and Southwest serve 19 and 9 destinations, respectively. Not surprisingly, the United Airlines Group accounts for the largest share of seats to its hubs — Washington, D.C.; Chicago, Los Angeles, and San Francisco—as well as to long-haul destinations with no or little service by Frontier or Southwest—Boston, Miami, and New York.

### **Connecting Passengers**

As shown earlier in Table 13, from 1995 to 2006, the number of connecting passengers at the Airport increased an average of 4.5% per year, with faster growth during the first 5 years of that period (5.5%). The number of connecting passengers at the Airport increased at a slower rate between 2000 and 2006—an average of 3.6% per year—but faster than in the nation (1.4%) during this period. (See earlier discussion under “Airport Role” for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.)

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\*Southwest Airlines press release dated June 27, 2007. This press release included Southwest’s system plans to reduce the growth in available seat miles during the fourth quarter of 2007 and 2008 (reduced to 6% from 8%) and to add 19 new aircraft to its fleet in 2008 (reduced from an earlier plan to add 34).



## AIR CARGO ACTIVITY

Table 16 presents data on enplaned cargo at the Airport in 1996 and in 2000 through the first 3 months of 2007. Enplaned air cargo at the Airport accounted for about 45% of total cargo (enplaned plus deplaned) weight in 2006. Enplaned cargo weight increased an average of 4.8% per year between 1996 and 2000, but has decreased each year since 2000, for reasons discussed below. During the first 3 months of 2007, total enplaned cargo weight decreased 16.2% compared with the same period of 2006.

Table 16  
**HISTORICAL ENPLANED CARGO**  
Denver International Airport  
(tons)

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo (a)
1996	68,746	134,918	203,664	--%	52.2%
2000	85,902	159,769	245,671	4.8	56.4
2001	53,421(b)	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,896	163,440	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
January – March					
2006	5,026	33,502	38,528	--%	69.8
2007	1,028	31,241	32,269	(16.2)	78.5
<u>Annual average increase (decrease)</u>					
1996-2000	5.7%	4.3%	4.8%		
2000-2006	(28.9)	(3.5)	(8.9)		
1996-2006	(16.7)	(0.4)	(3.7)		
January – March					
2006-2007	(79.5)	(3.8)	(16.2)		

(a) Includes enplaned and deplaned cargo.

(b) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.

Source: Airport management records.

The decreases in cargo at the Airport in recent years are related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airlines as a result of increases in the use of regional jet aircraft and low-cost carrier operations which have less cargo capacity than larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, and (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity.

The decreases in enplaned cargo at the Airport since 2000 also reflect the reorganization and consolidation in the cargo industry over the past several years. As the transportation industry faces increased pricing pressures, many of the larger companies are strengthening their market position and ability to respond to shipping demands through acquisitions and internal restructuring and downsizing. For example, FedEx has been very active in developing integrated branding of its various service offerings. FedEx now offers multiple products, including express, ground, freight, and the recently announced nationwide less-than-a-truckload service. Much of this corporate restructuring has resulted in slower growth nationally in the air freight and express market as a greater percentage of FedEx's cargo is being transported by trucks. Similarly, UPS has been actively increasing its supply chain solutions second and third day service and its ground service.

The Denver region's manufacturing sector, which is directly associated with the use and production of air eligible commodities, has experienced a decline in total employees over the past several years. Total manufacturing sector employment in the Denver Metropolitan Area decreased from almost 113,000 employees in 1999 to 91,000 employees in 2006. Within the manufacturing sector, the computer and high-technology industries contributed to the decline in numbers of employees. The decline in manufacturing output also contributed, to some degree, to the decreases in the Airport cargo totals.

The freight forwarders are always attracted to large sources of (reduced cost) belly capacity at major international gateways. The increased use of regional jet aircraft and the increase in low-cost airline service which have less cargo capacity than larger air carrier aircraft at many airports—including Denver International Airport—has resulted in the freight forwarders increasing cargo consolidations at major gateways, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports.

## **KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC**

Besides the development of the economy of the Denver Metropolitan Area, discussed earlier, key factors that affect will airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

### **Economic and Political Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger traffic during those years. Future increases in passenger traffic will depend largely on the ability of the nation to sustain growth in economic output and income.

With the globalization of business and the increased importance of international trade, U.S. economic growth has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, currency exchange rates, trade balances, political relationships, public health concerns, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases in both domestic and international passenger traffic will depend on stable international conditions and global economic growth.

### **Aviation Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of airline travel and the switching from air to surface modes for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against attacks and maintain confidence in the safety of airline

travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, the increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks, hijackings, aircraft crashes, and international hostilities. Provided that intensified security precautions serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not security, factors.

### **Financial Health of the Airline Industry**

Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United Airlines, to make the necessary investments to increase service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. These losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, high fuel and other operating costs, and intense price competition, the industry has since experienced huge financial losses. In 2001 through 2005, the major U.S. airlines collectively recorded net losses of over \$38 billion.

To mitigate these losses, all the major network airlines have restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the threat of such. As discussed below, in December 2002, United Airlines filed for bankruptcy protection (emerged February 2006). US Airways filed twice for bankruptcy protection, in 2002 and 2004. In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In February 2005, Delta Air Lines eliminated its Dallas/Fort Worth hub and restructured its other airport operations. In September 2005, both Delta and Northwest Airlines filed for bankruptcy protection. (Delta emerged in April 2007 and Northwest emerged in May 2007.) Among the smaller airlines, Hawaiian Airlines filed for bankruptcy

protection in March 2003 (emerged June 2005), ATA Airlines in October 2004 (emerged March 2006), Aloha Airlines in December 2004 (emerged February 2006), and Independence Air in November 2005 (ceased operations January 2006).

Future losses could force airlines to retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring or liquidation of one or more of the large network airlines could significantly affect service at connecting hub airports, present business opportunities for the remaining airlines, and change travel patterns throughout the U.S. aviation system.

United Airlines emerged from bankruptcy with \$3 billion in exit financing in February 2006. During the restructuring process, United reduced capacity by ending unprofitable routes and restructuring its fleet, renegotiated its contracts with United Express carriers to reduce rates, eliminated 26,000 jobs, ended employee pensions, and gained pay and work rule concessions from remaining employees in order to cut expenses by \$7 billion. While in bankruptcy, United developed a low-fare unit (Ted) and premium transcontinental service, and expanded its enhanced economy class to some flights operated by United Express. While United's business plan includes the purchase of new aircraft through 2011, it has recently increased capacity under an initiative to use its current aircraft fleet more efficiently. This initiative involves shortening aircraft turnaround times and further depeaking operations at its hub airports.

### **Airline Service and Routes**

The Airport serves both as a gateway to the Denver Metropolitan Area and as an airline connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport.

Most major airlines have developed nationwide systems of hubs that allow the airlines to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports.

Denver International Airport is the primary air carrier airport for the Rocky Mountain region, and a connecting hub. Prior to 1995 when the Airport opened, United and Continental operated a "dual-hub" for many years at Stapleton International Airport, the former air carrier airport serving the Denver Metropolitan Area. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in

terms of numbers of enplaned passengers. In 2006, the United Airlines Group accounted for approximately 76% of total connecting passengers at the Airport. Frontier Airlines and Frontier JetExpress also use the Airport as a connecting hub, accounting for approximately 20% of total connecting passengers in 2006. The Airport is the busiest airport in Frontier's route network.

### **Airline Competition and Airfares**

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are alternatives and for price-sensitive "discretionary" travel. Airfares are influenced by labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; debt burden; passenger demand; capacity and yield management; market presence; and competitive factors. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

Overcapacity in the industry, the ability of consumers to book flights easily via the Internet, and other competitive factors combined to reduce airfares nationwide between 2000 and 2005. In 2005, the average domestic yield for the major U.S. airlines was 11.7 cents per passenger-mile, compared with 14.5 cents in 2000. In 2006, the average domestic yield increased to 12.8 cents per passenger mile as airlines reduced capacity and were able to sustain fare increases.

Industry analysts have questioned the sustainability of the historical "revenue model" of the legacy network airlines, which involved charging uneconomically low discount fares to some travelers and high "walk-up" fares to others. The network airlines have recently simplified their fare structures. Widespread adoption of simplified fare structures, along with controls on airline seat capacity, is seen as keys to the industry regaining and sustaining profitability.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, America West Airlines, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

### **Airline Consolidation and Alliances**

In response to competitive and financial pressures, some airlines have sought to consolidate. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. DOT because of concerns about reduced airline competition. As previously discussed, in September 2005, US Airways and America

West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but the merger was rejected by Delta's management and creditors. Any future mergers could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances provide airlines with many of the advantages of mergers. Such alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. In May 2004, US Airways joined the United-led Star alliance. In September 2004, Continental and Northwest joined the Delta-led SkyTeam alliance.

### **Availability and Price of Aviation Fuel**

There has been no shortage of aviation fuel since the early 1970s, but the price of aviation fuel continues to be an important and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability. The invasion and occupation of Iraq, political unrest in other oil-producing countries, and other factors influencing the demand for and supply of oil caused aviation fuel prices to increase sharply beginning in 2003. In December 2006, average fuel prices were more than double what they were in December 2003. High fuel prices have been a major contributor to recent airline industry losses. While fuel prices have not affected the ability of airlines to provide service, future high prices will affect airline service, airfares, and passenger numbers.

### **Capacity of the National Air Traffic Control System**

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and enhancing the use of runways through improved air navigation aids. Air traffic delays have decreased as a result of the reduction in aircraft operations since 2001. However, as demand exceeds 2001 levels, flight delays and restrictions are again likely.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The existing six-runway layout at the Airport provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

## **AIRLINE TRAFFIC FORECASTS**

### **Assumptions**

The forecasts of airline traffic at the Airport were developed taking into account analyses of (1) historical long-term trends in passenger traffic at the Airport, (2) recent trends in monthly passenger traffic at the Airport, (3) historical and projected economic indicators for the Denver Metropolitan Area, and (4) forecasts developed by the FAA.

In developing the forecasts, it was assumed that airline traffic at the Airport will increase as a function of growth in the population and economy of the Denver Metropolitan Area, continued airline competition, and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth, among other things.

**Originating Passengers.** Specifically, the forecast of originating passengers at the Airport through 2013 is based on the following assumptions:

1. Global economic growth will sustain future increases in domestic and international passenger traffic, and the general economy of the Denver Metropolitan Area will continue to increase faster over the long term than that of the United States as a whole, consistent with the growth rates in key economic indicators presented in the earlier section "Economic Basis for Passenger Demand."
2. No major act of terrorism or war will materially affect airline travel in the United States during the forecast period.
3. The national economy will experience sustained growth averaging between 1.5% and 1.9% per year, measured in terms of nonagricultural employment and per capita income, respectively.
4. Low-fare airline service will continue to be developed at the Airport and is expected to promote competition among airlines and ensure the continued availability of competitive airfares comparable to those now available.
5. Current and future fluctuations in fuel prices will not affect the ability of the airlines to serve the Airport or offer competitive airline fares.
6. The national air traffic control system will have sufficient capacity to accommodate airline traffic through the forecast period.
7. The City will develop the Airport generally in accordance with its Capital Program, as discussed in the later section "Airport Capital Program." The



existing and planned Airport facilities will be sufficient to accommodate airline traffic demand through the forecast period.

The number of originating passengers at the Airport is estimated to increase 5.2% in 2007, which incorporates the 7.3% growth in the first 3 months of 2007 compared with the same period of 2006. The 1.6% forecast growth rate for originating passengers between 2007 and 2013 is similar to the projected growth rates in the economic indicators for the Denver Metropolitan Area and reflects the continued growth in per capita and disposable income, which drives passenger demand and the propensity for airline travel.

**Connecting Passengers.** Many of the above assumptions underlying the forecast of originating passengers regarding, among other things, economic recovery, acts of terrorism, and fluctuating fuel prices also apply to the forecast of connecting passengers at the Airport. More specifically, it was assumed that:

1. The Airport will remain a system hub for United Airlines, based on:
  - a. United's indications during its Chapter 11 restructuring process that its business plan continues to include the use of connecting hub airports, and the Airport's performance and importance relative to other connecting hub airports in United's system.
  - b. United's agreement under the 2005-2 Amendment to enplane certain numbers of revenue-connecting passengers at the Airport through 2025, when its Airport use and lease agreement is scheduled to expire. As discussed more fully below, it was assumed that United would achieve its revenue-connecting passenger targets under the 2005-2 Amendment during the forecast period.
  - c. Denver's geographic advantage as a connecting hub for nationwide east-west traffic.
  - d. The expected growth in the origin-destination market in the Denver Metropolitan Area, which serves as a foundation for the viability of connecting hub operations.
  - e. The facilities at and capabilities of the Airport.
2. Frontier Airlines will continue to use the Airport as its main hub, and continue to develop connecting passenger activity.
3. Improved national economic conditions and improvements in airline industry profitability over the long term will enable the major airlines, particularly United, to add the capacity required to meet nationwide demand.

4. United will continue to develop strategies to optimize revenue performance, such as its 2007 reduction in domestic capacity to address slow revenue growth in the domestic market, and these strategies will not materially affect the role of the Airport as a United system hub.

The number of connecting passengers at the Airport is estimated to increase 2.3% in 2007, which takes into account a 1.2% increase through the first 3 months of 2007, compared with the same period of 2006. From 2007 to 2013, the number of connecting passengers is forecast to increase an average of 2.0% per year.

Under the 2005-2 Amendment, the United Airlines Group has agreed to enplane no fewer than the following numbers of revenue connecting passengers at the Airport: (a) 7,500,000 in 2006, (b) 7,600,000 in 2007, and (c) 7,700,000 in 2008 through 2011. In 2006, the United Airlines Group enplaned approximately 7,604,794 *revenue-plus nonrevenue* passenger data presented in Table 17.

Also under the 2005-2 Amendment, United has agreed that the City will decrease certain cost reduction goals benefiting United if United does not achieve the targeted numbers of revenue-connecting passengers discussed above. The number of connecting passengers at any airport is a function of the route strategy and network of an airline and, therefore, it was assumed that United would meet its targeted connecting passenger goals at the Airport rather than increase the rentals, fees, and charges it pays at the Airport. The 2005-2 Amendment is discussed more fully in the "Financial Analysis" section of this report.

## **Enplaned Passengers**

Table 17 and Figure 19 present historical and forecast numbers of enplaned passengers (originating and connecting) at the Airport through 2013. The total number of enplaned passengers at the Airport is estimated to increase 4.0% in 2007 and forecast to increase 3.0% in 2008. From 2007 through 2013, the total number of enplaned passengers is forecast to increase an average of 1.7% per year, slower than the long-term trend (3.9% per year from 1995 through 2005) at the Airport. In 2013, enplaned passengers are forecast to number 27.3 million, which is approximately 6.0% lower than the 29.0 million enplaned passengers forecast for the Airport by the FAA\* in the same year.

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\*Federal Aviation Administration, *Terminal Area Forecast*, February 2006, for years ending September 30.

Table 17

**AIRLINE TRAFFIC FORECASTS**  
Denver International Airport  
2005-2013

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated	Forecast					
	2005	2006	2007 (a)	2008	2009	2010	2011	2012	2013
<b>Enplaned passengers</b>									
United Airlines	7,774,627	8,364,574	8,460,000	8,544,000	8,630,000	8,717,000	8,803,000	8,891,000	8,980,000
Ted	1,689,891	2,011,441	1,995,000	2,035,000	2,057,000	2,068,000	2,129,000	2,186,000	2,253,000
United Express	<u>2,776,020</u>	<u>2,971,301</u>	<u>3,040,000</u>	<u>3,133,000</u>	<u>3,206,000</u>	<u>3,287,000</u>	<u>3,335,000</u>	<u>3,398,000</u>	<u>3,454,000</u>
Subtotal United Airlines Group	12,240,538	13,347,316	13,495,000	13,712,000	13,893,000	14,072,000	14,267,000	14,475,000	14,687,000
Frontier Airlines (a)	4,217,059	4,904,231	5,228,000	5,556,000	5,812,000	5,874,000	5,917,000	5,969,000	5,985,000
Southwest Airlines	--	789,637	1,283,000	1,514,000	1,687,000	1,867,000	2,053,000	2,156,000	2,177,000
Other	<u>5,244,378</u>	<u>4,624,128</u>	<u>4,596,000</u>	<u>4,569,000</u>	<u>4,544,000</u>	<u>4,519,000</u>	<u>4,493,000</u>	<u>4,468,000</u>	<u>4,444,000</u>
Total enplaned passengers	21,701,975	23,665,312	24,602,000	25,351,000	25,936,000	26,332,000	26,730,000	27,068,000	27,293,000
Annual percent increase	--%	9.0%	4.0%	3.0%	2.3%	1.5%	1.5%	1.3%	0.8%
Originating passengers	11,983,822	13,249,286	13,942,000	14,274,000	14,647,000	14,879,000	15,100,000	15,237,000	15,320,000
Connecting passengers	9,718,153	10,416,026	10,660,000	11,077,000	11,289,000	11,453,000	11,630,000	11,831,000	11,973,000
Percent originating	55.2%	56.0%	56.7%	56.3%	56.5%	56.5%	56.5%	56.3%	56.1%
Percent connecting	44.8%	44.0%	43.3%	43.7%	43.5%	43.5%	43.5%	43.7%	43.9%
<b>Landed weight (1,000-pound units)</b>									
Passenger airlines									
United Airlines	10,389,189	11,169,430	11,050,000	11,040,000	11,032,000	11,024,000	11,012,000	11,104,000	10,996,000
Ted	1,864,653	2,194,778	2,153,000	2,195,000	2,218,000	2,207,000	2,247,000	2,283,000	2,329,000
United Express	<u>3,281,516</u>	<u>3,511,893</u>	<u>3,479,000</u>	<u>3,471,000</u>	<u>3,441,000</u>	<u>3,418,000</u>	<u>3,360,000</u>	<u>3,354,000</u>	<u>3,342,000</u>
Subtotal United Airlines	15,535,358	16,876,101	16,682,000	16,706,000	16,691,000	16,649,000	16,619,000	16,641,000	16,667,000
Group									
Frontier Airlines (b)	5,838,256	6,704,459	6,975,000	7,286,000	7,504,000	7,483,000	7,436,000	7,418,000	7,351,000
Southwest Airlines	--	1,057,726	1,662,000	1,961,000	2,185,000	2,394,000	2,606,000	2,709,000	2,709,000
Other	<u>6,734,238</u>	<u>5,779,438</u>	<u>5,615,000</u>	<u>5,478,000</u>	<u>5,347,000</u>	<u>5,237,000</u>	<u>5,142,000</u>	<u>5,058,000</u>	<u>4,975,000</u>
Total passenger airlines	28,107,852	30,417,724	30,934,000	31,431,000	31,727,000	31,763,000	31,803,000	31,826,000	31,702,000
All-cargo airlines	<u>1,541,253</u>	<u>1,429,777</u>	<u>1,456,000</u>	<u>1,470,000</u>	<u>1,483,000</u>	<u>1,511,000</u>	<u>1,539,000</u>	<u>1,553,000</u>	<u>1,580,000</u>
Total landed weight	29,649,105	31,847,501	32,390,000	32,901,000	33,210,000	33,274,000	33,342,000	33,379,000	33,282,000
Annual percent increase (decrease)	--%	7.4%	1.7%	1.6%	0.9%	0.2%	0.2%	0.1%	(0.3%)

(a) Estimated on the basis of 3 months of actual data.

(b) Includes Frontier JetExpress.

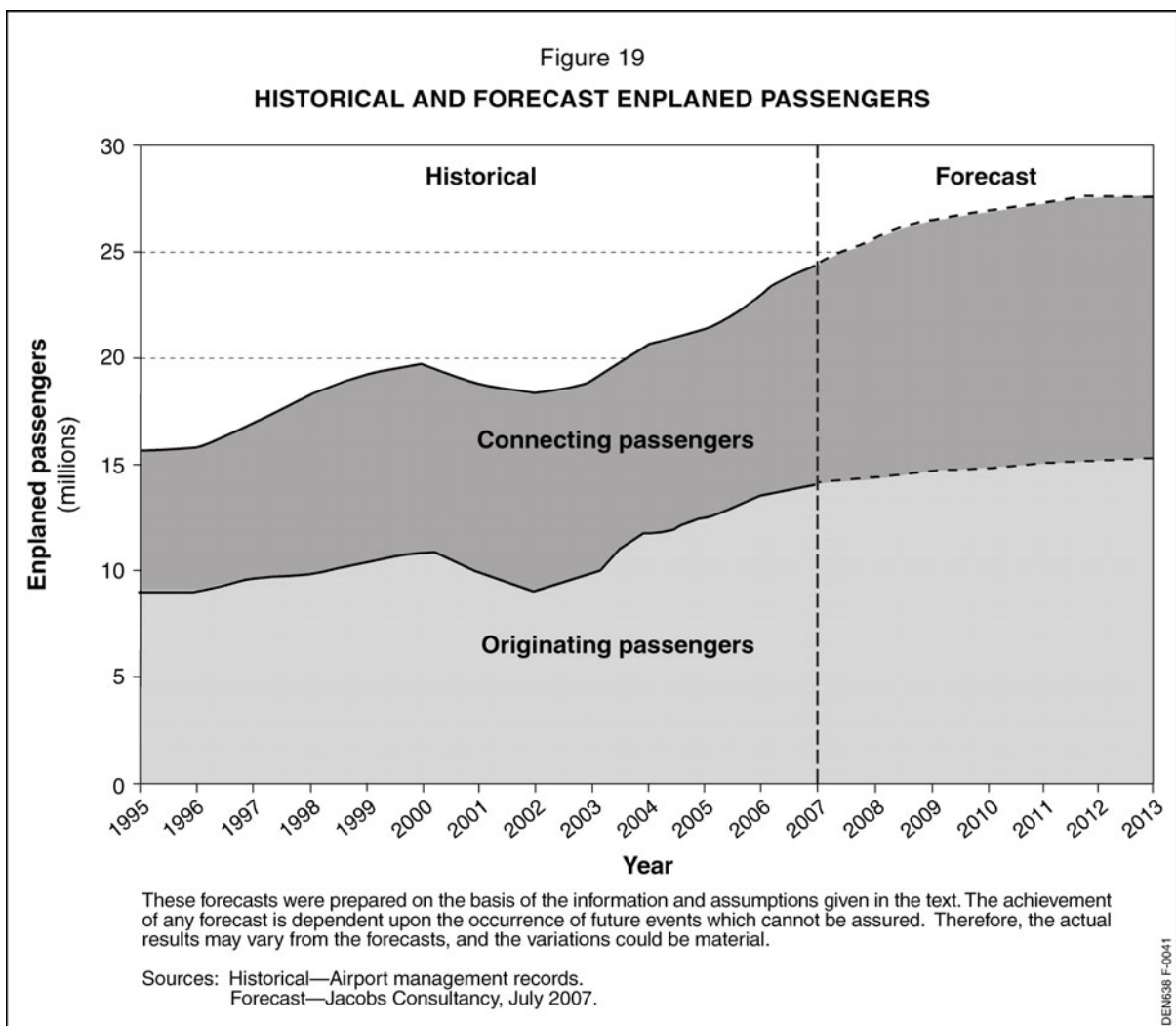
Sources: Historical: Airport management records.

Estimated and forecast: Jacobs Consultancy, July 2007.

## Aircraft Landed Weight

Table 17 also presents aircraft landed weight at the Airport for 2005 through 2013. Total landed weight at the Airport is estimated to increase 1.7% in 2007 and forecast to increase 1.6% in 2008, from about 31.8 billion pounds in 2006 to an estimated 32.4 billion pounds in 2007, and to a forecast 32.9 billion pounds in 2008. Total landed weight is then forecast to increase to about 33.3 billion pounds in 2013, reflecting an average annual growth rate of 0.5% from 2007 through 2013.

The forecast of landed weight was derived from the forecast of passenger demand (discussed earlier), considering trends in average aircraft weight as well as assumed growth in all-cargo airline aircraft operations.



## FINANCIAL ANALYSIS

### FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

#### General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, fees, and charges for use of the Airport and its facilities
- Paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other costs, as discussed later

Under Section 704B of the General Bond Ordinance, the 2007A-B and 2007D-E Bonds are considered "additional Bonds," and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to the issuance of such Bonds. The City retained Jacobs Consultancy as its Airport Consultant, and our financial forecasts prepared for the additional Bonds test were based, in part, on the assumptions underlying the financial forecasts presented in this report. A separate certificate documenting compliance with the additional Bonds test for the 2007A-B Bonds has been provided to the City. The additional Bonds test for the 2007D-E Bonds is to be calculated and a certificate of compliance provided to the City before the 2007D-E are issued, which is expected to occur after the issuance of the 2007A-B Bonds.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (a) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (b) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This

provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

Based on unaudited data for the first 3 months of 2007, the City had accumulated an estimated balance of approximately \$67.1 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts.

### **Airport Use and Lease Agreements**

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculation and recalculation of rentals, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of \$40.0 million, and after all other requirements are satisfied, are to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account, as illustrated later on Figure 22.
- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

**United's Airport Use and Lease Agreement.** As discussed earlier, United Airlines enplanes the largest share of passengers and is the largest lessee of space and facilities at the Airport under a use and lease agreement that expires in 2025. The following sections summarize certain elements of the Airport use and lease

agreement with United that were considered in developing the financial forecasts presented in this report.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds \$20 (in 1990 dollars) in any given year. In calculating the cost per enplaned passenger, the denominator is to be no smaller than the number of United's enplaned revenue passengers in 1989, which was about 6.0 million. United's cost per enplaned revenue passenger at the Airport is not expected to exceed \$20 during the forecast period, as shown in Exhibit E (all financial exhibits are presented at the end of this report).

In February 2006, United emerged from Chapter 11 bankruptcy protection, at which time it assumed its use and lease agreement and a series of other agreements, as amended, at Denver International Airport, to provide for the following, among other things:

1. ***Capital Program implementation.*** The first phase of an improved regional jet facility and nine loading bridges on the east side of Concourse B became operational on April 24, 2007, and certain baggage system improvements in the Landside Terminal were substantially completed as of June 30, 2006.
2. ***Rentals, fees, and charges cost reductions for all airlines.\**** Airline rentals, fees, and charges are to be reduced on a net basis up to an aggregate annual amount of \$4 million over a 4-year period, 2007 through 2010. In addition, the City is to further reduce airline rentals, fees, and charges on a net basis, up to an aggregate amount of \$50 million from 2007 through 2010 according to a scale based on the Net Revenues available for revenue sharing each year.
3. ***Rentals, fees, and charges cost reductions for United.\**** The City is to reduce United's rentals, fees, and charges associated with the automated baggage system (ABS) by (a) \$18.5 million in 2007 and (b) \$21.0 million in each year from 2008 through 2025, the final year of United's current Airport use and lease agreement.

The City intends to achieve these cost reduction goals by (a) reallocating to other Airport cost centers a portion of the Bond principal associated with the Concourse B ABS (the debt service of which is paid by United through rentals, fees, and charges), (b) continuing to defease a portion of the Concourse B ABS Bond principal allocated to the Concourse B ABS using revenues generated from \$1.50 of the \$4.50 PFC levied at the Airport, and (c) the City's share of Net Revenues during the forecast period.

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\*Cost reduction goals for 2004 through 2006 were met by the City and are not described in this report.

As part of the cost reductions, United has surrendered and released to the City its six Concourse A gates and associated holdroom, apron level, and other space. An amendment to Frontier Airlines' Airport use and lease agreement, which includes these six Concourse A gates, is pending.

For purposes of this report, it was assumed that the City would meet its cost reduction goals during the forecast period through a combination of the following sources of funds and subject to the provisions of the amendments to the Airport use and lease agreement with United:

- Interest savings from the following refundings, which would be used to pay the reallocated debt service on Bonds associated with the ABS:  
(a) the 1994 Bonds with the 2004 Bonds, (b) the 1995 Bonds with the 2005 Bonds, and (c) the 1996 Bonds with the 2006 Bonds.
- Revenues from the \$1.50 portion of the \$4.50 PFC to defease approximately \$60.0 million in remaining principal outstanding of Bonds associated with the Concourse B ABS.
- The City's share of Net Revenues to defease approximately \$66.8 million in remaining principal outstanding of Bonds associated with the Concourse B ABS, and to fund, as necessary, any of the cost reduction goals that are not funded from interest savings or revenues from \$1.50 of the \$4.50 PFC.

Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

4. ***United revenue-connecting-passenger targets.*** The United Airlines Group is to enplane no fewer than the following numbers of revenue-connecting passengers at the Airport: (a) 7,600,000 in 2007 and (b) 7,700,000 in each year, 2008 through 2025. As mentioned earlier, the United Airlines Group enplaned 7,886,244 revenue-connecting-passengers in 2006, which met its 2006 revenue-connecting-passenger target of 7,500,000 in that year. United's failure to reach such targeted levels would not constitute a default under its use and lease agreement, but would allow the City to decrease certain cost reduction goals that would accrue to United directly by \$6.00 for each revenue-connecting-passenger below the targeted level, provided that the total reduction does not exceed the cost reduction in the same year. In the financial forecasts presented in this report, it was assumed that United Airlines Group would meet or exceed its revenue-connecting-passenger targets and, as such, the City would not reduce any of the aforementioned cost reduction goals.



The rentals, fees, and charges cost reductions for all airlines are to cease if (1) the City is unable to meet its annual irrevocable commitment to pay Debt Service Requirements with PFC revenues under the General Bond Ordinance or (2) regulatory or other legal actions prohibit the cost reductions.

In addition, the cost reductions may be decreased if Airport management (1) determines in good faith that a deficiency exists in any of its required fund balances under the General Bond Ordinance, (2) receives an official written communication from any bond rating agency that a downgrade of the Airport's credit rating is likely unless the City's rentals, fees, and charges cost reduction contribution is decreased, (3) determines in good faith that operating cash balances are insufficient and the cost reduction contributions would jeopardize the ongoing operation of the Airport, or (4) the deposit to the Capital Improvement Account is not sufficient to make the final \$1.5 million payment to the Stapleton Development Corporation in 2007.

If any one of the events described above occurs and is successfully resolved by the City, the rentals, fees, and charges reductions would be reinstated in the calendar year following the successful resolution of the event, and the City would increase the reductions to provide United and other airlines the full benefit of the reductions provided for under the amendments to the Airport use and lease agreement with United.

**Other Airline Airport Use and Lease Agreements.** A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, and the lease expiration date for each agreement are provided in Table 18.

Table 18	
<b>OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND THEIR SCHEDULED EXPIRATION DATES</b>	
AirTran Airways (February 2011)	Frontier Airlines (February 2010)
Alaska Airlines (December 2010)	Midwest Airlines (December 2010)
American Airlines (December 2010)	Northwest Airlines (December 2010)
Continental Airlines (February 2010)	Southwest Airlines (December 2010)
Delta Air Lines (December 2010)	US Airways (December 2010)
<hr/> Source: Airport management records.	

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. Many of these agreements are with regional/commuter airlines operating at the

Airport that have code-sharing agreements with the airlines listed in Table 18. The City also has Airport use and lease agreements with foreign flag passenger airlines: Aeromexico, Air Canada, British Airways, Lufthansa German Airlines, and Mexicana de Aviación.

Most of the passenger and cargo airline Airport use and lease agreements with the City are scheduled to expire during the forecast period. The City does not expect any material change to the business terms or to expected future leasehold rentals under the succeeding agreements.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

## **PASSENGER FACILITY CHARGE REVENUES**

### **PFC Approvals**

As approved by the Federal Aviation Administration (FAA), the City imposes a \$4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately \$3.3 billion in PFC revenues for (1) \$3.1 billion in costs related to the construction of Denver International Airport, and (2) costs for projects in the Airport Capital Program.

Through March 31, 2007, the City had collected approximately \$850.4 million in PFC revenues of the \$3.3 billion in PFC revenue collection authorized by the FAA.

PFC revenues are not currently defined as Gross Revenues of the Airport System and are not expected to be defined as such during the forecast period. The treatment and use of PFC revenues during the forecast period are discussed below.

### **PFC Framework**

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues.

Under the PFC Supplemental Bond Ordinance, the City has also irrevocably committed to pay debt service on Senior Bonds with two-thirds of annual PFC revenues (defined as the Committed Passenger Facility Charges revenue in the Supplemental Bond Ordinance and generally equal to \$3.00 of each \$4.50 PFC) it receives each year and credits to the PFC Debt Service Account up to certain specified maximum amounts (the Maximum Committed Amounts) from 2007

through 2011. Following the date of this report and prior to the issuance of any of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through 2013.

PFC revenues received by the City in excess of the Committed Passenger Facility Charges revenue in any year, generally equal to \$1.50 of each \$4.50 PFC (or in excess of the Maximum Committed Amounts if the Maximum Committed Amounts are less than the \$3.00 portion of PFC revenues), are to be deposited in the PFC Project Account to be used for any lawful PFC-eligible Airport System purpose, as determined by the City. If the City chooses to deposit such PFC revenues into the PFC Debt Service Account for the payment of Debt Service Requirements on Senior Bonds, the PFC revenues are considered irrevocably committed to such payments.

For the purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

### **Forecast Assumptions**

The Debt Service Requirements to be paid from PFC revenues during the forecast period (see Exhibit C) in this report, which include revenues from the \$3.00 portion of the PFC, which are required to be deposited in the PFC Debt Service Account, plus all of the revenues from the \$1.50 portion of the PFC, which the City expects to either deposit in the PFC Debt Service Account or use to defease certain Senior Bonds, are excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

The assumptions underlying the financial forecasts are as follows:

- The City is to use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of the Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds.
- All of the PFC revenues in excess of the Committed Passenger Facility Charges revenues (i.e., revenues from \$1.50 of the \$4.50 PFC) are to be used during the forecast period in the manner discussed below:
  - Pay Debt Service Requirements on that portion of the 2003B Bonds used to fund some of the costs of the sixth runway at the Airport, and defease the principal outstanding of the 2003B Bonds, which was were used to fund some of the costs of the sixth runway at the Airport.

- Defease approximately \$60.0 million in principal outstanding of Senior Bonds to meet a portion of the cost reduction goals under the United amendments, discussed earlier.
- Defease approximately \$63.0 million in principal outstanding of Senior Bonds allocated to the Concourse A ABS.
- Through approximately 2017, defease approximately \$175.0 million in principal outstanding of Senior Bonds issued to fund construction of the Airport.

## **AIRPORT CAPITAL PROGRAM**

The City maintains an ongoing process of evaluating the capital requirements necessary to expand Airport facilities to keep pace with increasing aviation demand. These capital requirements are organized into the Airport Capital Program for the then current year (at this time, 2007), and a prospective 6-year period (2008-2013), the forecast period discussed in this report. During the forecast period (2007-2013), the Department expects to invest approximately \$1.22 billion in renovating, expanding, and constructing new Airport facilities.

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to begin in 2007, except as noted in the following paragraph. The 2007 Project is expected to cost approximately \$401.9 million.

The portion of the 2007 Project to be funded from the net proceeds of the 2007A-B Bonds includes certain projects that began, and in some cases were completed, between 2005 and 2007. These projects were previously funded through a combination of Commercial Paper Notes (approximately \$30 million) and the City's annual share of Net Revenues (approximately \$40 million).

Projects in the 2008-2013 Capital Program (the 2008-2013 Project) are to be funded from the proceeds of additional Bonds that the City expects to issue during the forecast period (the Future Planned Bonds) and federal grants-in-aid. The City expects to complete all of the 2007 Project and most of the 2008-2013 Project during the forecast period. Assumptions regarding the funding of debt service on the 2007 Bonds and the Future Planned Bonds, additional O&M Expenses if any, and any other relevant costs are included in the financial forecasts presented in this report.

The projects in the Airport Capital Program, consisting of the 2007 Project and the 2008-2013 Project, and their estimated costs and funding sources are outlined in Exhibit A and summarized below by Airport System cost center.

### ***Airfield Area***

- Rehabilitate taxiways and runways as part of the City's pavement management plan (2007 Project and 2008-2013 Project).
- Upgrade runway and taxiway safety areas (2008-2013 Project).
- Extend Taxiway K in the north-south direction to the east of Concourse C (2007 Project).
- Extend the east-west taxilanes to the north and south of Concourse C (2007 Project).
- Implement a snow management plan (2008-2013 Project).
- Improve lighting, drainage, and other Airfield Area assets (2007 Project and 2008-2013 Project).

### ***Concourse Apron***

- Construct additional apron area surrounding the 10 planned mainline gates at Concourse C (2007 Project).
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C (2007 Project).
- Improve ramp area drainage (2007 Project and 2008-2013 Project).

### ***Terminal Complex***

- Construct 10 new mainline gates by expanding Concourse C to the east (2007 Project and 2008-2013 Project).
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C (2007 Project).
- Improve baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances (2007 Project and 2008-2013 Project).
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators (2007 Project and 2008-2013 Project).

- Construct the FasTracks rail station on the south side of the Landside Terminal to accommodate rail service by the Regional Transportation District (RTD) between Denver Union Station and the Airport (2008-2013 Project). According to the RTD, construction of the entire 23-mile rail line and associated stations is scheduled to begin in 2011 and is expected to be completed by 2014, with the system becoming operational in 2015.
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes (2007 Project).
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the terminal building to accommodate additional trains (2007 Project and 2008-2013 Project).
- Replace and rehabilitate loading bridges (2007 Project and 2008-2013 Project).
- Improve restrooms, concessions, seating areas, and other public space (2007 Project and 2008-2013 Project).
- Design the expansion of the international arriving passenger facilities (2007 Project and 2008-2013 Project).
- Expand the security screening checkpoint (2008-2013 Project).

### ***Roadways, Public Parking, and Ground Transportation***

- Construct new public parking structure adjacent to the Landside Terminal Building (previously funded with the City's annual share of Net Revenues and Commercial Paper Notes) (2007 Project).
- Construct future public parking structure and shuttle lot (2008-2013 Project).
- Improve Peña Boulevard (2007 Project and 2008-2013 Project).
- Rehabilitate pavement in targeted roadway and parking areas (2007 Project and 2008-2013 Project).
- Improve landscaping (2007 Project and 2008-2013 Project).

### ***Cargo and Support Facilities***

- Construct equipment storage and light maintenance facility (2008-2013 Project).

- Expand stock room and paint shop (2008-2013 Project).
- Upgrade aircraft rescue and fire fighting stations (2007 Project).

## **PLAN OF FINANCING**

The major sources of funds the City expects to use for projects in the 2007-2013 Airport Capital Program are shown in Exhibits A and B, and are discussed below.

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as “entitlement” grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other, “discretionary” grants are awarded on the basis of the FAA’s determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate until a reauthorization bill is passed. For purposes of the financial forecasts in this report, it was assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding authority will occur. Under the FAA’s proposed reauthorization bill, large-hub airports, including Denver International Airport, would no longer receive entitlement grants beginning in Federal Fiscal Year 2010, but would continue to be eligible for discretionary grants.

The federal funding shown in Exhibit A reflects a combination of (1) grants previously received from the FAA, and (2) expected entitlement and/or discretionary grants, consistent with FAA’s proposed reauthorization bill. It was also assumed that the City will continue to submit, and that the FAA will approve, future Airport competition plans, which are required under Vision 100—Century of Aviation Reauthorization Act of 2003 to receive FAA grants.

As stated earlier, the City imposes a \$4.50 PFC at the Airport under various FAA authorizations. For purposes of this report, it was assumed that the City would not impose a PFC in excess of \$4.50, but authority to do so may be possible under the next FAA reauthorization bill. The City intends to use revenues it receives from the \$4.50 PFC each year to (a) pay Debt Service Requirements on Senior Bonds issued to fund construction of the Airport, (b) defease Bond principal associated with the ABS and the sixth runway, and (c) defease Bond principal of Senior Bonds issued to fund construction of the Airport.

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance, Siemens Financial Services, Inc., and Koch Financial Corporation (the Financing Companies), which allow the City to take loans

to fund equipment at the Airport, and the City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at current loan rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

As mentioned earlier, the City intends to use the net proceeds of the 2007A-B Bonds and 2007D-E Bonds to fund the 2007 Project, and to issue the Future Planned Bonds to fund the 2008-2013 Project.

To the extent that the City does not receive the funding shown in Exhibit A, the City intends to either (1) defer projects or reduce project scopes, as appropriate, or (2) issue additional Bonds and/or use Airport equity.

## **2007 Bonds**

The 2007 Bonds are to be issued under the General Bond Ordinance on parity with other outstanding Senior Bonds, and are to be payable from and secured by a pledge of and first lien on the Net Revenues of the Airport System.

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants), the 2007C Bonds would be issued when the 2007A-B Bonds are issued, which would be followed by the issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the outstanding principal of Bonds.

The City intends to use the proceeds of the 2007A-B Bonds and the 2007D-E Bonds to fund the 2007 Project.



The City expects to issue the 2007 Bonds in the approximate principal amount of \$401.9 million and, with interest earnings during construction, use the combined moneys for the following purposes:

- Pay the costs of certain planned projects (the 2007 Project) in the Airport Capital Program
- Refund outstanding Commercial Paper Notes, in the principal amount of \$30 million, which were drawn to fund projects between 2005 and 2007
- Reimburse the City's share of annual Net Revenues (\$40.0 million) used to fund projects between 2005 and 2007
- Pay capitalized interest on the 2007 Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2007 Bonds

### **Future Planned Bonds**

Exhibit B also shows the aggregate sources and uses of funds for the Future Planned Bonds, which, together with federal grants-in-aid, would be used to:

- Pay the cost of planned projects from 2008 through 2013 not funded from the net proceeds of the 2007A-B Bonds and 2007D-E Bonds
- Pay capitalized interest on the Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance of the Future Planned Bonds

During the forecast period, the City may use the proceeds from other Commercial Paper Notes and/or the Purchase Agreements to, among other things, (1) minimize the City's overall cost of issuing Bonds and/or (2) fund project and/or equipment costs during construction. Use of this source of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2008-2013 Airport Capital Program.

## Defeasance of Bonds

As stated earlier, the City intends to defease certain outstanding Senior Bond principal with PFC revenues and the City's share of Net Revenues during the forecast period. The proposed amounts to be defeased are shown in Table 19.

Asset whose bonds are to be defeased	Principal outstanding of Bonds to be defeased	Source of Bond defeasance
Concourse B ABS	\$126,800	\$1.50 PFC/City Net Revenues
Concourse A ABS	63,000	\$1.50 PFC
Sixth runway	20,000	\$1.50 PFC
Other Senior Bonds (a)	<u>175,000</u>	\$1.50 PFC
	<u>\$384,800</u>	

(a) Amount to be defeased through 2017.

Source: The Financial Consultants.

For purposes of this report, it was assumed that, during the forecast period: (a) the portion of Bond principal shown above for the Concourse A ABS, the Concourse B ABS, and the sixth runway would be defeased, (b) a portion of the \$175 million in Bond principal shown above would be defeased, and (c) Debt Service Requirements and Bond fund transfers would be reduced accordingly. The table shown above is net of approximately \$90 million of Bond principal allocated to the ABS that was defeased by the City as of December 31, 2006.

## DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for outstanding Bonds, the proposed 2007 Bonds, and the Future Planned Bonds. Debt Service Requirements for 2005 and 2006 are based on audited results provided by the City. Debt service is shown net of capitalized interest, certain PFC revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds during the forecast period, as discussed earlier. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this analysis.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

In calculating airline rentals, fees, and charges, actual transfers required under the General Bond Ordinance to be made to the Bond Fund during the year were used rather than annual Debt Service Requirements. The total monthly transfers to the Bond Fund shown in Exhibit C each year are for the payments required on February 1 of that year through January 1 of the following year.

**2007 Bonds**

Debt service for the 2007A-B Bonds and the 2007D-E Bonds was estimated by the City's Financial Consultants based on the following assumptions:

	<u>2007A-B Bonds</u>	<u>2007D-E Bonds</u>
Delivery date:	August 29, 2007	August 29, 2007
Final maturity:	2032	2032
Assumed interest rate:	5.1%	5.1%

**Future Planned Bonds**

Debt service for the Future Planned Bonds reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

**Allocation of Debt Service to Cost Centers**

Exhibit C-1 summarizes the allocation of debt service (annual total of monthly transfers to the Bond Fund) to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

**OPERATION AND MAINTENANCE EXPENSES**

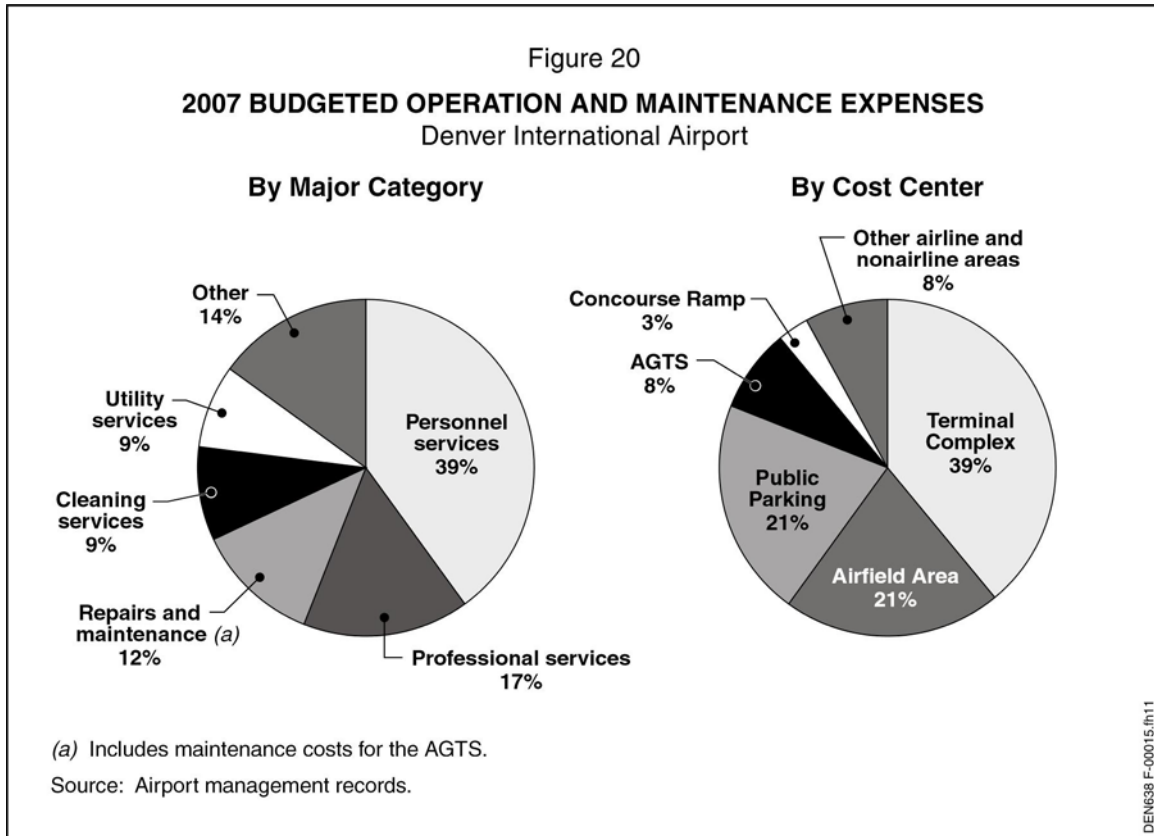
Exhibit D presents forecast Operation and Maintenance Expenses by object type and by cost center. The amounts for 2005 and 2006 reflect audited financial results for the Airport. The amounts for 2007 and 2008 reflect the City's operating budgets for those years.

The City establishes an operating budget target each year that takes into account (1) year-to-date O&M Expenses for the then-current fiscal year as well as budgeted expenses for that year, (2) expectations regarding passenger traffic for the budget year, (3) projected non-airline revenues, and (4) changes in City priorities or initiatives.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services include all salaries, wages, and benefits for filled personnel positions; for budgeting purposes, the same types of expenses were included for vacant positions.

### 2007 Operation and Maintenance Expenses

In 2007, budgeted personnel services represent approximately 39% of the total O&M Expenses budgeted for the Airport, as shown on Figure 20.



The next largest category of expense at the Airport is professional services, which includes management and other contracts for the provision of services at the Airport, including:

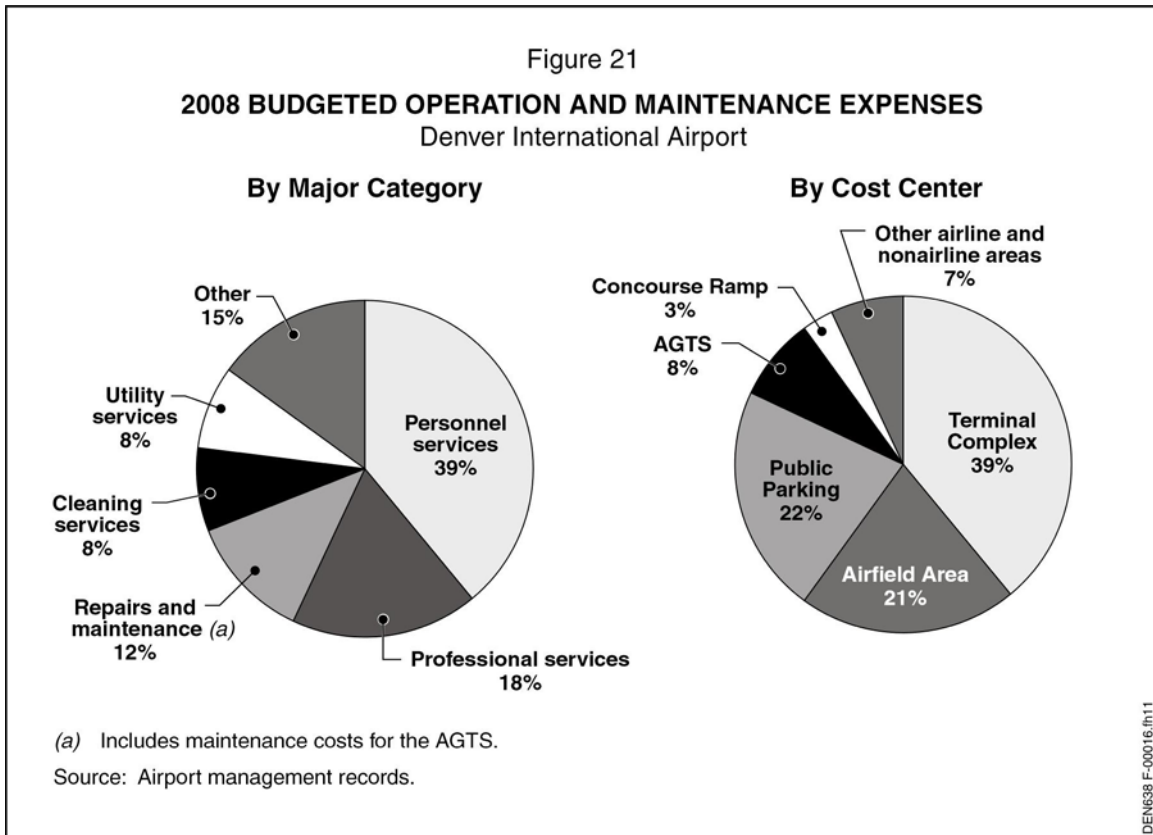
- AMPCO System Airport Parking, which operates and manages the public parking facilities at the Airport under a contract that allows AMPCO to be reimbursed for its expenses and to receive a management and incentive fee.
- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the terminal complex. The City reimburses AMPCO for the actual cost of providing this service.

Other major expense categories include repairs and maintenance (including AGTS maintenance), cleaning services, and utility services. Electricity costs for all tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to such tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

O&M Expenses are allocated to Airport System cost centers by Department staff based on historical Airport System operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations. As shown on Figure 19 for 2007, O&M Expenses in the Terminal Complex and Airfield Area account for 60% of total Airport O&M Expenses.

## **2008 Operation and Maintenance Expenses**

The City recently completed its preliminary operating budget for 2008, which is approximately 8.3% higher than its original 2007 operating budget, reflecting, in part, increased personnel services expenses and contractual costs for security, parking shuttle bus, janitorial, and other services. The public parking contract, which is with AMPCO System Airport Parking, was also increased as a result of expected increases in parking activity. The major categories of O&M Expenses for 2008 and the distribution of expenses among Airport System cost centers are shown on Figure 21.



## 2009-2013 Operation and Maintenance Expenses

O&M Expenses for the remaining years of the forecast period reflect the following:

- Budgeted 2008 O&M Expenses were assumed to represent an appropriate baseline level of expense for forecasting future O&M Expenses.
- Additional expenses associated with projects expected to be completed during the forecast period, including additional O&M Expenses associated with the 10-gate expansion on Concourse C and construction of a new commuter facility on Concourse C.
- Certain O&M Expense line items were assumed to increase with forecast increases in enplaned passengers, as presented in previous sections.
- Inflation for all O&M Expenses was assumed to be approximately 3% per year, which is higher than the average rate of inflation\* in the Denver area for the 5-year period, 2001-2006 of 1.75% per year.

\*Source: U.S. Department of Labor, Bureau of Labor Statistics, from [www.bls.gov](http://www.bls.gov), July 13, 2007.

## GROSS REVENUES

Table 20 presents the major sources of Gross Revenues for the City in 2006 based on actual data and forecast for 2013. Line-item details for the two significant categories of Gross Revenues—airline rentals, fees, and charges and nonairline revenues—are shown in Exhibits E and F, respectively.

	Actual 2006		Forecast 2013	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	\$ 92,191	15.8%	\$128,723	16.6%
Terminal Complex rentals	66,713	11.4	111,569	14.3
Tenant finishes and equipment charges	53,766	9.2	71,813	9.2
Baggage system fees	33,041	5.7	38,410	4.9
Other	<u>68,486</u>	<u>11.7</u>	<u>97,235</u>	<u>12.7</u>
Total airline revenues	\$314,197	53.7%	\$447,750	57.7%
Nonairline revenues				
Terminal concessions (a)	\$ 34,305	5.9%	\$ 48,490	6.2%
Public automobile parking	105,262	18.0	134,847	17.3
Rental car privilege fees	32,678	5.6	41,308	5.3
Other terminal revenues (b)	17,940	3.1	17,289	2.2
Building and ground rentals	15,459	2.6	16,975	2.2
Other	<u>22,251</u>	<u>3.8</u>	<u>31,808</u>	<u>4.1</u>
Total nonairline revenues	\$227,896	39.0%	\$290,717	37.3%
Interest income	<u>42,520</u>	<u>7.3</u>	<u>39,154</u>	<u>5.0</u>
Total Gross Revenues (c)	<u>\$584,613</u>	100.0%	<u>\$777,622</u>	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenue from food and beverage, merchandise, and terminal services.

(b) Includes revenue from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.

(c) The amount shown for 2006 does not match the amount reported in Table 24 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Airport management records.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport System through the forecast period.

## **AIRLINE RENTALS, FEES, AND CHARGES**

Airline rentals, fees, and charges are an important source of revenue for the City. In 2006, airline rentals, fees, and charges represented 53.7% of Airport Gross Revenues.

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per-enplaned-passenger basis, for the Airport, for United Airlines, and for other airlines, are shown in Exhibit E. As stated earlier, United's cost per enplaned revenue passenger is not expected to exceed the \$20 "cap" under its use and lease agreement with the City during the forecast period (see Exhibit E).

Required Airport costs in the airline rate base include:

1. Operation and Maintenance Expenses
2. Debt service on Bonds issued for (a) the Airport, net of PFC revenues paid from the PFC Debt Service Account, and (b) Airport land acquisition
3. Amortization of City investments prior to and after the opening of the Airport on February 28, 1995

These costs represent a significant portion of the operating and capital repayment costs for managing and developing the Airport each year. Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future debt service and O&M Expenses—the two largest Airport cost components included in airline rentals, fees, and charges—were presented earlier in this report, and the costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for debt service and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for certain equipment that is to be amortized over 5 years) at the weighted average, effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened in 1995 are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and Transportation Security Administration (TSA) grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges presented in this report.



Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as debt service is allocated. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section entitled “Airport Use and Lease Agreements,” the City is obligated to meet certain rentals, fees, and charges cost reduction goals under various amendments to United’s use and lease agreement, which were assumed to be in effect during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges, as presented in Exhibits E-1 through E-4.

### **Landing Fees**

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and/or other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

### **Terminal Complex Rentals**

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

As stated earlier, the City is planning to extend Concourse C by approximately 10 mainline gates to the west, and construct a new commuter jet facility on the east side of Concourse C. It is expected that the 10-gate expansion will become operational on January 1, 2011, and the new commuter jet facility will become operational on January 1, 2009. According to the City, debt service and O&M

Expenses associated with the expansions are to be included in the calculation of airline rentals, fees, and charges.

For purposes of this analysis, the following were assumed:

- Effective January 1, 2009, Great Lakes Aviation would relocate to Concourse C and use the new commuter jet facility. Under the Airport use and lease agreements, the rentals, fees, and charges for the Concourse C commuter jet facility are to be assessed based on the City's estimate of full use of the facility.
- Southwest Airlines and/or other airlines would lease 2 gates and associated space when the 10-gate expansion becomes operational on January 1, 2011.
- The airlines operating on Concourse C would lease one additional gate and associated space in 2012 and in 2013.
- Effective January 1, 2011, Continental Airlines would relocate from Concourse A to Concourse C and would continue to lease the same amount of gates and space. The vacated gates on Concourse A would be used and/or leased by Frontier Airlines.

As a result of these and other assumptions, the City is expected to realize additional rentals and charges associated with the Concourse Ramp Area and Concourse C tenant finishes.

### **Tenant Finishes and Equipment**

Exhibit E-3 shows the calculation of charges to recover the costs of tenant finishes and equipment (including baggage sortation space and equipment). In meeting its cost reduction goals under certain amendments to the Airport use and lease agreement with United, the City intends to write off the book value associated with \$17.5 million of reimbursements from the Capital Fund to United for costs associated with certain modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements, the City has agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2010, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction is to be achieved by applying a portion of the interest savings on the Bond refundings, discussed earlier, against Concourse C tenant finish costs.

Under an amendment to the Airport use and lease agreement with United, debt service and other costs associated with the Concourse B regional jet facility are allocable to Concourse B tenant finish charges and are to be recovered through facility rentals. As United occupies 96% of Concourse B, a significant portion of the

annual cost of this project is to be recovered from United each year. The new facility became operational on April 24, 2007.

### **Baggage System Fees**

Exhibit E-4 shows the calculations of the automated baggage system fee and the conventional baggage system fee assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

In 2005, United discontinued use of the ABS and currently uses the conventional baggage system to transport all of its bags to and from the Landside Terminal. United had been the only airline using the ABS, which was subsequently shut down by the City.

Under the Airport use and lease agreements, the airlines on Concourse A and Concourse B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the City's intent during the forecast period to (a) defease the Bonds associated with the ABS and (b) write off Capital Fund investments in the ABS made by the City.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

### **Other Airline Fees and Charges**

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses rentals, fees, and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end Net Revenue credit.

## **NONAIRLINE REVENUES**

Exhibit F summarizes historical and forecast revenues from nonairline tenants and services.

### **Terminal Concessions**

Space for concessions and services is provided in the Landside Terminal and the concourses. The City leases such space pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a re-establishment clause that allows the City to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant.

Unlike most concession programs at U.S. airports, at Denver International Airport, the City has not contracted with one or two “master concessionaires” which, in turn, sublease the concessions to others. The Airport’s concessions program has emphasized direct contracting with individual concessionaires, providing opportunities for local small businesses, greater competition, more choices for consumers, and more revenue to the Airport. Currently, approximately 60 concessionaires operate at the Airport in more than 140 locations.

Some of these concession agreements are scheduled to expire during the forecast period. As these agreements expire, the City intends to enter into new agreements with similar terms and conditions.

In 2006, revenues from Terminal Complex concessions represented 5.9% of Gross Revenues. In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.0% per year, and (4) the terms and conditions of agreements with the City. Exceptions to these factors are noted below.

**Food and Beverage.** The minimum annual guarantee for food and beverage space is \$59 per square foot per year. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Specialty Retail.** The minimum annual guarantee for retail space is approximately \$70 per square foot per year. The merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Services.** Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee of \$36 per square foot per year, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

### **Outside Nonairline Revenues**

Outside nonairline revenues include public automobile parking, rental cars, and ground transportation services.

**Public Automobile Parking.** Public automobile parking at the Airport is accommodated in parking structures, surface lots adjacent to the Landside Terminal, and a remote parking lot. In 2006, public parking revenues accounted for 18.0% of total Gross Revenues.

Table 21 lists the City-owned parking facilities at the Airport, the number of spaces in each facility owned by the City, and parking rates in the facilities, which are adjusted by the City from time-to-time. As stated earlier, AMPCO System Airport Parking operates and manages the public parking facilities under a management contract with the City. Under this contract, the City retains all rights to implement, among other things, parking rate increases.

Table 21

**CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES**

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages (a)	12,329	\$18	\$2
Short-term lots	208	(b)	\$3
Valet	657	\$27	\$11 first hour \$2 each additional hour
Long-term surface parking	8,301	\$9	\$1
Remote surface parking	8,963	\$5	\$1

Note: The Mt. Elbert remote shuttle lot, not included above, has 8,616 spaces and has historically been used for overflow parking. In November 2007, the Mt. Elbert lot will be available for full-time use following the completion of certain parking improvements included in the Airport Capital Program.

- (a) The City expects to open a new parking structure adjacent to the Landside Terminal with approximately 1,700 parking spaces by December 2007.
- (b) Short-term (close-in) parking is assessed at the same hourly rate regardless of the length of stay.

Source: Airport management records.

In general, parking transactions—a measure of customer use—and parking revenues per transaction—a measure of how long customers park—increased from 2001 through the first 3 months of 2007. Transactions and revenues by lot type at the Airport for 2006 and the first 3 months of 2007 are shown below in Table 22.

Table 22

**PARKING TRANSACTIONS AND REVENUES**

Parking facilities	2006	
	Transactions— percent of total	Parking revenues— percent of total
Garages	68%	61%
Valet	2	4
Long-term surface parking	18	23
Remote surface parking	<u>12</u>	<u>12</u>
Total	100%	100%
	First 3 months of 2007	
	Transactions— percent of total	Parking revenues— percent of total
Garages	67%	63%
Valet	2	4
Long-term surface parking	20	23
Remote surface parking	<u>11</u>	<u>10</u>
Total	100%	100%

Source: Airport management records.

To meet the demand for public parking facilities at the Airport, the City is in the process of constructing a new public parking structure adjacent to the Landside Terminal. The new structure is expected to (a) be operational by December 2007, (b) have the same parking rates as existing parking garages, and (c) provide approximately 1,700 public parking spaces.

Since the Airport opened in 1995, privately operated off-Airport parking lot sizes and competition have increased. Many airports in the United States face parking competition from off-airport parking facilities, which are typically owned and operated by private entities that provide courtesy vehicle services to and from the airport terminal building for their customers at no cost. In 2006, one of the largest off-Airport parking operators that serve the Airport doubled its number of covered spaces to 1,100. Published rates at this parking facility are approximately \$7 and \$12 per day for uncovered and covered parking (net of online coupons available at no charge or restrictions), respectively, compared to \$5 and \$18 per day for similar facilities at the Airport. Parking revenues per passenger during the forecast period are expected to increase, but at diminishing rates, consistent with on-Airport trends in recent years. Given the Airport property size and the courtesy vehicle travel distances for off-Airport parking operators to the Landside Terminal, competition from these off-Airport parking operators is not expected to result in year-to-year parking revenue decreases during the forecast period.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2009, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Airport terminal building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are \$10.95 for self-parking and \$13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (a) a minimum annual guarantee equal to 85% of the previous year's guaranteed payment to the City (estimated to be approximately \$247,000 in 2007) or (b) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City.

Public automobile parking revenues were forecast on the basis of (a) a review of yearly trends in parking revenues per originating passenger and per transaction from 2001 through the first 3 months of 2007, (b) moderate increases in the ratio of long-term parkers to originating passenger and average revenue per originating passenger as the City adjusts public parking rates, and (c) forecast increases in the number of originating passengers.

**Rental Cars Privilege Fees.** The City has concession agreements with the following rental car companies to provide service at the Airport through January 1, 2014: Advantage, Avis, Budget, Dollar, Enterprise, Hertz, Payless, Thrifty, and Alamo and National, which operate as rental car brands under Vanguard Car Rentals USA, Inc. In 2006, rental car privilege fee revenues accounted for 5.6% of Gross Revenues.

In March 2007, Enterprise entered into an agreement to acquire Vanguard Car Rentals USA, Inc., and stated that the acquisition of Vanguard is expected to close in the third or fourth quarter of 2007. On the basis of data for the first 3 months of 2007, the combined company would be the second largest rental car operation at the Airport based on gross revenues.

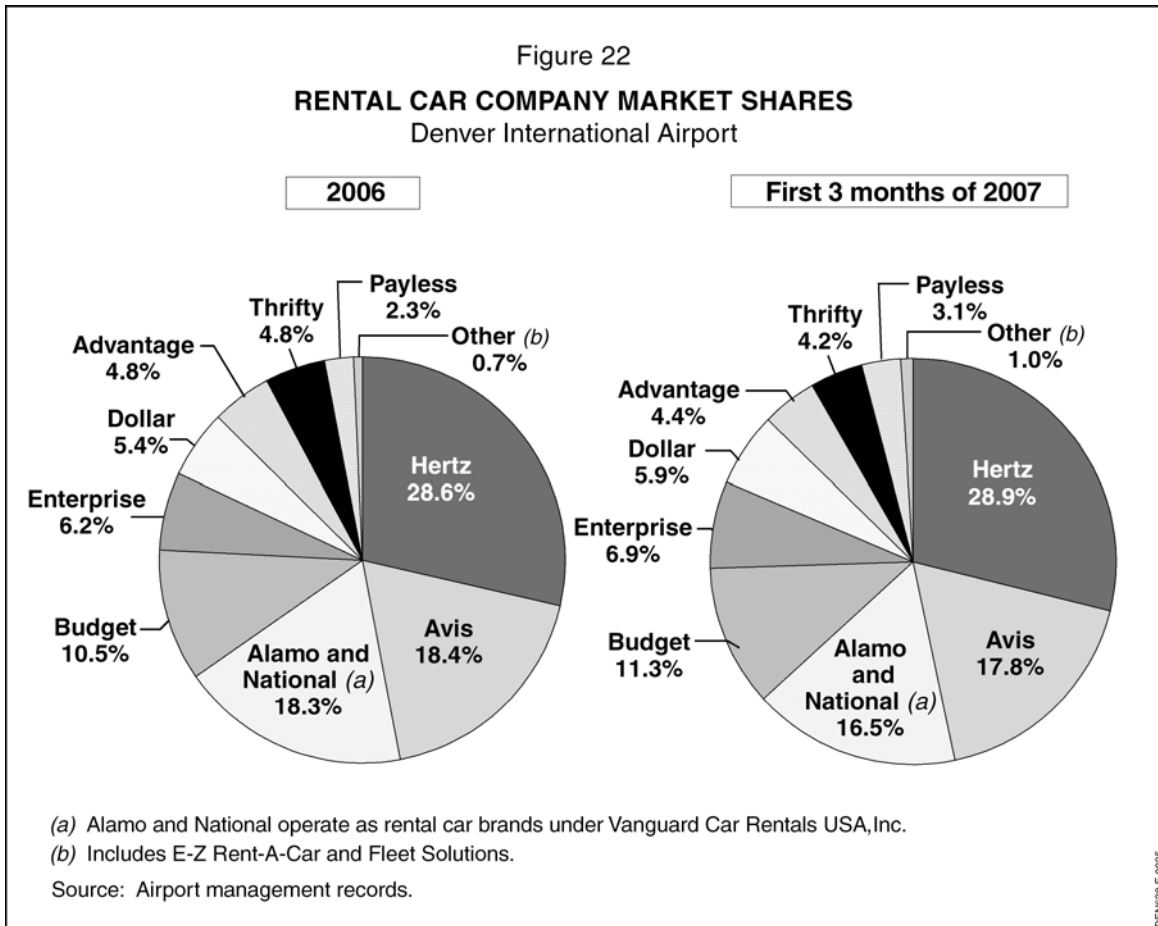
Figure 22 presents the market shares of the rental car companies that have concession agreements with the City for 2006 and the first 3 months of 2007.

Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is greater. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Rental car privilege fee revenues were forecast on the basis of (a) forecast numbers of originating passengers, (b) trends in the average gross rental car revenues per originating passenger for the last 5 complete fiscal years (2002-2006) and the first



3 months of 2007, which ranged between \$21 and \$25 per originating passenger, and (c) moderate increases in the average revenue per rented car as the on-Airport rental car companies adjust their daily rates. The acquisition of Vanguard by Enterprise is not expected to have a material effect on privilege fees paid to the City, which are forecast to be greater than the minimum annual guarantee in each year of the forecast period.



**Ground Transportation Services.** The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

## Other Terminal Revenues

Other terminal revenues include employee parking fees, rental car service and storage area rentals and additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.1% of Gross Revenues in 2006.

**Employee Parking.** The City provides two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the terminal area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

**Rental Car Service and Storage Areas.** In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, construction, and equipping of certain terminal area improvements, rental car facilities, vehicles, and equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

All of the rental car companies serving the Airport have a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies
- Administrative expenses
- Ground rentals for land leased from the City north of Peña Boulevard
- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

**Future Airport Hotel.** In June 2007, the City received several proposals from qualified participants in response to its request for proposals for an owner, manager, financier, and/or constructor of a first-class hotel property (i.e., the Airport Hotel) to be immediately adjacent and attached to the Landside Terminal, on land owned by the City. For purposes of this report, no additional Gross Revenues were assumed during the forecast period from the Airport Hotel.

**Other Terminal Space.** The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

### **Airfield Area Revenues**

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, oil and gas royalty revenues, and fuel flowage fees.

### **Building and Ground Rentals**

Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2006, building and ground rentals accounted for 2.6% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

**Facilities Financed with Senior Bonds.** As part of the new Airport project, the City financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 23 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 23.

Table 23

**CARGO USE AND LEASE AGREEMENTS**

Air General (December 2010)	DHL Worldwide Express (February 2015)
ABX Air (December 2009)	FedEx (February 2023)
America West Airlines/US Airways (February 2005) (a)	Frontier Airlines (May 2005) (a)
American Airlines (December 2010)	Kitty Hawk Air Cargo (July 2011)
Air Transport International (April 2009)	Northwest Airlines (February 2005) (a)
Delta Air Lines (February 2005) (a)	Southwest Airlines (December 2010)
	UPS Air Cargo (February 2010)

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(a) The holdover provision of these agreements is in effect. The City expects new agreements to be executed by the tenants. America West Airlines and US Airways merged in September 2005.

The City has a longer-term agreement—approximately 25 years—with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground support equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides, among other things, for the repayment of debt service on the Senior Bonds issued for Continental’s facilities.

**Facilities Financed with Special Facilities Bonds.** In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance (1) a line maintenance hangar and other facilities for United Airlines, and (2) a multipurpose cargo project for WorldPort at DIA. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These Bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

The City has a Master Special Facilities and Ground Lease (the Master Lease) with WorldPort at DIA Owners LLC (WorldPort LLC), whereby the City has leased to WorldPort LLC land west and south of the South Airline Support Area for cargo, warehousing, office, and distribution facilities. Under the Master Lease, the City receives ground rentals for the 50-acre site, and percentage rent (1.5% of gross revenues received by WorldPort LLC).

Two of the seven buildings that were planned to be developed as part of WorldPort at DIA have been completed. Only one of the buildings has been leased.

On June 26, 2007, a Notice to Redeem the outstanding WorldPort Special Facility Bonds was sent to HSBC Bank, as Trustee. It is expected that these bonds will be redeemed on August 1, 2007, by JP Morgan Chase Bank, the letter of credit provider for the Special Facility Bonds. The City and JP Morgan Chase Bank are negotiating an agreement in which, following the redemption, the City would buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes.

For purposes of this report, it was assumed that the City would receive only the amount of actual rental revenue received from the one building leased by WorldPort LLC in 2006 in each year of the forecast period.

**Other Facilities.** The United States Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, USPS pays ground rent for the areas of the Airport that it uses.

General Aviation Area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site and provides fixed base operator (FBO) services for corporate and similar sized aircraft.

In December 2005, the City issued a request for proposals for a developer of 17 acres of land on the north side of Pena Boulevard as the first phase of a planned 500-acre commercial development initiative. In April 2006, the City announced the selection of CMCB Development Co. of Denver to develop the site, known as the "Landings at DIA." Work on the Landings at DIA is expected to begin in summer 2007, with Phase 1 of the development expected to be operational in summer 2008.

Possible tenants of Landings at DIA include a 200-room limited service hotel, food providers, banks, specialty retail stores, and other service providers. For purposes of this report, it was assumed that the City would receive ground rentals for developed land, assessed at \$1.50 per square foot per year. All 17 acres were assumed to be developed by 2011. No additional payments to the City resulting from a percentage of gross revenues were assumed in the financial forecasts in this report.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the amount of leased building and ground space as of January 1, 2007, is an appropriate basis for estimating occupancy during the forecast period, (2) the City is to continue to establish ground rentals in a manner consistent with its adopted policy (as described earlier), and (3) cargo building rentals are to be established each year based on the costs discussed earlier.

## **Other Revenues**

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State. The City also receives revenues from a tax it imposes on fuel sold at the Airport.

## **Interest Income**

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2006, interest income accounted for 7.3% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (on the same basis as Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

## **STAPLETON DISPOSITION AND REDEVELOPMENT**

Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the grant assurances of the FAA (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June 2013. As of the date of this report, SDC had sold approximately 1,330 acres of Stapleton property for a total of approximately \$44.3 million, and the sale of approximately 292 acres in the amount of approximately \$9.6 million is pending. An additional 437 acres of open space have been dedicated for parks and other public use space. The proceeds from the Stapleton land sales, net of closing costs, have been deposited to the Capital Fund.

The Disposition Agreement provides for the payment of all Stapleton property O&M Expenses of SDC from the City's annual deposit to the Capital Improvement Account, to the extent that such amount is available in that account.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines agreed to fund the costs of certain environmental clean-up at Stapleton, which has occurred. Please refer to the section of the Official Statement entitled “FINANCIAL INFORMATION—Stapleton” for additional information about the Disposition Agreement and the agreement between the City and the airlines.

For the financial forecasts, it was assumed that (1) the City would not receive revenues from future development at Stapleton, (2) all O&M Expenses associated with Stapleton are to be paid by SDC, and (3) the City would continue to fund certain Stapleton disposition costs and amortize those costs in the Airfield Area cost center over 25 years.

## **APPLICATION OF REVENUES**

Exhibit G presents the forecast application of Gross Revenues to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 23.

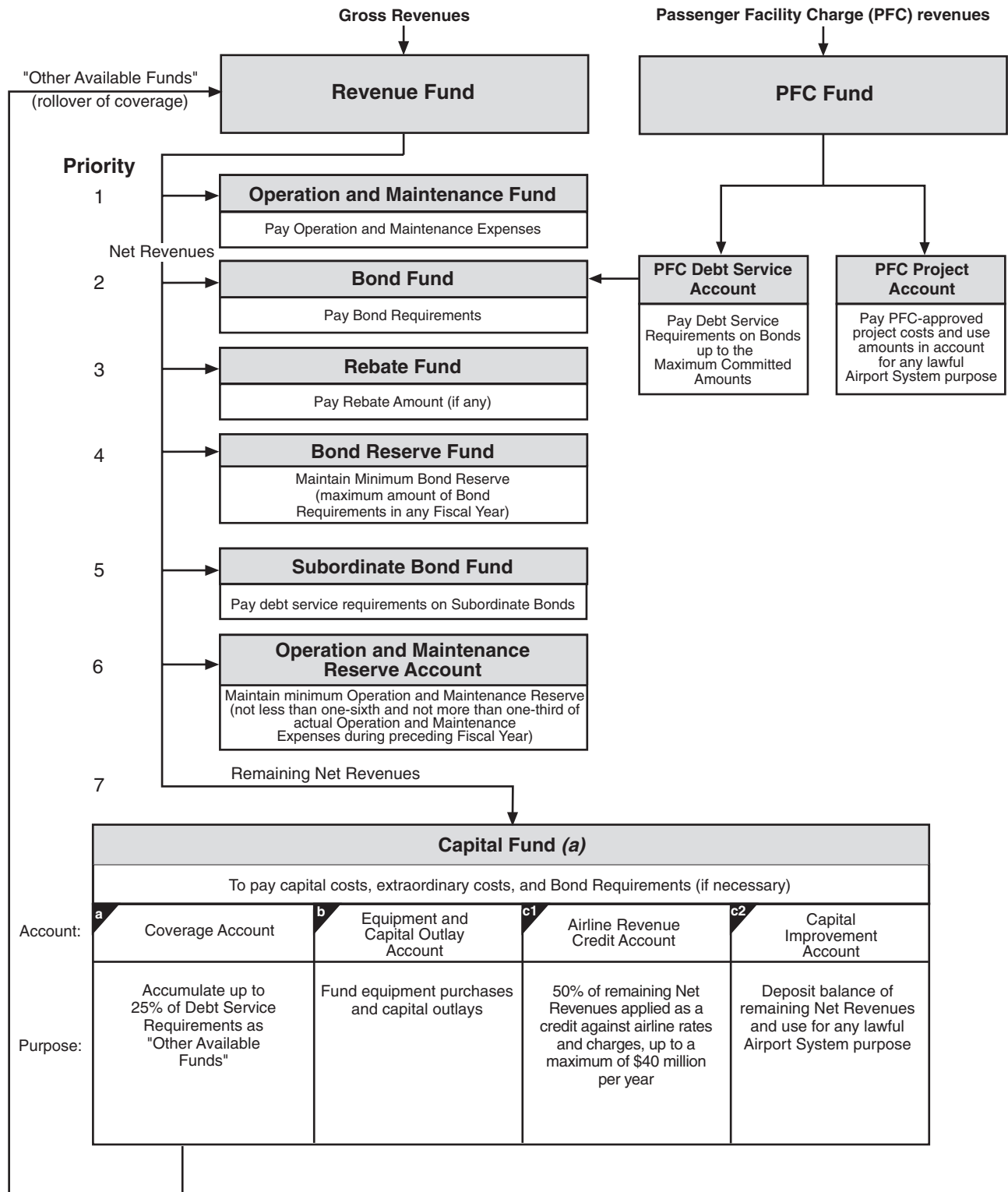
The General Bond Ordinance provides that the Gross Revenues of the Airport System are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of Operation and Maintenance Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each fiscal year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 23.

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be “rolled over” each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Capital Improvement and Airline Revenue Credit accounts, which are discussed below.



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 23  
**STRUCTURE OF FUNDS AND ACCOUNTS AND  
APPLICATION OF REVENUES UNDER  
THE GENERAL BOND ORDINANCE**

City and County of Denver  
July 2007



- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and leased from the Financing Companies, as described below.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for this report that the City would make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments would come from the Equipment and Capital Outlay Account.

Remaining moneys are to flow as follows: 50%, up to a maximum of \$40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

## **DEBT SERVICE COVERAGE**

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance for Senior Bonds. Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period.

For reference, Table 24 provides historical data on debt service coverage.

Table 24

**HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE**

Denver International Airport  
Fiscal Years ended December 31  
(dollars in thousands)

Calculation of debt service coverage	2002	2003	2004	2005	2006
Gross Revenues <i>(a)</i>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	\$282,644	\$325,994	\$322,790	\$336,120	\$326,990
Other Available Funds	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,788</u>
Total amount available for Debt Service Requirement [A]	\$329,395	\$376,801	\$377,639	\$391,293	\$376,778
Debt service coverage on Senior Bonds					
Debt Service Requirement <i>(b)</i> [B]	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt service coverage [A/B]	162%	184%	171%	175%	189%
Debt Service Coverage Requirement	125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding.

- (a)* The amount shown in this table for 2006 does not match the amount shown in Table 20 because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.
- (b)* Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

**ESTIMATED COSTS AND SOURCES OF FUNDS**  
**AIRPORT CAPITAL PROGRAM**  
Denver International Airport  
(in thousands)

	Funding sources for projects				
	Gross project cost	Federal grants-in-aid (a)	Series 2007A-B Bonds	Series 2007D-E Bonds	Future Planned Bonds
<b>Airfield Area</b>					
Rehabilitate taxiways and runways	\$196,497	\$93,368	\$4,254	\$38,458	\$60,418
Upgrade runway and taxiway safety areas	10,025	5,535	-	-	4,490
Rehabilitate apron area	32,160	-	-	4,902	27,258
Snow management plan	6,984	-	-	-	6,984
Replace airfield lighting	4,640	-	500	-	4,140
Other projects	9,753	1,500	1,833	4,298	2,122
	-----	-----	-----	-----	-----
	\$260,059	\$100,403	\$6,587	\$47,658	\$105,411
<b>Terminal Complex</b>					
Expand Concourse C	\$177,828	\$ --	\$ --	\$125,539	\$52,289
Improve baggage system	98,450	-	3,800	-	94,650
Improve building systems	68,088	-	10,295	8,367	49,426
Construct FasTracks rail station	57,150	-	-	-	57,150
Concourse C tenant finishes, and equipment	40,132	-	-	-	40,132
Construct Concourse B regional jet facility	37,786	-	36,274	-	1,512
Improve AGTS	29,453	-	2,353	-	27,100
Replace and rehabilitate loading bridges	32,712	-	3,883	-	28,829
Improve aircraft parking	17,710	-	3,000	14,710	-
Improve restrooms	13,678	-	2,149	-	11,529
Concessions and seating	10,063	-	2,300	-	7,763
Design FIS expansion	10,350	-	900	-	9,450
Expand security screening	6,700	-	-	-	6,700
Ramp area drainage mitigation	4,280	-	856	-	3,424
Other projects	52,729	-	43,666	-	9,063
	-----	-----	-----	-----	-----
	\$657,108	\$ --	\$109,475	\$148,617	\$399,016
<b>Roadways, Parking, and Ground Transportation</b>					
Construct new public parking garages	\$106,539	\$ --	\$47,339	\$ --	\$59,200
Construct new shuttle public parking lot	17,750	-	-	-	17,750
Improve Pena boulevard	15,333	-	7,399	-	7,934
Moisture protection	11,959	-	6,309	-	5,650
Rehabilitate roadway pavement	10,485	-	5,535	-	4,950
Improve landscape	6,280	-	250	-	6,030
Resurface public and employee parking	2,331	-	2,331	-	-
Other projects	11,482	-	5,225	946	5,311
	-----	-----	-----	-----	-----
	\$182,160	\$ --	\$74,388	\$946	\$106,825
<b>Cargo and Support Facilities</b>					
Construct equipment storage facility	\$12,800	\$ --	\$ --	\$ --	\$12,800
Expand stock room	11,500	-	-	-	11,500
Expand paint shop	2,013	-	-	-	2,013
Upgrade and improve ARFF stations	554	-	554	-	-
Other projects	11,884	-	5,226	-	6,658
	-----	-----	-----	-----	-----
	\$38,750	\$ --	\$5,780	\$ --	\$32,970
<b>Other projects</b>					
Communications, electronics, fire, and security	\$37,043	\$ --	\$1,238	\$ --	\$35,806
Professional services	23,208	-	-	4,479	18,728
Central plant improvements	14,133	-	-	-	14,133
Environmental, utilities, and drainage	12,116	-	2,702	-	9,414
	-----	-----	-----	-----	-----
	\$86,500	\$ --	\$3,940	\$4,479	\$78,081
	-----	-----	-----	-----	-----
	\$1,224,575	\$100,403	\$200,170	\$201,700	\$722,303
	=====	=====	=====	=====	=====

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

(a) Includes federal grants-in-aid under the Airport Improvement Program.

**Exhibit B**

**ESTIMATED PLAN OF FINANCE**

Denver International Airport  
(in thousands)

	2007 Bonds			Future Planned Bonds	Total
	2007A-B Bonds	2007D-E Bonds	Total		
<b>SOURCES OF FUNDS</b>					
Principal amount of Bonds	\$224,016	\$250,020	\$474,036	\$922,100	\$1,396,136
Interest earnings	9,086	14,494	23,579	--	23,579
Federal grants-in-aid	-	-	-	100,403	100,403
<b>Total sources of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>
<b>USES OF FUNDS</b>					
Project costs funded from bond proceeds	\$130,170	\$201,700	\$331,870	\$722,303	\$1,054,173
Project costs funded from federal grants	-	-	-	100,403	100,403
Reimburse Airport equity	40,000	-	40,000	--	40,000
Refund Commercial Paper Notes	30,000	-	30,000	--	30,000
	\$200,170	\$201,700	\$401,870	\$822,706	\$1,224,576
Bond Reserve Fund	16,990	18,965	35,955	84,227	120,182
Capitalized interest account	10,497	37,772	48,268	101,268	149,536
Costs of issuance	5,445	6,076	11,522	14,302	25,824
<b>Total uses of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>

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Note: May not add due to rounding.

See the Report of the Airport Consultant for additional information on the Plan of Finance.

Source: First Albany Capital Inc., Plan of Financing dated July 2007.

**Exhibit C**

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Senior Bonds</b>									
Series 1990A	\$13,450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Series 1991A	3,710	11,415	11,411	11,417	--	--	--	--	--
Series 1991D	21,207	21,207	21,212	21,209	21,212	21,209	21,208	21,208	6,411
Series 1992D-G (variable rate)	2,299	3,269	3,217	3,165	3,312	3,352	3,388	3,420	3,447
Series 1995A	9,816	--	--	--	--	--	--	--	--
Series 1995B	7,484	--	--	--	--	--	--	--	--
Series 1995C	5,553	691	691	691	691	4,011	4,010	4,015	--
Series 1996A-B	23,557	14,365	--	--	--	--	--	--	--
Series 1996C-D	18,137	11,908	--	--	--	--	--	--	--
Series 1997E	22,338	21,824	21,106	20,903	20,739	20,576	38,135	26,403	26,549
Series 1998A-B	15,503	15,411	14,290	13,153	13,044	13,044	13,044	13,044	13,044
Series 2000A	28,187	28,185	28,184	27,696	27,123	26,558	26,074	26,071	26,071
Series 2000B-C (variable rate)	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Series 2001A-B	45,314	29,475	31,933	18,996	15,993	21,813	18,742	26,673	42,228
Series 2001D	5,651	5,647	6,037	6,037	6,039	6,039	6,036	6,034	6,036
Series 2002A1-A3 (variable rate) (c)	13,683	18,247	17,293	23,373	23,464	22,458	11,235	11,298	11,436
Series 2002C-D (variable rate)	12,717	2,889	2,941	2,989	2,933	2,976	3,016	3,052	3,183
Series 2002E	7,322	17,742	20,645	14,584	14,392	13,146	13,113	13,128	13,187
Series 2003A-B (d)	14,657	14,269	13,737	26,087	33,055	30,123	11,223	11,223	11,223
Series 2004A-B (variable rate)	4,561	8,187	11,073	10,969	11,264	10,905	11,024	11,104	7,784
Series 2005A	2,529	11,382	11,733	11,562	11,272	11,002	12,557	12,562	12,562
Series 2005B-C (variable rate)	531	12,901	13,261	13,582	13,480	10,479	14,430	14,637	25,375
Series 2006A-B	--	5,461	40,066	40,180	40,248	40,337	43,167	43,408	35,630
Series 2007A-B	--	--	--	5,738	8,607	11,477	16,987	16,987	16,988
Series 2007D-E	--	--	--	--	--	816	17,816	18,961	18,956
Future Planned Bonds (Concourse C portion only)	--	--	--	--	--	--	11,868	12,886	12,886
Future Planned Bonds (all other projects)	--	--	--	--	--	--	22,343	22,343	43,008
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$292,443	\$268,713	\$283,070	\$286,569	\$281,107	\$284,559	\$333,654	\$332,695	\$350,241
Continental support facilities bonds (e)	5,416	5,423	5,416	5,416	5,423	5,414	5,417	5,417	5,418
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$297,859	\$274,136	\$288,486	\$291,985	\$286,529	\$289,973	\$339,071	\$338,113	\$355,660
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Debt Service Requirements -- Senior Bonds</b>	<b>\$230,272</b>	<b>\$208,945</b>	<b>\$220,422</b>	<b>\$221,899</b>	<b>\$214,864</b>	<b>\$217,238</b>	<b>\$265,262</b>	<b>\$263,390</b>	<b>\$280,330</b>

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Subordinate Bonds</b>									
Series 2001C	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806
<b>Total Debt Service Requirements</b>	<b>\$242,078</b>	<b>\$220,751</b>	<b>\$232,228</b>	<b>\$233,705</b>	<b>\$226,670</b>	<b>\$229,044</b>	<b>\$277,067</b>	<b>\$275,196</b>	<b>\$292,136</b>
<b>ANNUAL TOTAL OF MONTHLY TRANSFERS TO BOND FUND (b)</b>									
Gross debt service	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
<b>Required transfers from Gross Revenues (h)</b>	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
<b>COVERAGE REQUIREMENT ON BONDS (i)</b>									
Airport portion	\$56,214	\$50,880	\$53,752	\$54,121	\$52,360	\$52,956	\$64,961	\$64,493	\$68,728
Continental portion	1,354	1,356	1,354	1,354	1,356	1,354	1,354	1,354	1,355
	\$57,568	\$52,236	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Net of capitalized interest. For bond fund transfers, reflects the 12 monthly payments required on February 1 of that year through January 2 of the following year. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
  - (c) Between 2008 and 2010, the City intends to optionally redeem the principal outstanding of the Sereis 2003 Bonds, which will have the effect of reamortizing this debt. Source for reamortized principal: First Albany Capital.
  - (d) Reflects the proposed defeasance of approximately \$175 million in principal outstanding to mitigate costs associated with the 10-gate Concourse C expansion. The specific series of Bonds to be refunded has not been decided by the City.
  - (e) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
  - (f) Reflects two-thirds (generally equal to \$3) of forecast PFC revenue and associated interest income, as provided under a PFC Supplemental Bond Ordinance.
  - (g) Reflects \$1.50 PFC revenue (or the non-Committed Passenger Facility Charges revenue) that are used to pay Debt Service Requirements. See the Report of the Airport Consultant for additional information.
  - (h) Debt service for purposes of calculating airline rates and charges.
  - (i) Equal to 25% of Debt Service Requirements on Senior Bonds.

**Exhibit C-1**

**ALLOCATION OF DEBT SERVICE TO COST CENTERS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>ANNUAL TRANSFERS TO BOND FUND (b)</b>									
Senior Bonds and Subordinate Bonds	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (b)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (b)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>ALLOCATION TO COST CENTERS</b>									
<b>Airline cost centers</b>									
Terminal Complex	\$89,734	\$90,665	\$93,584	\$96,605	\$95,476	\$101,479	\$121,614	\$123,564	\$128,997
Tenant Finishes and Equipment									
Landside Terminal	3,209	3,314	3,335	3,287	3,343	3,536	3,953	3,964	4,024
Concourse A	8,014	6,833	7,111	6,610	6,492	6,732	8,598	8,647	8,917
Concourse B	20,239	16,857	15,853	14,367	13,793	14,855	17,081	17,097	17,158
Concourse C	3,330	2,152	1,813	1,588	1,561	2,151	5,395	5,645	6,581
Loading Bridges	282	416	483	585	652	713	799	779	681
International Facilities	1,530	1,578	1,577	1,457	1,430	1,461	1,560	1,561	1,562
Common Use Terminal Equipment	36	30	39	39	39	39	39	39	39
Concourse A commuter facility	134	134	134	134	134	134	134	134	134
Concourse C commuter facility	--	--	--	--	21	566	2,793	2,941	2,940
Baggage Claim	1,424	1,468	1,470	1,373	1,357	1,396	1,501	1,502	1,503
Automated Baggage Systems	8,598	3,968	1,506	--	--	--	--	--	--
Conventional Baggage Systems	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
International Facilities	962	1,240	1,285	1,160	1,161	1,212	1,514	1,465	1,359
AGTS	3,633	3,597	3,785	3,887	3,947	4,180	5,100	5,234	5,942
Concourse Ramp Area	2,273	2,081	1,941	1,372	1,192	1,392	2,383	2,339	2,203
Airfield Area	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Fueling System	10,088	10,385	10,389	9,609	9,435	9,641	10,306	10,311	10,322
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$189,885	\$174,097	\$171,547	\$162,623	\$157,613	\$169,363	\$216,479	\$219,880	\$234,154
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Nonairline cost centers</b>	44,334	45,471	44,791	43,999	44,512	47,194	54,743	55,337	58,773
<b>Continental support facilities</b>	5,416	5,422	5,416	5,418	5,421	5,415	5,417	5,418	5,419
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(a) Source: Airport management records. Based on audited financial results.

(b) See Exhibit C.

A-120

**Exhibit D**

**OPERATION AND MAINTENANCE EXPENSES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007 (b)	2008 (b)	2009	2010	2011	2012	2013
<b>BY OBJECT TYPE</b>									
<b>Personnel services</b>	\$92,744	\$97,026	\$102,054	\$108,357	\$116,609	\$123,668	\$131,117	\$138,366	\$144,817
<b>Contractual services</b>									
Professional services	\$36,960	\$39,482	\$43,267	\$51,153	\$55,049	\$58,381	\$61,898	\$65,320	\$68,365
Utility services	19,617	19,898	22,118	21,964	23,636	25,067	26,577	28,047	29,354
Cleaning services	20,037	22,592	22,044	24,022	25,851	27,416	29,067	30,674	32,105
Other services	12,709	12,640	14,231	14,952	16,091	17,065	18,093	19,093	19,983
Repairs and maintenance (c)	24,384	27,611	31,085	34,124	35,148	36,203	37,289	38,407	39,560
Rentals	575	692	607	514	681	711	743	775	805
Insurance	3,590	3,674	3,300	3,420	3,699	3,866	4,040	4,213	4,374
Other contractual services (d)	1,305	1,560	1,924	2,271	2,156	2,253	2,355	2,456	2,550
Additional expenses (e)	--	--	--	--	711	775	11,735	12,187	12,682
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$119,177	\$128,150	\$138,575	\$152,421	\$163,021	\$171,738	\$191,797	\$201,172	\$209,778
<b>Maintenance, supplies, and materials</b>	15,940	18,879	18,208	19,654	21,151	22,431	23,782	25,097	26,268
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>BY COST CENTER</b>									
<b>Airline cost centers</b>									
Terminal Complex (f)	\$84,383	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
International Facilities	1,151	898	261	269	288	304	332	349	365
Automated Baggage Systems	2,979	1,664	341	365	391	413	451	474	495
Conventional Baggage Systems	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Baggage Claim	--	--	--	--	--	--	--	--	--
AGTS	16,860	18,583	20,458	21,634	23,204	24,520	26,746	28,130	29,382
Common Use Terminal Equipment	2	65	122	152	163	172	188	197	206
Concourse Ramp Area	7,082	7,878	8,348	9,809	10,520	11,117	12,126	12,754	13,321
Concourse A commuter facility	583	603	677	593	636	672	734	771	806
Airfield Area	48,649	54,549	54,527	59,504	63,822	67,441	73,564	77,371	80,814
Fueling System	1,558	1,553	1,402	1,434	1,539	1,626	1,773	1,865	1,948
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$164,556	\$174,917	\$187,631	\$203,158	\$217,899	\$230,256	\$251,162	\$264,158	\$275,914
<b>Nonairline cost centers</b>	63,306	69,137	71,207	77,275	82,882	87,582	95,535	100,478	104,949
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		7.1%	6.1%	8.3%	7.3%	5.7%	9.1%	5.2%	4.5%
-----									

(a) Source: Airport management records. Based on audited financial results.

(b) Source: Airport management records. Based on budgeted expenses.

(c) Excludes maintenance costs of the conventional baggage system.

(d) Includes bad debt expenses, if any, for the historical year.

(e) Reflects additional expenses associated with implementing certain projects in the Airport Capital Program.

(f) Includes expenses associated with maintaining the loading bridges. These expenses are recovered through TF&E charges.



**Exhibit E**

**AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Airline Revenues</b>									
Landing fees--Signatory Airlines	\$92,161	\$90,993	\$87,340	\$84,420	\$90,391	\$96,217	\$113,460	\$118,796	\$126,709
Landing fees--non-signatory airlines	2,239	1,198	1,558	1,461	1,526	1,599	1,853	1,903	2,014
Terminal complex rentals	71,433	66,713	74,760	78,876	82,156	86,804	100,210	105,725	111,569
Nonpreferential, commuter, common-use gates	3,523	3,236	2,510	2,507	2,225	2,406	3,362	3,451	3,531
Tenant finishes and equipment charges (b)	51,444	53,766	55,724	54,974	56,913	60,563	67,233	69,198	71,813
Automated baggage system fees	17,746	11,727	5,817	4,737	5,049	5,359	5,761	6,018	6,273
Conventional baggage system fees	22,023	21,314	22,191	23,242	24,216	25,523	28,585	29,558	32,137
International facility fees	4,413	5,146	4,171	4,450	4,742	5,063	5,318	5,597	5,891
AGTS charges	22,089	23,020	25,156	26,624	29,513	31,045	34,131	35,888	37,611
Baggage claim charges	16,229	15,546	16,825	17,590	18,395	19,396	20,450	21,173	21,934
Interline baggage fees	679	560	745	787	827	873	920	955	992
Concourse ramp fees	8,803	8,629	9,230	10,265	11,083	11,796	13,137	13,846	14,256
Commuter ramp fees	141	156	255	276	296	313	328	340	344
Common use terminal equipment fees	15	17	99	120	128	134	145	152	158
Fueling system charges	11,974	12,176	11,966	11,238	11,199	11,499	12,303	12,428	12,519
<b>Total rentals, fees, and charges</b>	<b>\$324,913</b>	<b>\$314,197</b>	<b>\$318,347</b>	<b>\$321,566</b>	<b>\$338,658</b>	<b>\$358,591</b>	<b>\$407,195</b>	<b>\$425,030</b>	<b>\$447,750</b>
Less: Balance in Airline Revenue Credit Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(34,751)	(35,134)	(32,205)
<b>Net rentals, fees, and charges</b>	<b>\$284,913</b>	<b>\$274,197</b>	<b>\$278,347</b>	<b>\$281,566</b>	<b>\$298,658</b>	<b>\$318,591</b>	<b>\$372,444</b>	<b>\$389,896</b>	<b>\$415,545</b>
<b>Net rentals, fees, and charges by airline</b>									
United	\$155,644	\$150,963	\$145,631	\$145,657	\$153,527	\$163,851	\$182,074	\$190,013	\$199,782
Other airlines	129,269	123,234	132,715	135,909	145,131	154,740	190,370	199,883	215,763
	\$284,913	\$274,197	\$278,347	\$281,566	\$298,658	\$318,591	\$372,444	\$389,896	\$415,545
Less: cargo carriers landing and other fees (c)	(4,931)	(4,138)	(3,799)	(3,688)	(3,951)	(4,283)	(5,131)	(5,403)	(5,908)
	<b>\$279,982</b>	<b>\$270,060</b>	<b>\$274,548</b>	<b>\$277,878</b>	<b>\$294,707</b>	<b>\$314,308</b>	<b>\$367,313</b>	<b>\$384,493</b>	<b>\$409,637</b>
Enplaned passengers	21,702	23,665	24,602	25,351	25,936	26,332	26,730	27,068	27,293
<b>Airline cost per enplaned passenger</b>	<b>\$12.90</b>	<b>\$11.41</b>	<b>\$11.16</b>	<b>\$10.96</b>	<b>\$11.36</b>	<b>\$11.94</b>	<b>\$13.74</b>	<b>\$14.20</b>	<b>\$15.01</b>
<b>Maximum cost per enplaned revenue passenger for United (d) (in 1990 dollars)</b>	<b>\$11.33</b>	<b>\$11.19</b>	<b>\$9.16</b>	<b>\$8.79</b>	<b>\$8.89</b>	<b>\$9.11</b>	<b>\$9.74</b>	<b>\$9.74</b>	<b>\$9.81</b>

(a) Source: Airport management records. Based on audited financial results.

(b) Includes debt service associated with the Concourse B regional jet facility.

(c) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned passenger.

(d) Source for the discount factor: historical and estimated Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). An assumed 3% discount factor was used, which approximates the Denver-Boulder-Greeley CPI from 1990-2006.

**Exhibit E-1**

**LANDING FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$48,649	\$54,549	\$54,527	\$59,504	\$63,822	\$67,441	\$73,564	\$77,371	\$80,814
Operation and Maintenance Reserve Account replenishment (b)		1,058	554	498	554	1,146	1,079	905	1,531	952
Equipment and capital outlays		2,521	2,285	2,304	1,722	1,774	1,827	1,882	1,938	1,997
Debt service	C-1	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Variable rate bond fees (c)		752	596	479	469	459	449	439	427	413
Amortization charges		19,457	19,126	17,865	17,118	21,479	22,099	22,451	22,810	23,141
Other allocable costs		289	304	325	323	329	343	394	403	417
Capital cost of north site (50%)		1,297	1,320	1,329	1,243	1,227	1,256	1,336	1,339	1,345
<b>Total Airfield Area requirements</b>		<b>\$100,713</b>	<b>\$98,100</b>	<b>\$94,722</b>	<b>\$91,678</b>	<b>\$97,708</b>	<b>\$103,647</b>	<b>\$121,271</b>	<b>\$126,669</b>	<b>\$134,716</b>
Less credits:										
Nonairline revenues	F	(\$4,246)	(\$3,432)	(\$3,434)	(\$3,438)	(\$3,442)	(\$3,445)	(\$3,449)	(\$3,453)	(\$3,456)
Nonsignatory airline landing fees (d)		(2,239)	(1,198)	(1,558)	(1,461)	(1,526)	(1,599)	(1,853)	(1,903)	(2,014)
Interest income (e)		(2,068)	(2,477)	(2,391)	(2,359)	(2,349)	(2,386)	(2,510)	(2,517)	(2,537)
<b>Net Airfield Area requirement</b>		<b>\$92,161</b>	<b>\$90,994</b>	<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>
Signatory Airline landed weight (1,000 pound units) (f)		29,053	31,524	33,231	33,733	34,039	34,078	34,169	34,283	34,073
<b>Signatory Airline landing fee rate</b>		<b>\$3.17</b>	<b>\$2.89</b>	<b>\$2.63</b>	<b>\$2.50</b>	<b>\$2.66</b>	<b>\$2.82</b>	<b>\$3.32</b>	<b>\$3.47</b>	<b>\$3.72</b>
<b>Total Signatory Airline landing fees</b>				<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (d) Reflects the calculated Signatory Airline landing fee value multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
- (e) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (f) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

**Exhibit E-2**

**TERMINAL COMPLEX RENTALS**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual 2005 (a)	Actual 2006 (a)	Estimated 2007	Forecast					
					2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$84,908	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
Less: Loading bridge maintenance expenses (b)		(658)	(1,122)	(1,190)	(1,289)	(1,382)	(1,461)	(1,593)	(1,676)	(1,750)
Operation and Maintenance Reserve Account replenishment (c)		1,723	982	914	1,005	2,078	1,958	1,641	2,776	1,726
Equipment and capital outlays		1,694	1,223	1,475	1,103	1,136	1,170	1,205	1,241	1,278
Debt service (d)	C-1	99,734	90,665	94,557	97,505	96,358	102,368	122,407	124,358	129,791
Variable rate bond fees (e)		1,806	1,638	1,223	1,198	1,172	1,148	1,121	1,092	1,055
Amortization charges		6,824	6,375	6,539	7,349	10,499	10,640	10,776	10,914	10,953
Other allocable costs		746	783	839	833	848	886	1,018	1,039	1,075
<b>Total Terminal Complex Requirement</b>		<b>\$196,777</b>	<b>\$188,248</b>	<b>\$204,362</b>	<b>\$215,626</b>	<b>\$226,461</b>	<b>\$239,025</b>	<b>\$269,997</b>	<b>\$280,072</b>	<b>\$290,700</b>
Less credits: Interest income (f)		(5,334)	(6,388)	(6,166)	(6,084)	(6,059)	(6,155)	(6,473)	(6,492)	(6,543)
<b>Net Terminal Complex Requirement</b>		<b>\$191,443</b>	<b>\$181,859</b>	<b>\$198,196</b>	<b>\$209,542</b>	<b>\$220,402</b>	<b>\$232,870</b>	<b>\$263,524</b>	<b>\$273,580</b>	<b>\$284,157</b>
Rentable space (square feet) (g)		2,327	2,323	2,323	2,325	2,328	2,328	2,502	2,502	2,502
<b>Average rental rate per square foot</b>		<b>\$82.26</b>	<b>\$78.30</b>	<b>\$85.33</b>	<b>\$90.12</b>	<b>\$94.69</b>	<b>\$100.05</b>	<b>\$105.34</b>	<b>\$109.36</b>	<b>\$113.59</b>
Average rental rate per square foot at 100%		\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
Differential rate per square foot at 65%		53.47	50.89	55.47	58.58	61.55	65.03	68.47	71.09	73.83
Total airline space rentals (h)				\$74,760	\$78,876	\$82,156	\$86,804	\$100,210	\$105,725	\$111,569

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) These expenses are recovered through tenant finish charges.
- (c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (d) For purposes of establishing the average terminal rental rate, debt service prior to the application of certain PFC revenue is used.
- (e) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (f) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (g) Rentable space increases during the forecast period as projects are completed.
- (h) Includes exclusive, preferential, and joint-use space rentals.

Exhibit E-3

**TENANT FINISHES AND EQUIPMENT CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Landside Terminal</b>									
Debt service	\$3,209	\$3,314	\$3,335	\$3,287	\$3,343	\$3,536	\$3,953	\$3,964	\$4,024
Variable rate bond fees (b)	39	48	31	31	30	29	29	28	27
Other allocable costs	24	25	27	26	27	28	32	33	34
Amortization charges	668	1,717	2,221	2,241	2,262	2,283	2,305	2,327	2,350
<b>Total requirements</b>	<b>\$3,939</b>	<b>\$5,105</b>	<b>\$5,613</b>	<b>\$5,585</b>	<b>\$5,662</b>	<b>\$5,876</b>	<b>\$6,319</b>	<b>\$6,352</b>	<b>\$6,435</b>
Less credits: Interest income (c)	(168)	(202)	(195)	(192)	(191)	(194)	(204)	(205)	(207)
<b>Net requirements</b>	<b>\$3,771</b>	<b>\$4,903</b>	<b>\$5,419</b>	<b>\$5,393</b>	<b>\$5,471</b>	<b>\$5,682</b>	<b>\$6,114</b>	<b>\$6,147</b>	<b>\$6,228</b>
Landside Terminal rentable space (square feet)	94	95	96	96	96	96	96	96	96
Rate per square foot	\$40.03	\$51.58	\$56.45	\$56.18	\$56.99	\$59.19	\$63.69	\$64.03	\$64.88
Airline rented space (square feet)			55	57	57	57	57	57	57
<b>Total charges -- Landside Terminal</b>			<b>\$3,081</b>	<b>\$3,202</b>	<b>\$3,248</b>	<b>\$3,374</b>	<b>\$3,630</b>	<b>\$3,649</b>	<b>\$3,698</b>
<b>Concourse A</b>									
Debt service (d)	\$8,014	\$6,833	\$7,111	\$6,610	\$6,492	\$6,732	\$8,598	\$8,647	\$8,917
Variable rate bond fees (b)	102	124	81	79	77	76	74	72	70
Other allocable costs	61	64	68	68	69	72	83	85	88
Amortization charges	496	1,345	1,369	1,397	1,440	1,465	1,492	1,518	1,545
<b>Total requirements</b>	<b>\$8,672</b>	<b>\$8,365</b>	<b>\$8,630</b>	<b>\$8,154</b>	<b>\$8,079</b>	<b>\$8,346</b>	<b>\$10,247</b>	<b>\$10,322</b>	<b>\$10,619</b>
Less credits: Interest income (c)	(434)	(520)	(502)	(496)	(494)	(501)	(527)	(529)	(533)
<b>Net requirements</b>	<b>\$8,238</b>	<b>\$7,845</b>	<b>\$8,127</b>	<b>\$7,659</b>	<b>\$7,585</b>	<b>\$7,844</b>	<b>\$9,720</b>	<b>\$9,793</b>	<b>\$10,086</b>
Less: Baggage sortation costs recovered separately (d)	(1,452)	--	--	--	--	--	--	--	--
	\$6,785	\$7,845	\$8,127	\$7,659	\$7,585	\$7,844	\$9,720	\$9,793	\$10,086
Rentable space (square feet)									
Airline rentable space	298	298	298	298	298	298	298	298	298
Less: Unfinished airline space	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Less: baggage sortation level space	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Corridor office space	7	7	7	7	7	7	7	7	7
Concourse ramp tower	6	6	6	6	6	6	6	6	6
City administrative space	49	49	49	49	49	49	49	49	49
Rentable space (square feet)	325	324	324	324	324	324	324	324	324
Rate per square foot	\$20.88	\$24.19	\$25.06	\$23.61	\$23.39	\$24.19	\$29.97	\$30.19	\$31.10
Plus: Loading bridge maintenance cost charge	4.40	4.24	5.67	6.80	9.10	9.44	11.90	12.09	11.98
	\$25.28	\$28.43	\$30.73	\$30.41	\$32.49	\$33.63	\$41.87	\$42.28	\$43.07
Airline rented space (square feet)	115	107	128	119	113	113	94	94	94
Total rental revenue	\$2,896	\$3,052	\$3,922	\$3,631	\$3,680	\$3,809	\$3,922	\$3,961	\$4,035
Plus: Baggage sortation equipment revenue (d)	1,305	1,240	--	--	--	--	--	--	--
<b>Total charges -- Concourse A</b>	<b>\$4,200</b>	<b>\$4,292</b>	<b>\$3,922</b>	<b>\$3,631</b>	<b>\$3,680</b>	<b>\$3,809</b>	<b>\$3,922</b>	<b>\$3,961</b>	<b>\$4,035</b>

Exhibit E-3 (page 2 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Concourse B</b>									
Debt service (e)	\$20,239	\$16,857	\$15,853	\$14,367	\$13,793	\$14,855	\$17,081	\$17,097	\$17,158
Variable rate bond fees (b)	245	310	248	243	238	233	227	222	214
Other allocable costs	152	160	171	170	173	180	207	212	219
Amortization charges (f)	2,595	2,003	1,098	180	442	441	441	441	440
<b>Total requirements</b>	<b>\$23,231</b>	<b>\$19,329</b>	<b>\$17,371</b>	<b>\$14,961</b>	<b>\$14,646</b>	<b>\$15,710</b>	<b>\$17,957</b>	<b>\$17,971</b>	<b>\$18,031</b>
Less credits: Interest income (c)	(1,086)	(1,301)	(1,256)	(1,239)	(1,234)	(1,253)	(1,318)	(1,322)	(1,332)
Net requirements	\$22,145	\$18,028	\$16,115	\$13,722	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Less: Baggage sortation costs recovered separately									
Baggage sortation equipment costs (e)	(\$7,153)	(\$5,520)	(\$1,131)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage system modification costs (g) (f)	(1,561)	(1,561)	(781)	--	--	--	--	--	--
Baggage system modification costs (h) (f)	(1,254)	(1,254)	(1,685)	(771)	--	--	--	--	--
Rentable space (square feet)	\$12,177	\$9,694	\$12,518	\$12,950	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Rate per square foot	481	479	479	479	479	479	479	479	479
Plus: Loading bridge maintenance cost charge	\$25.33	\$20.26	\$26.16	\$27.06	\$28.03	\$30.21	\$34.77	\$34.79	\$34.90
Airline rented space (square feet)	1.29	2.78	2.93	3.30	4.21	4.37	4.61	4.69	4.64
Total rental revenue	\$26.61	\$23.04	\$29.10	\$30.37	\$32.24	\$34.58	\$39.38	\$39.48	\$39.54
Plus: Concourse B baggage system revenue	463	460	460	460	460	460	460	460	460
Baggage sortation equipment (e)	\$7,153	\$5,520	\$1,131	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage sortation space (i)	29,125	27,376	29,836	31,511	33,109	34,982	36,833	38,238	39,717
Baggage system modification (g) (f)	1,561	1,561	781	--	--	--	--	--	--
Baggage system modification (h) (f)	1,254	1,254	1,685	771	--	--	--	--	--
Concourse C baggage equipment revenue (e) (j)	942	643	--	--	--	--	--	--	--
<b>Total charges -- Concourse B</b>	<b>\$52,345</b>	<b>\$46,959</b>	<b>\$46,825</b>	<b>\$46,260</b>	<b>\$47,947</b>	<b>\$50,898</b>	<b>\$54,961</b>	<b>\$56,411</b>	<b>\$57,916</b>

Exhibit E-3 (page 3 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual 2005 (a)	Actual 2006 (a)	Estimated 2007	Forecast					
				2008	2009	2010	2011	2012	2013
<b>Concourse C</b>									
Debt service (k)	\$3,330	\$2,152	\$1,813	\$1,588	\$1,561	\$2,151	\$5,395	\$5,645	\$6,581
Variable rate bond fees (b)	45	51	35	34	33	32	32	31	30
Other allocable costs	25	26	28	28	28	30	34	35	36
Amortization charges	290	406	394	385	402	408	413	419	424
<b>Total requirements</b>	<b>\$3,690</b>	<b>\$2,635</b>	<b>\$2,270</b>	<b>\$2,034</b>	<b>\$2,024</b>	<b>\$2,621</b>	<b>\$5,874</b>	<b>\$6,129</b>	<b>\$7,071</b>
Less credits:									
Interest income (c)	(\$178)	(\$213)	(\$206)	(\$203)	(\$202)	(\$206)	(\$216)	(\$217)	(\$219)
Transfer of Concourse C baggage sortation cost to Concourse B	(933)	(502)	--	--	--	--	--	--	--
<b>Net requirements</b>	<b>\$2,579</b>	<b>\$1,920</b>	<b>\$2,064</b>	<b>\$1,831</b>	<b>\$1,822</b>	<b>\$2,415</b>	<b>\$5,657</b>	<b>\$5,912</b>	<b>\$6,852</b>
Concourse C rentable space (square feet)	137	137	137	137	137	137	250	250	250
Rate per square foot	\$18.79	\$14.05	\$15.04	\$13.34	\$13.28	\$17.60	\$22.61	\$23.63	\$27.39
Plus: Loading bridge maintenance cost charge	3.72	3.76	5.79	6.19	7.88	8.18	5.02	4.79	4.48
<b>Airline rented space (square feet)</b>	<b>\$22.51</b>	<b>\$17.82</b>	<b>\$20.83</b>	<b>\$19.53</b>	<b>\$21.16</b>	<b>\$25.78</b>	<b>\$27.63</b>	<b>\$28.42</b>	<b>\$31.87</b>
	95	91	91	96	96	96	171	182	193
<b>Total charges -- Concourse C</b>	<b>\$2,141</b>	<b>\$1,622</b>	<b>\$1,896</b>	<b>\$1,880</b>	<b>\$2,037</b>	<b>\$2,482</b>	<b>\$4,720</b>	<b>\$5,177</b>	<b>\$6,165</b>
<b>Summary</b>									
Landside Terminal	\$ --	\$ --	\$3,081	\$3,202	\$3,248	\$3,374	\$3,630	\$3,649	\$3,698
Concourse A	4,200	4,292	3,922	3,631	3,680	3,809	3,922	3,961	4,035
Concourse B	52,345	46,959	46,825	46,260	47,947	50,898	54,961	56,411	57,916
Concourse C	2,141	1,622	1,896	1,880	2,037	2,482	4,720	5,177	6,165
<b>Total tenant finishes and equipment charges</b>	<b>\$58,687</b>	<b>\$52,873</b>	<b>\$55,724</b>	<b>\$54,974</b>	<b>\$56,913</b>	<b>\$60,563</b>	<b>\$67,233</b>	<b>\$69,198</b>	<b>\$71,813</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (c) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (d) Net of interest savings from bond refundings used to achieve 2005-2 Amendment and Concourse A reallocation plan cost reductions.
- (e) Reflects defeasance of Bonds allocated to Concourses B and C baggage sortation equipment to achieve cost reductions under 2005-2 and 2006 Amendments.
- (f) Reflects write-off of amortization to achieve cost reductions under 2006 Amendment.
- (g) Reflects the amortization of the cost of improvements to the Concourse B baggage system.
- (h) Reflects amortization of costs of baggage system modifications on Concourse B under the Stipulated Order.
- (i) Reflects \$10m of PFC revenues used to pay Concourse B baggage sortation space as described in 2005-1 Amendment.
- (j) Recovery of costs for Concourse C baggage equipment as provided under the Airport use and lease agreements.
- (k) Net of interest savings from bond refundings used to achieve same percentage cost reduction on Concourse C as achieved on Concourse A under the Concourse A reallocation plan.

**Exhibit E-4**

**BAGGAGE SYSTEM FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>AUTOMATED BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Spine space (square feet)	19	19	19	19	19	19	19	19	19
Maintenance space (square feet) (b)	43	43	43	43	43	43	43	43	43
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	61	61	61	61	61	61	61	61	61
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$5,031	\$4,789	\$5,219	\$5,512	\$5,791	\$6,119	\$6,443	\$6,689	\$6,947
Less: PFCs to pay Concourse A baggage system space costs (c)	(1,325)	(977)	(973)	(900)	(883)	(889)	(793)	(793)	(794)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$3,706</b>	<b>\$3,812</b>	<b>\$4,246</b>	<b>\$4,612</b>	<b>\$4,909</b>	<b>\$5,230</b>	<b>\$5,650</b>	<b>\$5,895</b>	<b>\$6,153</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Equipment costs</b>									
Operation and Maintenance Expenses	\$2,979	\$1,664	\$341	\$365	\$391	\$413	\$451	\$474	\$495
Operation and Maintenance Reserve Account replenishment (d)	59	83	3	3	7	7	6	9	6
Equipment and capital outlays	26	6	--	--	--	--	--	--	--
Debt service (c) (e)	9,981	3,968	1,506	--	--	--	--	--	--
Variable rate bond fees (f)	177	229	145	142	139	136	133	130	125
Other allocable costs	112	118	126	125	128	133	153	157	162
Amortization charges	775	696	710	724	738	753	768	784	799
Costs allocable to International Facilities (g)	(488)	(313)	(332)	(318)	(351)	(387)	(425)	(452)	(482)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$13,620</b>	<b>\$6,451</b>	<b>\$2,500</b>	<b>\$1,042</b>	<b>\$1,053</b>	<b>\$1,055</b>	<b>\$1,086</b>	<b>\$1,101</b>	<b>\$1,106</b>
Less credits: Interest income (h)	(803)	(962)	(929)	(916)	(913)	(927)	(975)	(978)	(986)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net requirements	<b>\$16,523</b>	<b>\$9,300</b>	<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Allocation of net requirements</b>									
Concourse A	\$580	\$439	\$605	\$944	\$1,054	\$1,026	\$1,216	\$1,296	\$1,379
/ Domestic originating and destination passengers (i)	7,398	8,879	8,350	8,533	8,724	8,921	9,081	9,247	9,415
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse A automated baggage system rate	\$0.08	\$0.05	\$0.07	\$0.11	\$0.12	\$0.11	\$0.13	\$0.14	\$0.15
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B (j)	\$15,885	\$9,838	\$5,212	\$3,793	\$3,995	\$4,333	\$4,545	\$4,722	\$4,894
/ Domestic originating and destination passengers (i)	8,067	8,983	8,887	8,942	8,965	9,023	9,083	9,142	9,201
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B automated baggage system rate	\$1.97	\$1.10	\$0.59	\$0.42	\$0.45	\$0.48	\$0.50	\$0.52	\$0.53
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total fees -- Automated baggage systems</b>			<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
			=====	=====	=====	=====	=====	=====	=====

Exhibit E-4 (page 2 of 2)

**BAGGAGE SYSTEM FEES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>CONVENTIONAL BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Terminal space (square feet)	134	134	134	134	134	134	134	134	134
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	<u>\$10,989</u>	<u>\$10,459</u>	<u>\$11,398</u>	<u>\$12,038</u>	<u>\$12,649</u>	<u>\$13,364</u>	<u>\$14,072</u>	<u>\$14,609</u>	<u>\$15,173</u>
<b>Equipment costs</b>									
Operation and Maintenance Expenses	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Operation and Maintenance Reserve Account replenishment (d)	3	121	14	14	28	27	22	38	24
Equipment and capital outlays	3	1	1	1	1	1	1	1	1
Debt service (c)	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
Variable rate bond fees (e)	99	123	81	79	77	76	74	72	70
Other allocable costs	54	57	61	60	61	64	74	75	78
Amortization charges	966	1,243	1,802	2,258	2,270	2,283	2,296	2,309	2,322
	<u>\$12,144</u>	<u>\$12,979</u>	<u>\$13,295</u>	<u>\$13,694</u>	<u>\$14,128</u>	<u>\$14,847</u>	<u>\$17,700</u>	<u>\$18,226</u>	<u>\$20,651</u>
Less credits: Interest income (h)	(387)	(464)	(447)	(441)	(439)	(446)	(469)	(471)	(474)
Net requirements	<u>\$22,746</u>	<u>\$22,974</u>	<u>\$24,247</u>	<u>\$25,291</u>	<u>\$26,338</u>	<u>\$27,765</u>	<u>\$31,303</u>	<u>\$32,364</u>	<u>\$35,350</u>
<b>Allocation of net requirements</b>									
Space costs			\$11,398	\$12,038	\$12,649	\$13,364	\$14,072	\$14,609	\$15,173
Equipment costs -- United (k)			6,308	6,734	6,936	7,267	8,584	8,828	9,954
Equipment costs -- Other airlines (k)			4,485	4,470	4,630	4,891	5,929	6,122	7,010
<b>Total fees -- Conventional baggage systems</b>			<u>\$22,191</u>	<u>\$23,242</u>	<u>\$24,216</u>	<u>\$25,523</u>	<u>\$28,585</u>	<u>\$29,558</u>	<u>\$32,137</u>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Reflects baggage maintenance space for the automated baggage system in the Landside Terminal and Concourses A, B, and C.
- (c) Requirements shown is net of PFC revenues allocable to certain spine and space costs.
- (d) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (e) Reflects defeasance of Bonds allocated to Concourses B baggage system to achieve cost reductions under 2005-2 Amendment. Also reflects defeasance of Bonds allocated to Concourse A baggage system at City's discretion.
- (f) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (g) Allocated based on the percent of international originating and destination passengers to total originating and destination passengers on Concourse A.
- (h) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (i) Based on the forecast of originating passengers presented in the report.
- (j) Operating costs are 100% allocable to Concourse B.
- (k) Allocated according to project costs and number of leased carousels.



**Exhibit F**

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Terminal concession revenues</b>									
Food and beverage	\$13,218	\$15,775	\$16,742	\$17,866	\$18,827	\$19,688	\$20,585	\$21,470	\$22,298
Merchandise	10,398	11,401	12,099	12,912	13,606	14,228	14,877	15,517	16,115
Terminal services (b)	6,612	7,129	7,566	8,074	8,508	8,897	9,302	9,702	10,077
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$30,228	\$34,305	\$36,407	\$38,851	\$40,940	\$42,813	\$44,763	\$46,689	\$48,490
<b>Outside concession revenues</b>									
Public automobile parking	\$92,636	\$105,262	\$111,921	\$116,627	\$121,470	\$125,244	\$129,011	\$132,135	\$134,847
Rental car privilege fees	27,706	32,678	34,285	35,726	37,210	38,366	39,520	40,477	41,308
Ground transportation	2,700	2,847	3,058	3,243	3,427	3,586	3,749	3,896	4,035
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$123,042	\$140,788	\$149,264	\$155,596	\$162,107	\$167,196	\$172,280	\$176,508	\$180,190
<b>Other terminal revenues</b>									
Employee parking fees	\$5,334	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317
Rental car									
Service and storage rentals (c)	5,767	5,264	5,655	5,996	6,337	6,630	6,931	7,203	7,460
Additional building rentals (d)	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589
Other terminal space rentals	915	923	923	923	923	923	923	923	923
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,606	\$15,093	\$15,484	\$15,825	\$16,166	\$16,460	\$16,760	\$17,033	\$17,289
<b>Airfield</b>									
General aviation landing fees	\$200	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
Farming income	343	192	192	192	192	192	192	192	192
Land rentals	485	485	485	485	485	485	485	485	485
Oil and gas royalty revenues	3,116	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447
Fuel flowage fees	102	108	110	114	118	121	125	129	132
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$4,246	\$3,432	\$3,434	\$3,438	\$3,442	\$3,445	\$3,449	\$3,453	\$3,456

Exhibit F (page 2 of 2)

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Building and ground rentals</b>									
Continental support facilities	\$7,761	\$7,814	\$7,714	\$7,689	\$7,766	\$7,865	\$8,084	\$8,166	\$8,244
Other North Airline Support Area	2,060	2,134	1,612	1,595	1,641	1,708	1,844	1,896	1,945
Other South Airline Support Area	--	37	844	835	860	895	966	993	1,019
South Cargo Area	4,335	4,514	4,581	4,372	4,381	4,503	4,809	4,866	4,918
FedEx	582	582	582	582	582	582	582	582	582
General Aviation Area	266	378	266	266	266	266	266	266	266
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,005	\$15,459	\$15,600	\$15,340	\$15,497	\$15,819	\$16,551	\$16,770	\$16,975
<b>Other revenues</b>									
In-flight catering fees	\$2,044	-\$300	\$2,365	\$2,524	\$2,659	\$2,781	\$2,908	\$3,033	\$3,150
Coverage--Continental Support Facilities	--	--	--	--	2	--	--	--	1
Aviation fuel tax proceeds									
City	7,275	6,486	6,596	6,700	6,763	6,776	6,790	6,797	6,778
State	9,720	6,229	6,335	6,435	6,495	6,508	6,521	6,528	6,509
Miscellaneous revenues	6,023	6,405	7,879	7,879	7,879	7,879	7,879	7,879	7,879
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$25,062	\$18,819	\$23,175	\$23,538	\$23,799	\$23,944	\$24,098	\$24,238	\$24,317
<b>Total</b>	<b>\$213,189</b>	<b>\$227,896</b>	<b>\$243,364</b>	<b>\$252,589</b>	<b>\$261,952</b>	<b>\$269,677</b>	<b>\$277,901</b>	<b>\$284,691</b>	<b>\$290,717</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		6.9%	6.8%	3.8%	3.7%	2.9%	3.0%	2.4%	2.1%

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Includes telephone, advertising, luggage cart, and other in-terminal concession revenues.
  - (c) Reflects ground and facility rentals based, in part, on debt service requirements.
  - (d) Reflects additional rentals payable by the rental car companies to the City.

**Exhibit G**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Gross Revenues</b>								
Airline rentals, fees, and charges	E	\$318,347	\$321,566	\$338,658	\$358,591	\$407,195	\$425,030	\$447,750
Other Airport revenues	F	243,364	252,589	261,952	269,677	277,901	284,691	290,717
Interest income		38,274	38,344	39,435	39,763	38,497	39,019	39,154
		-----	-----	-----	-----	-----	-----	-----
		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
<b>Operation and Maintenance Expenses</b>								
Operating expenses	D	\$258,838	\$280,433	\$300,781	\$317,838	\$346,696	\$364,636	\$380,863
Variable rate bond fees		3,390	3,320	3,247	3,180	3,106	3,026	2,924
		-----	-----	-----	-----	-----	-----	-----
		\$262,228	\$283,753	\$304,028	\$321,018	\$349,802	\$367,662	\$383,787
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues</b>		<b>\$337,756</b>	<b>\$328,746</b>	<b>\$336,016</b>	<b>\$347,013</b>	<b>\$373,792</b>	<b>\$381,078</b>	<b>\$393,835</b>
Other Available Funds (coverage requirement)	C	55,106	55,475	53,716	54,310	66,315	65,847	70,083
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues plus Other Available Funds</b>		<b>\$392,862</b>	<b>\$384,221</b>	<b>\$389,732</b>	<b>\$401,323</b>	<b>\$440,107</b>	<b>\$446,925</b>	<b>\$463,918</b>
<b>Less transfers to:</b>								
Bond Fund (a)	C	\$221,754	\$212,040	\$207,546	\$221,972	\$276,639	\$280,635	\$298,345
Reserve account for FedEx project (b)		91	91	91	91	91	91	91
Operation and Maintenance Reserve Account		2,366	2,610	5,399	5,087	4,264	7,215	4,485
		-----	-----	-----	-----	-----	-----	-----
<b>Transfer to Capital Fund</b>		<b>\$168,651</b>	<b>\$169,480</b>	<b>\$176,697</b>	<b>\$174,173</b>	<b>\$159,113</b>	<b>\$158,985</b>	<b>\$160,997</b>
Adjustments (c)		702	702	702	702	702	702	702
		-----	-----	-----	-----	-----	-----	-----
<b>Adjusted transfer to Capital Fund</b>		<b>\$169,353</b>	<b>\$170,182</b>	<b>\$177,399</b>	<b>\$174,875</b>	<b>\$159,815</b>	<b>\$159,687</b>	<b>\$161,699</b>

**Exhibit G (page 2 of 2)**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Allocation of Capital Fund transfer</b>								
Rollover to Coverage Account	C	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083
Addition to Coverage Account (Continental portion)	C	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	554	--	3,768
Interest income credit to Continental Airlines (d)		59	59	59	59	59	59	59
Equipment and Capital Outlay Account								
Other equipment purchases		6,580	3,963	4,082	4,205	4,331	4,461	4,594
Set-aside for installment purchase equipment payments (e)		4,471	6,004	18,605	19,053	19,053	19,053	18,784
Capital Improvement Account (f)								
Set-aside for Stapleton improvements (g)		1,500	--	--	--	--	--	--
Other (c)		702	702	702	702	702	702	702
Remaining balance deposit for Airport improvements		60,233	63,276	59,533	55,844	33,348	33,730	30,802
Airline Revenue Credit Account		40,000	40,000	40,000	40,000	34,751	35,134	32,205
		-----	-----	-----	-----	-----	-----	-----
		<b>\$168,651</b>	<b>\$169,480</b>	<b>\$176,697</b>	<b>\$174,173</b>	<b>\$159,113</b>	<b>\$158,985</b>	<b>\$160,997</b>

- (a) Required annual total of monthly transfers to the Bond Fund, net of the PFC revenues presented on Exhibit C, for payment of debt service on Senior Bonds and Subordinate Bonds.
- (b) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments.
- (c) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel project from the Net Revenues available for revenue sharing.
- (d) Continental receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.
- (e) Set-aside for payments to GE Capital and Siemens for certain equipment funded by those companies and leased by the City.
- (f) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport.  
 Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed \$40 million in any year.
- (g) The City is obligated to pay \$1.5 million per year through 2007, to the extent such amounts are available in the Capital Improvement Account to the SDC.

**Exhibit H**

**NET REVENUES AND DEBT SERVICE COVERAGE**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Estimated	Forecast					
		2007	2008	2009	2010	2011	2012	2013
<b>GENERAL BOND ORDINANCE</b>								
<b>Net Revenues and Other Available Funds (a)</b>								
Gross Revenues		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
Operation and Maintenance Expenses		262,228	283,753	304,028	321,018	349,802	367,662	383,787
Net Revenues		\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
Other Available Funds (coverage requirement)		55,106	55,475	53,716	54,310	66,315	65,847	70,083
	[A]	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
<b>Debt Service Requirements (b)</b>								
Senior Bonds	[B]	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds		11,806	11,806	11,806	11,806	11,806	11,806	11,806
	[C]	\$232,228	\$233,705	\$226,670	\$229,044	\$277,067	\$275,196	\$292,136
<b>Debt service coverage on Senior Bonds</b>	[A/B]	<b>178%</b>	<b>173%</b>	<b>181%</b>	<b>185%</b>	<b>166%</b>	<b>170%</b>	<b>165%</b>
		=====	=====	=====	=====	=====	=====	=====
<b>Debt service coverage on Senior and Subordinate Bonds</b>	[A/C]	<b>169%</b>	<b>164%</b>	<b>172%</b>	<b>175%</b>	<b>159%</b>	<b>162%</b>	<b>159%</b>
		=====	=====	=====	=====	=====	=====	=====

(a) See Exhibit G.

(b) Net of certain PFC revenues. See Exhibit C.

## **APPENDIX B**

### **ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005**

This appendix includes the following sections from the 2006 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 61); and Supplemental Information (pages 62 through 67). The Introduction (pages 1 through 7) and Annual Financial Information (pages 68 through 70) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver  
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport System as of and for the year ended December 31, 2005, were audited by other accountants whose report dated May 5, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of City and County of Denver that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City and County of Denver as of December 31, 2006 and 2005, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

July 2, 2007



**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Management's Discussion and Analysis**

The following discussion and analysis of the financial position of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**Financial Highlights**

Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.1% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

**Overview of the Financial Statements**

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to those financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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**Summary of Revenues, Expenses, and Changes in Net Assets**

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues	\$ 500,810	\$	494,491	\$	477,665
Operating expenses before depreciation, amortization and impairment losses	<u>(256,147)</u>		<u>(231,129)</u>		<u>(221,214)</u>
Operating income before depreciation, amortization and impairment losses	244,663		263,362		256,451
Depreciation and amortization	(143,506)		(146,922)		(130,379)
Impairment losses	<u>—</u>		<u>(85,286)</u>		<u>(18,007)</u>
Operating income	101,157		31,154		108,065
Nonoperating revenues	150,223		120,063		84,766
Nonoperating expenses	(217,995)		(227,328)		(223,346)
Capital contributions	<u>29,188</u>		<u>31,547</u>		<u>62,205</u>
Increase (decrease) in net assets	62,573		(44,564)		31,690
Net assets, beginning of year	<u>640,196</u>		<u>684,760</u>		<u>653,070</u>
Net assets, end of year	<u>\$ 702,769</u>	\$	<u>640,196</u>	\$	<u>684,760</u>

**Operating Revenues**

(In thousands)

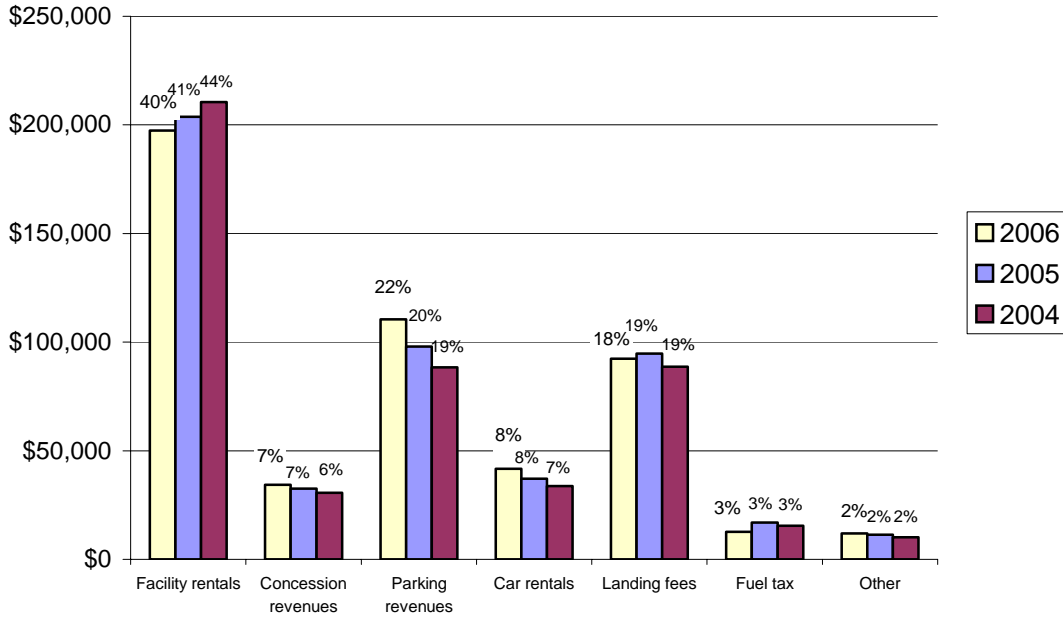
	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues:					
Facility rentals	\$ 197,353	\$	203,800	\$	210,461
Concession revenues	34,305		32,566		30,638
Parking revenues	110,535		97,919		88,411
Car rental revenues	41,641		37,175		33,780
Landing fees	92,390		94,695		88,741
Aviation fuel tax	12,714		16,995		15,402
Other sales and charges	<u>11,872</u>		<u>11,341</u>		<u>10,232</u>
Total operating revenues	<u>\$ 500,810</u>	\$	<u>494,491</u>	\$	<u>477,665</u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

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**Operating Revenues**

**% of Total Operating Revenues**



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increase in revenues.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2006 as compared to 2005 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
Enplanements	23,665	21,702	9.0%
Passengers	47,325	43,388	9.1%
Aircraft operations (1)	610	568	7.4%
Cargo (in pounds)	621,655	683,237	(9.0)%
Landed weight (in tons)	31,848	29,636	7.5%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

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The Airport System's activities increased in three areas as described below and decreased slightly in landed weight and cargo for the year ended December 31, 2005 as compared to 2004 (in thousands):

	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
Enplanements	21,702	21,144	2.6%
Passengers	43,388	42,276	2.6%
Aircraft operations (1)	568	567	0.2%
Cargo (in pounds)	683,237	699,827	(2.4)%
Landed weight (in tons)	29,636	29,651	(0.1)%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

Operating revenues increased by 1.3%, from \$494.5 million in 2005 to \$500.8 million in 2006, primarily due to increases in parking, concession revenues, and car rentals. The parking revenue increase of \$12.6 million, or 12.9%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and an increase in parking rates, discussed below. Concession revenues between 2006 and 2005 increased \$1.7 million, or 5.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$4.5 million, or 12.0%, to \$41.6 million due to an increase in O&D passenger traffic and increased usage charges.

Facility Rentals and Landing Fees decreased in 2006 compared to 2005 by \$6.4 million (3.2%) and \$2.3 million (2.4%) respectively. Charges to airlines are based on the costs of providing the facilities and services. In 2006 these costs decreased because of a reduction in the debt service allocated to airline cost centers, thereby reducing the airline revenues.

Aviation fuel tax revenue in 2006 decreased \$4.3 million, or 25.2%, primarily due to a decrease in aviation fuel usage related to aircraft tanker fueling outside of the Airport.

Operating revenues increased by 3.5%, from \$477.7 million in 2004 to \$494.5 million in 2005, primarily due to increases in parking, landing fees, concession revenues, and car rentals. The parking revenue increase of \$9.5 million, or 10.8%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and a rate increase effective June 15, 2005. The Airport System increased maximum daily parking rates in the garage and valet by \$3, from \$15 to \$18 and \$21 to \$24 per day, respectively. Also, there was a \$2 increase in the economy parking lot, from \$7 to \$9 per day. The landing fees increase of \$6.0 million, or 6.7%, is attributable to reductions in the year-end settlement in the landing fee rate calculation for signatory airlines. Concession revenues between 2004 and 2005 increased \$1.9 million, or 6.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$3.4 million, or 10.1%, to \$37.2 million due to an increase in O&D passenger traffic and increased usage charges.

Aviation fuel tax in 2005 increased \$1.6 million, or 10.3%, primarily due to an increase in aviation fuel usage and prices.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

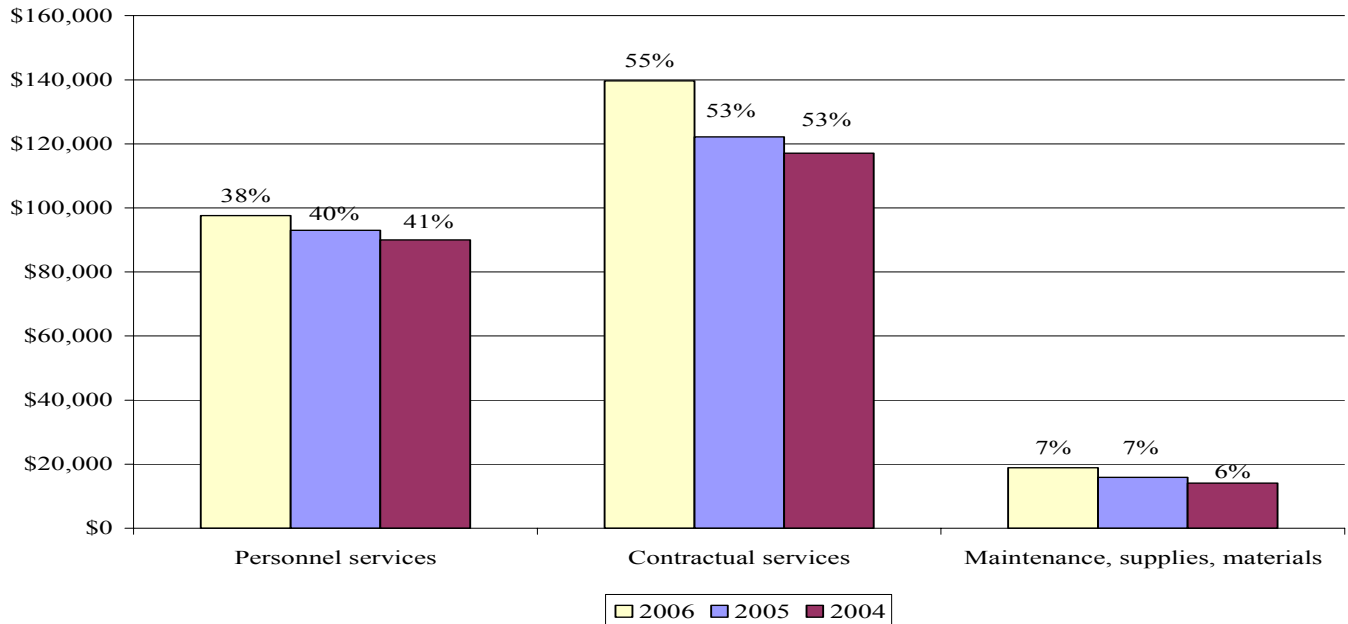
Management's Discussion and Analysis (Unaudited)  
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**Operating Expenses Before Depreciation, Amortization and Impairment Losses**

(In thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating expenses before depreciation, amortization and impairment losses			
Personnel services	\$ 97,592	\$ 92,980	\$ 90,006
Contractual services	139,652	122,193	117,091
Maintenance, supplies, and materials	<u>18,903</u>	<u>15,956</u>	<u>14,117</u>
Total operating expenses before depreciation, amortization, and impairment losses	<u>\$ 256,147</u>	<u>\$ 231,129</u>	<u>\$ 221,214</u>

**% Total Operating Expenses Before Depreciation, Amortization and Impairment Losses**



**2006/2005**

Operating expenses before depreciation, amortization and impairment losses increased by 10.8%, from \$231.1 million in 2005 to \$256.1 million in 2006. The increase in contractual services in 2006 compared to 2005 of \$17.5 million was due to an increase in snow removal costs due to blizzards that occurred in December 2006, as well as an increase in janitorial services, guard services and repair and maintenance expense.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates.

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Personnel services increased by \$4.6 million, or 5.0%, to \$97.6 million in 2006 compared to \$93.0 million in 2005. The increase in personnel costs was due in part to an increase in permanent salaries of 2.25% granted in 2006. Also, snow overtime costs relating to the December 2006 blizzards and a performance based bonus given to all personnel in December of 2006, contributed to the increase. Maintenance, supplies, and materials increased \$2.9 million, or 18.5%, to \$18.9 million from \$16.0 million in 2005 due to an increase in runway lighting costs and plumbing supplies costs. An increase in commercial chemical solvents used during the December 2006 blizzards, heating plant repair parts and jet bridges, also contributed to the increase in 2006.

**2005/2004**

Operating expenses before depreciation, amortization and impairment losses increased by 4.5%, from \$221.2 million in 2004 to \$231.1 million in 2005. The increase in contractual services in 2005 of \$5.1 million was due to an increase in electricity, gas, janitorial services, and repair and maintenance expenses offset by a decrease in aircraft noise penalty cost of \$1.5 million.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates. In addition, contract snow removal costs were higher in 2005 due to an April 2005 blizzard.

Personnel services increased by \$3.0 million, or 3.3%, to \$93.0 million in 2005 compared to \$90.0 million in 2004. The increase in personnel and other city personnel (fire and police) costs was due in part to an increase in permanent salaries of 2.25% granted in 2005. Also, snow overtime costs relating to the April 2005 blizzard contributed to the increase.

Maintenance, supplies, and materials increased \$1.8 million, or 13.0%, to \$16.0 million from \$14.1 million in 2004 due to the increase in runway lighting and janitorial supplies. In addition, an increase in natural gas rates, diesel fuel, and gasoline rates, as a result of increasing oil costs, also contributed to the increase in 2005.

**Impairment Losses**

In 2005, the Airport System concluded that sections of the automated baggage system were permanently impaired. As a result, the Airport System removed these sections of the automated baggage system, from its books, resulting in an impairment loss of \$85.3 million in 2005. See further discussion regarding the write-off of the automated baggage system in the Capital Assets section below.

**Nonoperating Revenues and Expenses**

**2006**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally

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funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

**2005**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which was due to an increase in yields and more cash being invested long term. In addition, PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic. Lastly, there was decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$16.2 million in environmental costs associated with the remediation of Stapleton.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the Explosive Detection System (EDS), which was federally funded. Also, in 2005, there was no capital PFC revenue while in 2004, capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFCs revenues from capital projects to the payment of debt service related to the automated baggage system.

**CITY AND COUNTY OF DENVER, COLORADO  
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**Summary of Net Assets**

The following is a summary of assets, liabilities, and net assets as of December 31, 2006, 2005, and 2004 (in thousands):

	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Assets:</b>			
Current assets	\$ 242,971	\$ 222,323	\$ 267,237
Restricted assets, current	404,650	487,169	473,364
Noncurrent investments	187,081	197,877	136,289
Capital assets	3,342,913	3,365,021	3,490,129
Bond issue costs, net	61,331	76,112	88,743
Investments restricted	352,704	245,207	309,582
Assets held for disposition	18,807	22,724	24,500
	<b>4,610,457</b>	<b>4,616,433</b>	<b>4,789,844</b>
<b>Liabilities:</b>			
Current liabilities	119,152	124,503	120,147
Current liabilities payable from restricted assets	221,113	189,904	198,058
Bonds payable, noncurrent	3,500,817	3,619,827	3,723,510
Notes payable, noncurrent	61,488	36,646	56,763
Compensated absences payable, noncurrent	5,118	5,357	5,548
Capital lease, noncurrent	—	—	1,058
	<b>3,907,688</b>	<b>3,976,237</b>	<b>4,105,084</b>
<b>Net assets(deficit):</b>			
Invested in capital assets, net of related debt	(212,179)	(236,200)	(168,315)
Restricted	543,978	488,337	547,526
Unrestricted	370,970	388,059	305,549
	<b>\$ 702,769</b>	<b>\$ 640,196</b>	<b>\$ 684,760</b>

**2006**

Assets decreased by \$.6 million in 2006 as compared to 2005. This was principally due to the decrease in capital assets of \$22.1 million. The decline in capital assets was due to normal annual depreciation of approximately \$143.5 million and retirements of \$9.2 million. The decrease in capital assets was offset by purchases of machinery, equipment and additions to construction in progress of approximately \$130.6 million for improvements.

Cash, cash equivalents and investments increased by \$28.9 million in 2006 as compared to 2005 resulting in part from operating activities, passenger facility charges and note proceeds. This was offset by payments of debt of \$123.1 million and purchases of capital assets. See the statement of cash flows for more information regarding the change in cash and investments.



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Grants receivable increased by \$10.4 million. Grants receivable of \$9.5 million were outstanding at the end of 2006 relating to the bomb detection system project and final reimbursements due from TSA.

Lastly, deferred bond issue costs declined by \$14.8 million due to the removal of costs related to the 1996 bonds that were refunded totaling \$17.4 million, the addition of costs related to the 2006 bonds that were issued totaling \$6.4 million and the annual amortization of the costs totaling \$3.8 million.

Total liabilities decreased by \$68.5 million in 2006, compared to 2005, primarily due to the decrease in bonds (which was attributable to principal payments paid during 2006) and deferred rent, offset by an increase in notes payable.

Of the Airport System's 2006 total net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts that are externally restricted for debt service represent \$544.0 million.

At December 31, 2006, the remaining net assets include unrestricted net assets of \$371.0 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**2005**

Assets decreased by \$173.4 million in 2005 as compared to 2004. This was largely due to a decrease in capital assets of \$125.1 million. The decline in capital assets was due to two factors: 1) the write-off of portions of the automatic baggage system and sortation systems with a net book value of approximately \$43.0 million and \$33.5 million, respectively, and 2) normal annual depreciation of approximately \$146.9 million. These decreases in capital assets were offset by purchases of machinery, equipment, and additions to construction in progress of approximately \$107.1 million.

Cash, cash equivalents, and investments also contributed to the Airport System's decrease in total assets. Cash, cash equivalents, and investments decreased by \$22.8 million in 2005 as compared to 2004 due to payments of debt principal of approximately \$120 million and purchases of capital assets as discussed above. These payments were offset by increased cash flows received from operating activities, passenger facility charges, and capital grant receipts. See the statement of cash flows for more information regarding the change in cash and investments.

Grants receivable declined by \$21.1 million. In 2004, the Airport System was due an outstanding reimbursement from the Transportation Security Administration (TSA) to cover costs relating to the bomb detection system initially paid by the Airport System in 2004. The TSA made the reimbursement in 2005, thus relieving this receivable. Only \$1.7 million in grants receivable were outstanding in 2005 related to the bomb detection system project.

Lastly, deferred bond issue costs declined by \$12.6 million due to the removal of costs related to the 1995 bonds that were refunded totaling \$15.4 million, the addition of costs related to the 2005 bonds that were issued totaling \$6.9 million and the annual amortization of the costs totaling \$2.2 million.

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Liabilities decreased by \$128.8 million in 2005, compared to 2004, primarily due to the decrease in bonds and notes payable, which was attributable to principal payments paid during 2005 as discussed above.

Of the Airport System's 2005 total net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent \$480.0 million. The Stapleton redevelopment and sixth runway totaling \$8.3 million, are restricted because the funds were received from other entities and are to be used only for specific capital projects.

At December 31, 2005, the remaining net assets include unrestricted net assets of \$388.1 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**Long-Term Debt**

As of December 31, 2006 and 2005, the Airport System had approximately \$3.6 billion and \$3.7 billion, respectively, in outstanding bonded debt, both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately \$295.4 million in 2006. The Airport System has called or refunded over \$2.0 billion in higher interest rate debt originally issued in the early 1990s. This has resulted in cumulative present value debt service savings of approximately \$737.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poors, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2006.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the years ended December 31, 2006 and 2005 was 174% and 162%, respectively, of total debt service.

The Airport System entered into a \$23.0 million and \$2.0 million, for a total of \$25 million, Master Installment Purchase Agreement with Koch Financial Corporation on October 26, 2006, to finance various capital equipment purchases, for ten-year and five-year terms, respectively. The Airport System also entered into a \$9.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc., on October 26, 2006, to finance four train cars, for a ten-year term.

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bonds, Series 2006A and 2006B respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 9, 2006, the Airport System amended the 2005A Swap Agreements, described below. The notional amounts of the 2005 Swap Agreements were reduced to \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and the aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements was reduced to 3.66%.

On August 9, 2006 the Airport System entered into interest rate Swap Agreements (the 2006B Swap Agreements) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the

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Series 1996A and 1996D Bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of \$56.0 million, \$56.0 million, \$112.0 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions. The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements have an effective date of November 15, 2006. Payments under these Agreements commenced on December 1, 2006.

The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations.

In November 2006, the 2005 Swap Agreements became effective (see "The 2005 Swap Agreements"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month London Interbank Offered Rate (LIBOR) minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The Airport System entered into a \$20.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc. on August 1, 2006 to finance capital equipment purchases based on a five year useful life.

On June 1, 2006 the Airport System entered into interest rate swap agreements (the "2006A Swap Agreements"), constituting Subordinate Hedge Facility Obligations, with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of LIBOR for one month deposits of U.S. dollars payable for the respective financial institutions. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bonds, Series 2005A in a fixed mode for the purpose of currently refunding \$230,760,000 of the 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, respectively, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

As previously discussed, on April 14, 2005, the Airport System entered into interest rate swap agreements (the 2005A Swap Agreements), constituting Subordinate Hedge Facility Obligations, with four financial institutions, in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1996A Bonds and the Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. The 2005 Swap Agreements originally had notional amounts of \$120 million, \$60 million, \$60 million, and \$60 million, respectively, prior to amendment, and provided for certain payments to or from each financial institution equal to the difference between the fixed rate payable by

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the Airport System under each of the 2005 Swap Agreements and the floating rate equal to 70% of one month LIBOR.

In July 2005, the Airport System and United reached an agreement for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System agreed to allocate \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on the automated baggage system, which is discussed below.

**Capital Assets**

As of December 31, 2006 and 2005, the Airport System had capital assets of approximately \$3.3 billion and \$3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately \$1.4 billion and \$1.2 billion, respectively.

*Explosive Detection System:* On September 2, 2003, the Airport and TSA entered in to a Memorandum of Agreement (TSA MOA), regarding the implementation of screening of all checked baggage by the EDS. The total cost of the EDS project was estimated to be approximately \$92.0 million. With the approval of TSA, as required under the TSA MOA, the Airport entered into a contract with Siemens Dematic Corporation for the implementation of the EDS project, designed by Logplan. The construction of the EDS baggage system commenced in 2003 and each of the Airport's six terminal modules and customs recheck areas were 100% automated in May 2005. Total cost of the project was \$170.5 million, of which \$71.0 million is being funded by federal grants.

*Automated Baggage System:* United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. At December 31, 2004, the book value of the baggage system equipment was \$49.6 million. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement whereby the Airport System will reduce United's Rates and Charges up to \$11.0 million per year, over three years, in exchange for certain concessions. Airport System management commissioned a study to determine what, if any, of the existing automated baggage system would be usable in a new system. Based upon this study, management concluded that the bulk of the automated baggage system was impaired and, as a result, management wrote off approximately \$43.0 million of the baggage system during 2005, with a remaining book value at December 31, 2006 of \$3.2 million.

*2006 Amendment:* In a 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished

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by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, relinquished a second Concourse A gate effective November 30, 2006, and has agreed to relinquish the remaining four Concourse A gates upon the completion of the Concourse B Commuter Facility Project. The full relinquishment occurred May 1, 2007.

*Baggage Sortation System:* The Airport System management commissioned Aviation and Airport Professionals (AvAirPros) to study the future baggage handling system master plan. The master plan states that, at this time, the existing concourses (A, B, and C) are configured with sortation systems that were operable with the automated baggage system discussed above; however, it is not clear whether these existing systems would be capable of being integrated into a new airport-wide baggage system in the future.

Based upon this study, management believed that the sortation systems on concourses A and C were impaired and removed the assets from the books, which resulted in a loss of \$11.9 million. United continues to use a portion of the concourse B sortation system, which remains on the Airport System's books with a net book value of approximately \$8.7 million. The Airport System removed the unused portion of approximately \$47.0 million from its books, resulting in a loss of \$21.6 million.

*PFC:* In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2006, a total of \$832.6 million has been remitted to the Airport, (including interest earned on late payments), of which \$105.0 million has been expended on approved projects, \$723.9 million has been used to pay debt service on the Airport's general airport revenue bonds, and \$3.7 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of \$3.3 billion authorized maximum amount of PFC revenues.

*Construction Commitments:* As of December 31, 2006, the Airport System had outstanding contractual commitments of approximately \$344.9 million and had made over \$98.4 million in contractual payments for the year then ended.

The Airport's current 2007-2012 Capital Program includes approximately \$373.4 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2007-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, Passenger Facility Charges (PFCs), and Airport System monies.

On April 6, 2006, the Airport announced that CMCB Development Company of Denver was the successful bidder on a 17-acre retail development along Pena Boulevard. The development called "The Landings" is located north of Pena Boulevard just southeast of the Conoco station and is the first phase in what could be a 500-acre retail development along the major highway in and out of Denver International Airport. The City is currently negotiating a development agreement with CMCB Development Company of Denver.

In addition, construction is proceeding on a fourth module of the parking garage on the west side of Jeppesen Terminal. Lastly, the Airport and United have agreed to a 2006 Amendatory Lease Agreement (the Agreement). According to the Agreement, United Airlines will release six Concourse A gates it currently leases over the next

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9 months. Frontier Airlines, which now leases 16 gates on Concourse A, will lease all newly available Concourse A gates. United relinquished one of the Concourse A gates on July 1, 2006, and a second one on November 30, 2006. The remaining gates were released May 1, 2007.

**Economic Factors**

Passenger traffic was up 9.1% in 2006 compared with a national average increase of 5.1% as reported by the Airport Council International (ACI), an airline industry group. Much of this passenger growth is attributed to the increased service of low-cost carriers in the Denver market.

Southwest Airlines (Southwest) announced in October 2005 its intention to commence service to the Airport. Service began in January 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Effective March 1, 2006, Southwest leased a third gate and increased its schedule to 20 daily departing flights. On August 1, 2006, Southwest Airlines leased an additional gate and that brings their total number of usage to four gates.

The dominant air carrier at Denver International is United. On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The Chapter 11 filing permitted United to continue operations while developing a plan of reorganization to address existing debt, capital, and cost structures. In February 2006, United emerged from bankruptcy. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 56.4% and 56.0% of passenger enplanements at the Airport in 2006 and for the first three months of 2007, respectively.

As previously discussed, operating revenue was up 1.3%. Operating income before depreciation and amortization of \$244.7 million represented a decrease of \$18.7 million. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over \$97.4 million, its highest level ever. The airlines will receive the maximum allocation of \$40.0 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

**Request for Information**

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at [www.flydenver.com](http://www.flydenver.com).

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash and cash equivalents	\$ 39,548,675	\$ 7,586,793
Investments	176,051,494	189,133,508
Accounts receivable (net of allowance for doubtful accounts \$340,941 and \$323,486, respectively)	14,519,315	14,451,382
Accrued interest receivable	7,105,769	5,423,676
Other long-term receivables	38,774	103,452
Inventories	5,536,967	5,454,318
Prepaid expenses and other	170,131	170,131
	242,971,125	222,323,260
Total current unrestricted assets		
Restricted assets:		
Cash and cash equivalents	271,288,130	227,053,440
Investments	100,741,748	231,647,117
Accrued interest receivable	1,899,940	897,577
Prepaid expenses and other	5,472,506	13,223,650
Grants receivable	12,492,788	2,130,831
Passenger facility charges receivable	12,754,737	12,216,716
	404,649,849	487,169,331
Total current restricted assets		
Total current assets	647,620,974	709,492,591
Noncurrent assets:		
Investments	187,080,957	197,876,686
Capital assets:		
Buildings	1,714,711,598	1,692,775,950
Improvements other than buildings	1,995,739,581	1,926,665,356
Machinery and equipment	557,147,936	530,719,449
	4,267,599,115	4,150,160,755
Less accumulated depreciation and amortization	(1,385,549,501)	(1,243,928,382)
	2,882,049,614	2,906,232,373
Construction in progress	165,558,343	163,483,424
Land, land rights and air rights	295,305,625	295,305,625
	3,342,913,582	3,365,021,422
Total capital assets		
Bond issue costs, net of accumulated amortization	61,330,980	76,111,450
Total noncurrent unrestricted assets	3,591,325,519	3,639,009,558
Investments – restricted	352,703,957	245,207,135
Assets held for disposition	18,806,825	22,724,103
	4,610,457,275	4,616,433,387
Total assets		

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Liabilities</b>	<u>2006</u>	<u>2005</u>
Current liabilities:		
Vouchers payable	\$ 31,172,356	\$ 32,576,135
Due to other City agencies	17,186,337	18,082,646
Compensated absences payable	1,577,340	1,165,067
Other liabilities	22,003,622	8,890,941
Revenue credit payable	40,000,000	40,000,000
Deferred rent	7,212,505	23,788,633
Total current unrestricted liabilities	<u>119,152,160</u>	<u>124,503,422</u>
Current liabilities payable from restricted assets:		
Vouchers payable	35,717,072	18,032,591
Retainages payable	17,689,100	12,875,680
Accrued interest and matured coupons	22,227,738	23,263,861
Notes payable	27,497,017	20,117,026
Capital lease liability	—	1,061,885
Other liabilities	10,896,786	16,747,604
Revenue bonds	107,085,000	97,805,000
Total current liabilities payable from restricted assets	<u>221,112,713</u>	<u>189,903,647</u>
Total current liabilities	<u>340,264,873</u>	<u>314,407,069</u>
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,762,700,000	3,885,555,000
Less:		
Deferred losses on bond refundings	(301,053,878)	(275,304,950)
Net unamortized premiums	39,170,459	9,576,996
Total bonds payable, noncurrent	<u>3,500,816,581</u>	<u>3,619,827,046</u>
Notes payable	61,488,469	36,646,298
Compensated absences payable	5,118,304	5,357,007
Total noncurrent liabilities	<u>3,567,423,354</u>	<u>3,661,830,351</u>
Total liabilities	<u>3,907,688,227</u>	<u>3,976,237,420</u>
<b>Net Assets(Deficit)</b>		
Invested in capital assets, net of related debt	(212,178,928)	(236,200,039)
Restricted for:		
Capital projects	—	8,296,639
Debt service	543,978,207	480,040,793
Unrestricted	370,969,769	388,058,574
Total net assets	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.



**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Facility rentals	\$ 197,353,089	\$ 203,800,286
Concession revenues	34,304,468	32,565,648
Parking revenues	110,534,937	97,918,928
Car rental revenues	41,641,365	37,175,320
Landing fees	92,389,849	94,694,946
Aviation fuel tax	12,714,401	16,995,501
Other sales and charges	11,871,715	11,340,736
	<u>500,809,824</u>	<u>494,491,365</u>
Operating expenses:		
Personnel services	97,592,363	92,979,459
Contractual services	139,652,041	122,193,155
Maintenance, supplies, and materials	18,903,028	15,956,243
	<u>256,147,432</u>	<u>231,128,857</u>
Total operating expenses before depreciation, amortization and impairment losses		
	<u>256,147,432</u>	<u>231,128,857</u>
Operating income before depreciation, amortization and impairment losses	244,662,392	263,362,508
Depreciation and amortization	143,505,675	146,922,302
Impairment losses	—	85,286,382
	<u>101,156,717</u>	<u>31,153,824</u>
Operating income		
	<u>101,156,717</u>	<u>31,153,824</u>
Nonoperating revenues (expenses):		
Passenger facility charges	93,509,920	83,999,814
Investment income	56,146,884	35,823,022
Interest expense	(207,385,378)	(205,141,929)
Grants	565,853	240,500
Other expense	(10,609,244)	(22,186,773)
	<u>(67,771,965)</u>	<u>(107,265,366)</u>
Total nonoperating revenues (expenses), net		
	<u>(67,771,965)</u>	<u>(107,265,366)</u>
Income (loss) before capital contributions	33,384,752	(76,111,542)
Capital contributions:		
Capital grants	29,188,329	31,547,273
	<u>29,188,329</u>	<u>31,547,273</u>
Increase (decrease) in net assets	62,573,081	(44,564,269)
Net assets, beginning of year	<u>640,195,967</u>	<u>684,760,236</u>
Net assets, end of year	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:		
Receipts from customers	\$ 499,604,612	\$ 481,817,118
Payments to suppliers	(145,688,172)	(100,028,981)
Interfund activity payments to other funds	(12,181,634)	(12,239,690)
Payments to employees	(96,338,970)	(92,729,306)
Net cash provided by operating activities	245,395,836	276,819,141
Cash flows from noncapital financing activities:		
Operating grants received	313,814	240,500
Net cash provided by noncapital financing activities	313,814	240,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	—	2,376,840
Proceeds from note payable	54,000,000	—
Principal paid on notes payable	(21,777,838)	(19,449,588)
Principal paid on revenue bonds	(101,305,000)	(101,370,000)
Interest paid on revenue bonds	(190,453,776)	(220,329,010)
Principal paid on capital lease	(1,061,885)	(2,052,794)
Bond issuance costs paid	(2,074,724)	(6,834,114)
Interest paid on notes payable	(2,487,809)	—
Capital grant receipts	19,078,411	52,664,919
Passenger Facility Charges	92,971,899	82,754,169
Purchases of capital assets	(81,945,591)	(107,112,083)
Payments from accrued expenses for capital assets	(22,497,901)	(266,506)
Payments to escrow for current refunding of debt	(8,331,179)	(10,378,589)
Proceeds from sale of capital assets	487,822	582,523
Net cash used in capital and related financing activities	(265,397,571)	(329,414,233)
Cash flows from investing activities:		
Purchases of investments	(6,492,915,029)	(8,162,358,749)
Proceeds from sales and maturities of investments	6,542,146,541	8,006,414,109
Proceeds from sales of assets held for disposition	3,917,278	1,776,126
Payments to maintain assets held for disposal	(8,933,727)	(12,156,812)
Interest and dividends on investments and cash equivalents	51,669,430	39,975,086
Net cash provided by (used) in investing activities	95,884,493	(126,350,240)
Net increase (decrease) in cash and cash equivalents	76,196,572	(178,704,832)
Cash and cash equivalents, beginning of year	234,640,233	413,345,065
Cash and cash equivalents, end of year	\$ 310,836,805	\$ 234,640,233

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Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 101,156,717	\$ 31,153,824
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	143,505,675	146,922,302
Miscellaneous income	1,924,205	1,845,549
Impairment losses	—	85,286,382
Changes in assets and liabilities:		
Receivables, net of allowance	(3,255)	545,904
Inventories	(82,649)	50,451
Prepaid expenses and other	517,166	(347,035)
Vouchers and other payables	3,855,982	8,069,434
Deferred rent	(16,576,128)	(1,102,460)
Due to other City agencies	(896,309)	10,988,361
Compensated absences	173,570	163,553
Other operating liabilities	11,820,862	(6,757,124)
Net cash provided by operating activities	\$ 245,395,836	\$ 276,819,141

Noncash activities:

The Airport System issued bonds in the amount of \$449,590,000 and \$407,190,000 in 2006 and 2005, respectively, in order to refund debt. Net bond proceeds of \$465,989,377 and \$415,715,139 for 2006 and 2005, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of \$20,731,149 and \$10,901,979 were realized on the issuance of bonds in 2006 and 2005, respectively.

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2006 and 2005

**(1) Organization and Reporting Entity**

**(a) Nature of Operations**

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

**(b) Reporting Entity**

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2006. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

During the year ended December 31, 2006, the Airport System adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement establishes and modifies requirements

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**MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

related to restrictions of net assets resulting from enabling legislation. The impact of this standard on the Airport System was immaterial.

During the year ended December 31, 2005, the Airport System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This Statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Airport System's ability to provide services and meet its obligations as they become due.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury Securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

**(c) Investments**

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2006 and 2005. The Airport System's investments are maintained in segregated pools at the City and include U.S. Treasury securities, U.S. Agency securities, commercial paper, and repurchase agreements.

**(d) Inventories**

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

**(e) Capital Assets**

Capital assets are recorded at cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at Denver International. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2006 and 2005 was \$4,547,332 and \$4,696,585, respectively. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life.

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Notes to Financial Statements

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Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

**(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)**

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

**(g) Assets Held for Disposition**

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

**(h) Compensated Absences Payable**

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

**(i) Deferred Rent**

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

**(j) Net Assets**

**2006**

The Airport System's assets exceeded liabilities by \$702,769,048 as of December 31, 2006, a \$62,573,081 increase in net assets from the prior year-end. Of the Airport System's 2006 net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts represent \$543,978,207 which is externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represent \$0.

The remaining net assets include unrestricted net assets of \$370,969,769 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally

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designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212,178,928) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**2005**

The Airport System's assets exceeded liabilities by \$640,195,967 as of December 31, 2005, a \$44,564,269 decrease in net assets from the prior year-end. Of the Airport System's 2005 net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts represented \$480,040,793 that was externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represented \$8,296,639.

The remaining net assets included unrestricted net assets of \$388,058,574 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236,200,039) represented the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**(k) *Restricted and Unrestricted Resources***

Use of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

**(l) *Operating Revenues and Expenses***

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, and grants from the federal government and Stapleton demolition and remediation expenses.

**(m) *Governmental Grants***

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

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**(n) Rates and Charges**

The Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2006 and 2005, the Airport System had accrued a liability, included in current other liabilities, of \$14,799,763 and \$3,259,726, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at \$40,000,000 for all years. The Net Revenues credited to the airlines totaled \$40,000,000 for both 2006 and 2005. Liabilities for these amounts were accrued as of December 31, 2006 and 2005, respectively, and are reported in the statement of net assets as revenue credit payable.

**(o) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

**(p) Reclassifications**

Certain 2005 balances have been reclassified to conform with the 2006 financial statements presentation.

**(3) Cash, Cash Equivalents, and Investments**

**(a) Deposits**

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the PDPA. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under



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the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name."

At December 31, 2006, the carrying amount of the Airport System's deposits, excluding certificates of deposit, was \$0 and the bank balance was \$0. At December 31, 2006, the Airport System owned \$11,354,644 of certificates of deposit issued by Colorado Business Bank, a certified eligible public depository.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities.

St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2006 was \$236,881. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

**(b) Investments**

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Revenue (the Manager), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy. The City does not currently invest with external investment pools.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The investment policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

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At December 31, 2006 and 2005, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Money Market Funds	\$ 55,796	\$ 43,507
Certificate of Deposit	11,355	—
Commercial paper	246,001	305,092
Repurchase agreements	125,706	142,035
U.S. Treasury securities	87,446	190,203
U.S. Agency securities	601,111	417,668
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2006, is as follows (amount expressed in thousands).

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Cash on hand	\$ —	\$ 103
Cash and cash equivalents	39,549	7,587
Investments	363,132	387,010
Restricted cash equivalents	271,288	226,951
Restricted investments	453,446	476,854
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for the investment under the control of the manager by limiting the maximum maturity of investments. Bond reserve proceeds that are invested in U.S. Treasury and U.S. Agency securities can have a maximum maturity of ten years. All other U.S. Treasury and U.S. Agency securities can have a maximum maturity of five years. Repurchase agreements are open repurchase agreements and not exposed to interest rate risk.

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At December 31, 2006, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (amounts are expressed in thousands):

Investment type	Investments maturity in years				
	Fair value	Less than 1	1-5	6-10	Greater than 10**
Discount Commercial Paper	\$ 246,001	\$ 246,001	\$ —	\$ —	\$ —
U.S. Treasury securities	87,445	—	63,321	24,124	—
U.S. Agency securities	601,111	144,203	255,010	157,533	44,365
Total	\$ 934,557	\$ 390,204	\$ 318,331	\$ 181,657	\$ 44,365

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2006, the Airport System owned callable securities with a fair value of \$250,489,681. Of these, securities with scheduled increases to predetermined interest rates had a fair value of \$102,772,048.

\*\*The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

*Credit Risk:* Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Airport System. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government. The City's Investment Policy requires that commercial paper and bankers' acceptances be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase.

As of December 31, 2006, the Airport System owned \$ 246,000,560 in commercial paper that had minimum ratings of A-1, D-1 and F-1, by two rating agencies.

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the Airport System's investments owned at December 31, 2006, were subject to custodial credit risk.

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In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Government agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week and adjusted on an as needed basis. Collateral for all repurchase agreements are held by the City's custodian, J.P. Morgan. None of the Airport System's repurchase agreements owned at December 31, 2006 were subject to custodial risk.

*Concentration of Credit Risk:* The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper or certificates of deposit issued by any one provider. As of December 31, 2006, all investments in commercial paper and certificates of deposit are in compliance with this policy.

**(4) Accounts Receivables**

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2006 and 2005, an allowance of \$340,941 and \$323,486, respectively, had been established. No amount is reserved for United Airlines (United) in 2006. See further discussion regarding United in note 21 of the financial statements.

**(5) Capital Assets**

Changes in capital assets for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	<b>2006</b>				
	<b>January 1, 2006</b>	<b>Additions</b>	<b>Transfers of completed projects</b>	<b>Retirements and impairments</b>	<b>December 31, 2006</b>
Depreciable:					
Buildings	\$ 1,692,776	\$ —	\$ 26,318	\$ (4,382)	\$ 1,714,712
Improvements other than buildings	1,926,666	—	73,569	(4,496)	1,995,739
Machinery and equipment	530,719	4,808	23,420	(1,799)	557,148
	4,150,161	4,808	123,307	(10,677)	4,267,599
Less accumulated depreciation and amortization	(1,243,928)	(143,506)	—	1,885	(1,385,549)
	2,906,233	(138,698)	123,307	(8,792)	2,882,050
Nondepreciable:					
Construction in progress	163,483	125,763	(123,307)	(381)	165,558
Land, land rights, and air rights	295,306	—	—	—	295,306
Total capital assets	\$ 3,365,022	\$ (12,935)	\$ —	\$ (9,173)	\$ 3,342,914

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	2005				
	January 1, 2005	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2005
Depreciable:					
Buildings	\$ 1,669,551	\$ —	\$ 23,317	\$ (92)	\$ 1,692,776
Improvements other than buildings	1,907,899	—	18,767	—	1,926,666
Machinery and equipment	681,753	8,122	29,626	(188,782)	530,719
	4,259,203	8,122	71,710	(188,874)	4,150,161
Less accumulated depreciation and amortization	(1,200,725)	(146,922)	—	103,719	(1,243,928)
	3,058,478	(138,800)	71,710	(85,155)	2,906,233
Nondepreciable:					
Construction in progress	136,214	98,979	(71,710)	—	163,483
Land, land rights, and air rights	295,437	—	—	(131)	295,306
Total capital assets	\$ 3,490,129	\$ (39,821)	\$ —	\$ (85,286)	\$ 3,365,022

In 2004, the Airport System implemented GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB No. 42 describes the impairment of a capital asset as “a significant, unexpected decline in the service utility of a capital asset.” The significant and unexpected decline is based on events or changes in circumstances that were not anticipated when the capital asset was placed in service.

For the years ended December 31, 2006 and 2005, the Airport System experienced impairments of capital assets of \$0 and \$85.3 million, respectively. Capital assets which incurred significant impairment losses, and which comprise a majority of the \$85.3 million, included the Automated Baggage System and the Concourse A, B, and C sortation systems.

***Automated Baggage System (ABS)***

In September 2005, United Airlines discontinued use of the ABS and reverted to the traditional tug and cart system.

No other airlines used the ABS; therefore, this asset was no longer being used by the Airport System. Based on the requirements of GASB No. 42, there had been a significant, unexpected change in the service utility of the ABS. In order to determine if the ABS was temporarily or permanently impaired, the Airport System hired a consultant to identify what portion, if any, of the ABS should remain to support a future baggage system. Based upon the consultant’s findings, management concluded that a small portion (net book value of \$3.2 million) of structural steel and electrical infrastructure would be used to support a new system; therefore, this portion was judged temporarily impaired and retained on the books. The remaining net book value of the ABS of \$43.0 million was impaired and written off in September 2005.

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***Sortation Systems***

During 2005, the Airport System hired a consultant to determine if the idle sortation systems in Concourses A and C could be used for a future baggage handling system. Based upon the results of this study, management determined that the idle assets would not be used; thus, should be impaired for the remaining net book value.

In addition, United Airlines discontinued use of sections of the sortation system in Concourse B when it discontinued use of the ABS in September 2005. Based upon an investigation performed by management, the Airport System determined that the sections still in use totaled a net book value of \$8.7 million. This amount was not impaired and will be depreciated using the original useful life of the sortation system as management's expectation is that the remaining section of the system will continue to be used. The remaining net book value was considered impaired.

As a result, the Airport System recognized impairment losses in 2005 on the three sortation systems for approximately \$33.5 million.

**(6) Assets Held for Disposition**

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton was \$18,806,825 and \$22,724,103 at December 31, 2006 and 2005, respectively. The current accrued environmental liability for Stapleton was \$3,474,011 and \$8,033,010 at December 31, 2006 and 2005, respectively.

**(7) Due to Other City Agencies**

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2006 and 2005 totaled \$12,181,634 and \$12,239,690, respectively, and have been included in operating expenses.

In addition to the above services, the Airport System also pays directly salaries and wages for police, fire and other city personnel which are reflected as Personnel services expenses. The total services paid for City service and personnel are \$38,883,126 and \$39,213,224 at December 31, 2006 and 2005, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled \$17,186,337 and \$18,082,646 at December 31, 2006 and 2005, respectively.

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**(8) Bonds Payable**

Changes in long-term debt for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	2006				
	January 1, 2006	Additions	Refunded debt	Retirements	December 31, 2006
Airport System revenue bonds	\$ 3,928,480	\$ 449,590	\$ (539,123)	\$ (101,305)	\$ 3,737,642
Economic defeasance	54,880	—	—	—	54,880
Baggage defeasance	—	77,263	—	—	77,263
Less deferred loss on bonds	(275,305)	(43,778)	—	18,029	(301,054)
Plus unamortized premiums	9,577	20,731	13,946	(5,084)	39,170
Total bond debt	<u>\$ 3,717,632</u>	<u>\$ 503,806</u>	<u>\$ (525,177)</u>	<u>\$ (88,360)</u>	3,607,901
Less current portion					(107,085)
Noncurrent portion					<u>\$ 3,500,816</u>

	2005				
	January 1, 2005	Additions	Refunded debt	Retirements	December 31, 2005
Airport System revenue bonds	\$ 4,031,775	\$ 407,190	\$ (409,115)	\$ (101,370)	\$ 3,928,480
Economic defeasance	54,880	—	—	—	54,880
Less deferred loss on bonds	(244,015)	(44,425)	—	13,135	(275,305)
Plus unamortized premiums	(12,880)	12,766	12,081	(2,390)	9,577
Total bond debt	<u>\$ 3,829,760</u>	<u>\$ 375,531</u>	<u>\$ (397,034)</u>	<u>\$ (90,625)</u>	3,717,632
Less current portion					(97,805)
Noncurrent portion					<u>\$ 3,619,827</u>

The Airport System has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The variable rate bonds are issued in weekly mode. Auction rate bonds carry interest rates that are periodically reset for either 7 or 35-day periods. As such, the actual interest rate on the bonds will vary weekly, based on market conditions in the short-term tax-exempt bond market. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2006 are as follows:

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Airport system revenue bonds			
Series 1991A			
Term Bonds	November 15, 2008	14.00%	\$ 18,795,000
Series 1991D			
Term bonds	November 15, 2013	7.75%	96,708,140
Series 1992F,G*	November 15, 2025	3.95%	48,000,000
Series 1995C			
Term bonds	November 15, 2012	6.50%	10,625,000
Series 1997E			
Serial bonds	Annually November 15, 2011 and 2015	5.125-6.00%	87,882,258
Term bonds	November 15, 2017, 2023 and 2025	5.25-5.50%	310,685,000
Series 1998A			
Term bonds	November 15, 2025	5.00%	202,970,000
Series 1998B			
Term bonds	November 15, 2025	5.00%	103,395,000
Series 2000A			
Serial bonds	Annually November 15, 2006 to 2019	4.80-6.00%	236,240,000
Term bonds	November 15, 2023	5.625%	31,495,000
Series 2000B*	November 15, 2025	4.05%	200,000,000
Series 2000C*	November 15, 2025	3.95%	100,000,000
Series 2001A			
Serial bonds	Annually November 15, 2011 to 2017	5.00-5.625%	248,081,334
Series 2001B			
Serial bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D			
Serial bonds	Annually November 15, 2007 to 2024	5.00-5.50%	59,465,000
Series 2002A1 A3*	November 15, 2032	3.65-3.85%	273,975,000
Series 2002C*	November 15, 2024	3.95%	41,100,000
Series 2002E			
Serial bonds	Annually November 15, 2006 to 2023	4.00-5.50%	182,855,000



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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Series 2003A			
Term bonds	November 15, 2026 and 2031	5.00%	161,965,000
Series 2003B			
Serial bonds	Annually November 15, 2016 to 2017	5.75%	8,540,000
Term bonds	November 15, 2033	5.00-5.50%	100,460,000
Series 2004A*	November 15, 2024	3.92%	73,300,000
Series 2004B*	November 15, 2024	3.96%	73,300,000
Series 2005A	Annually November 15, 2011 to 2025	4.00-5.00%	227,740,000
Series 2005B1-B2*	November 15, 2017	3.85%	88,800,000
Series 2005C1-C2	November 15, 2025	3.97-4.05%	85,000,000
Series 2006A	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000
Series 2006B	Annually November 15, 2007 to 2015	5.00%	170,005,000
Airport System subordinate revenue bonds			
Series 2001C1-C4*	November 15, 2022	3.64-3.75%	200,000,000
Economic defeasance LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
ABS baggage defeasance		5.00-7.75%	<u>77,263,268</u>
Total revenue bonds			3,869,785,000
Less current portion			(107,085,000)
Net unamortized discount			39,170,459
Deferred loss on refundings			<u>(301,053,878)</u>
Total bonds payable noncurrent			<u>\$3,500,816,581</u>

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

\*The variable rates are as of December 31, 2006

***Economic Defeasance***

On November 1, 1999, the Airport System entered into an economic defeasance of \$54,880,000 from certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under the 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the

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City. Escrow A proceeds will be used to defease \$40,080,000 of the Series 1992C maturing on November 15, 2025. Escrow B proceeds will be used to defease \$14,800,000 of the Series 1991D maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of \$90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account ABS Baggage System defeasance held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system.

***Bond Issuances***

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bond Series 2006A and 2006B, respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bond Series 2005A in a fixed rate mode for the purpose of currently refunding \$230,760,000 of the Airport 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

***Deferred Refunding***

The proceeds of the 2006A-B bonds were used, together with other Airport monies, to currently refund all of the outstanding Series 1996A, 1996D and all but \$12,605,000 of the 1996B and 1996C Airport System Revenue Bonds. Series 2006A-B bonds are structured to provide the Airport with maximum interest savings through 2010 which will be applied to meet a portion of the airline rates and cost reduction goals in the United Stipulated Order. Interest savings for refunding is \$39,808,609 and debt service savings is \$53,303,609 (including principal). The economic gain resulting from the transaction was \$32,671,373. The Airport realized a cash flow savings of \$985,173 with this transaction in 2006. The current refunding resulted in a defeasance of debt between the reacquisition price of \$474,320,556 and the net carrying amount less the unamortized portion of \$430,542,581, which resulted in a deferred loss on refunding amount of \$43,777,975. The deferred loss on refunding is being amortized over the remaining life of the old debt.

The proceeds of the 2005A, B1-B2 and C1-C2 bonds were used together with other Airport monies, to currently refund all of the outstanding series 1995A, 1995B, and all but \$10,625,000 of the 1995C Airport System Revenue Bonds. The Series 2005A bonds interest requirements are based on interest rates of 4.05% to 5.0%. The series 2005B1-B2 and 2005C1-C2 bonds are based on an assumed interest rate of 3.4%. Series 2005A, B1-B2, and C1-C2 bonds are structured to provide the Airport maximum interest savings through 2010 for purposes of the Stipulated Order by matching the principal amortization of the refunding bonds with that of the refunded bonds. The interest savings of \$70,425,785 and debt savings of \$63,056,480 (including principal), are expected to be achieved based upon the interest rate assumptions. The economic gain resulting

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from the transaction was \$45,502,306. The Airport realized a cash flow savings of \$1,176,945 with these transactions in 2005. The current refunding resulted in a defeasance of debt between the reacquisition price of \$426,093,727 and the net carrying amount less the unamortized portion of \$381,669,202 which resulted in a deferred loss on refunding amount of \$44,424,525. The deferred loss on refunding amount is being amortized over the remaining life of the defeased debt, which is shorter than the life of the refunding debt.

***Defeased Bonds***

The Airport System has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2006 and 2005, respectively, \$32,180,000 and \$32,180,000 of bonds outstanding are considered defeased.

**(9) Bond and Notes Payable Debt Service Requirements**

**(a) Bonds Payable**

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2006 are as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 107,085,000	\$ 191,059,701
2008	102,979,756	184,558,291
2009	100,158,339	178,314,618
2010	105,629,846	173,093,046
2011	128,981,929	167,449,534
2012 – 2016	768,891,862	726,337,496
2017 – 2021	1,033,520,000	505,916,076
2022 – 2026	1,143,460,000	211,339,097
2027 – 2031	169,495,000	45,786,750
2032 – 2033	77,440,000	6,032,000
Total	\$ 3,737,641,732	\$ 2,389,886,609

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Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 3,601,900
2008	—	3,601,900
2009	—	3,601,900
2010	—	3,601,900
2011	—	3,601,900
2012 – 2016	14,800,000	14,568,500
2017 – 2021	—	12,274,500
2022 – 2025	40,080,000	8,345,925
Total	<u>\$ 54,880,000</u>	<u>\$ 53,198,425</u>

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 4,496,304
2008	50,244	4,496,304
2009	3,636,661	4,492,470
2010	6,575,154	4,292,454
2011	7,608,071	3,869,204
2012 – 2016	34,063,138	12,358,992
2017 – 2021	21,635,000	4,034,642
2022 – 2026	3,695,000	568,500
Total	<u>\$ 77,263,268</u>	<u>\$ 38,608,870</u>

**(b) Notes Payable**

The Airport System entered into a \$60 million Master Installment Purchase Agreement with Siemens Financial Services on November 5, 2003 to fund the reimbursable portion of the construction of the in-line EDS baggage screening system. Payments are due annually in advance beginning December 31, 2006. The interest rate is 3.4% and is based on a 30/360 calculation. The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for \$20 million and one with GE Capital Public Finance Inc. for \$13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. Two agreements with Koch Financial Corporation for \$23.0

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million and \$2.0 million for a total of \$25.0 million and two agreements with GE Capital Public Finance for \$9.0 million and \$20.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2006. Under the Master Installment Purchase Agreements, the financing companies have a security interest in equipment purchased with the proceeds until the loans are repaid.

The payment schedule relating to note requirements as of December 31, 2006 is as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 27,497,017	\$ 3,423,670
2008	12,146,762	2,403,466
2009	11,477,785	1,911,463
2010	11,563,556	1,438,698
2011	9,194,019	949,031
2012 – 2016	17,106,347	1,870,769
	\$ 88,985,486	\$ 11,997,097

Changes in notes payable for the years ended December 31, 2006 and 2005 were as follows:

	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Notes payable	\$ 56,763,324	\$ 54,000,000	\$ (21,777,838)	\$ 88,985,486
Less current portion				(27,497,017)
Noncurrent portion				\$ 61,488,469

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Notes payable	\$ 76,212,912	\$ —	\$ (19,449,588)	\$ 56,763,324
Less current portion				(20,117,026)
Noncurrent portion				\$ 36,646,298

**(10) Demand Bonds**

Included in long-term debt are \$48,000,000 for Series 1992F,G; \$200,000,000 for Series 2000B; \$100,000,000 for Series 2000C; \$41,100,000 for Series 2002C; \$73,300,000 for Series 2004A; \$73,300,000

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for Series 2004B; \$85,000,000 for Series 2005C1-C2 of Airport System Revenue Bonds Series respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit were issued as collateral for the Series 1992F, 1992G, and 2002C revenue bonds in the amounts as follows:

<b>Bonds</b>	<b>Par amount outstanding</b>	<b>Letter of credit amount</b>	<b>Annual commitment fee</b>	<b>Letter of credit expiration date</b>
Series 1992F	\$ 26,200,000	\$ 31,059,400	0.370%	September 24, 2009
Series 1992G	21,800,000	25,829,467	0.370%	September 24, 2009
Series 2002C	41,100,000	51,232,000	0.370%	October 8, 2009

As of December 31, 2006 and 2005, no amounts have been drawn under any of the existing agreements.

**(11) Bond Ordinance Provisions**

***Additional Bonds***

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

***Airport System Revenue Bonds***

Under the terms of the Bond Ordinance, all bond series, except for the Series 2001 C1-C4 Bonds, (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 2001 C1-C4 Bonds are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

The Airport System is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport System is in compliance with the bond covenants listed in the bond ordinance.

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**(12) Swap Agreements**

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. In accordance with GAAP, the fair value of swap agreements is not reported in the financial statements.

**Summary of Interest Rate Swap Transactions**

<u>Counterparty</u>	<u>Trade date</u>	<u>Effective date</u>	<u>Notional amount (in millions)</u>	<u>Bond/Swap termination date</u>	<u>Associated debt series</u>	<u>Payable swap rate</u>	<u>Variable receivable swap rate</u>	<u>Fair values December 31, 2006</u>
1998 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	\$ 100	11/15/25	2000B	4.7600%	Bond rate	\$ (12,400,000)
Lehman Bros. Special Financing Inc.	1/22/98	10/4/00	100	11/15/25	2000B	4.7600	Bond rate	(12,400,000)
Societe Generale, New York, Branch	1/22/98	10/4/00	100	11/15/25	2000C	4.7190	Bond rate	(11,900,000)
1999 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	100	11/1/22	2001C1-4	5.6179	BMA	(20,150,000)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.5529	BMA	(9,760,000)
RFPC, LTD.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.6229	BMA	(10,100,000)
2002 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.33% LIBOR	1,500,000
RFPC, LTD.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.00% LIBOR	1,330,000
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70% LIBOR	(365,000)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6874	70% LIBOR	(365,000)
Jackson Financial Products, LLC	4/14/05	11/15/06	111.834	11/15/25	2006A	3.6560	70% LIBOR	(1,160,000)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6600	70% LIBOR	(365,000)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
Jackson Financial Products, LLC	8/9/06	11/15/06	111.834	11/15/25	2006A	BMA	4.0855%	2,280,000
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
2006A Swap Agreements								
Forward Starting Swap Agreements								
Bear Stearns Capital Markets Inc	6/1/06	11/15/07	180.850	11/15/25	(1)	4.0085	70% LIBOR	(6,928,000)
Lehman Bros. Special Financing	6/1/06	11/15/07	120.567	11/15/25	(1)	4.0085	70% LIBOR	(4,618,000)
GKB Financial Services Corp. II	6/1/06	11/15/07	60.283	11/15/25	(1)	4.0085	70% LIBOR	(2,309,000)

(1) The associated debt series for the 2006 swap agreement are the proposed issuance of Airport System Revenue Refunding Bonds for the 1997E bonds.

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Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2006. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2006. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

***Risks Associated with the Swap Agreements***

The following risks are generally associated with swap agreements:

***Credit Risk*** – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated, in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2006, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).



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The ratings of the counterparties, or their credit support providers, as of December 31, 2006 are as follows:

<u>Counterparty (credit support provider)</u>	<u>Ratings of the counterparty or its credit support provider</u>		
	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch</u>
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	AA-	Aa3	AA-
Lehman Brothers Special Financing Inc. (Lehman Brothers Holdings Inc.)	A+	A1	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	AA-	Aa3	AA-
RFPC, LTD. (Ambac Assurance Corp.)	AAA	Aaa	AAA
Societe Generale, New York Branch	AA	Aa2	AA
Royal Bank of Canada	AA-	Aaa	AA
JP Morgan Chase Bank, N.A.	AA-	Aa2	AA-
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A+	Aa3	AA-
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services Morgan Stanley)	A+	Aa3	AA-

As of December 31, 2006, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives fair value.

**Termination Risk** – Any party to the Airport System’s swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap’s fair value. If any of the Airport System’s swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or nature of the basis risk associated with the swap agreement which may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

**Basis Risk** – Each of the Airport System’s swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System’s series of swaps is discussed more specifically in the descriptions of these swap agreements below.

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***Description of the Swap Agreements and Associated Debt***

*The 1998 Swap Agreements and Associated Debt* – On January 1, 1998, the Airport System entered into interest rate swap agreements (the 1998 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. Each 1998 Swap Agreement has a notional amount of \$100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing variable rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) plus 0.10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short-term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+ by Fitch or the long-term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index (BMA) and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event nor a downgrade of the short-term ratings for the year ended December 31, 2006.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

*The 1999 Swap Agreements and Associated Debt* – On July 28, 1999, the Airport System entered into interest rate Swap Agreements (the 1999 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of \$100 million, \$50 million and \$50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the BMA Index payable by the respective financial institutions. Historically, average BMA Index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under

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the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The net effect of the 1999 Swap Agreements, when considered together with the variable rate Series 2001 C1-C4 Subordinate Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2001 C1-C4 Subordinate Bonds and the Bond Market Association Index, on \$200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

*The 2002 Swap Agreements and Associated Debt* – On April 11, 2002, the Airport System entered into interest rate Swap Agreements (the 2002 Swap Agreements) with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index (BMA) to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). The 2002 Swap Agreements have a notional amount of \$200 million, relate to the 2001 C1-C4 bonds and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than BMA, to offset the actual rate paid on the Series 2001 C1-C4 bonds.

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

*The 2005 Swap Agreements* – In April 2005, the Airport System entered into interest rate Swap Agreements (the 2005 Swap Agreements) with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately \$56 million, \$56 million, \$112 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under "*The 2006B Swap Agreements*"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70% of 1-month LIBOR on \$280 million of obligations.

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The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between BMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

*The 2006A Swap Agreements* – On June 1, 2006, the City entered into interest rate swap agreements (the “2006A Swap Agreements”) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E bonds through the Airport System’s issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of approximately \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

The Airport System is exposed to market-access risk under the 2006A Swap Agreements. Market-access risk is the risk that the Airport System will not be able to enter the credit markets or that costs associated with entering the credit market will increase. If the 2006A Swap Agreements become effective and proposed refunding bonds are not issued, the Airport System would make net swap payments as required under the Swap Agreement. The Airport System would make fixed payments to the counterparties and receive variable payments of 70% of LIBOR. If the proposed variable rate bonds are issued, actual savings ultimately recognized by the transaction will be affected by the terms of the proposed variable rate refunding bonds and the net effect of the variable rate payments received under the swap and the payments on the bonds.

If the proposed variable rate refunding bonds are issued, and the 2006A Swap Agreements become effective, the Airport System will be exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate to be paid on the associated debt and 70% of LIBOR to be received under the 2006A Swap Agreements.

If the 2006A Swap Agreements become effective, the net effect, when considered together with the proposed variable rate refunding bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate of the variable rate refunding bonds and 70% of LIBOR on \$362.0 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

*The 2006B Swap Agreements*-On August 9, 2006 the Airport System entered into interest rate swap agreements (the “2006B Swap Agreements”) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.

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In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective (see “The 2005 Swap Agreements”). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

***Swap Payments and Associated Debt***

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2006, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Interest rate swaps net</u>	<u>Total</u>
Year:				
2007	\$ —	\$ 33,230,200	\$ 4,621,069	\$ 37,851,269
2008	—	33,230,200	4,621,069	37,851,269
2009	—	33,230,200	4,621,069	37,851,269
2010	—	33,230,200	4,621,069	37,851,269
2011	—	33,230,200	4,621,069	37,851,269
2012-2016	31,695,000	165,738,850	23,126,849	220,560,699
2017-2021	385,975,000	135,504,485	19,451,249	540,930,734
2022-2025	361,915,000	39,967,171	2,405,317	404,287,488
Total	<u>\$ 779,585,000</u>	<u>\$ 507,361,506</u>	<u>\$ 68,088,760</u>	<u>\$ 1,355,035,266</u>

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2006.

**(13) Denver International Special Facility Revenue Bonds**

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2006 and 2005, Special Facility Revenue Bonds outstanding totaled \$327,610,000 and \$332,320,000, respectively.

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**(14) Capital Lease**

The Airport System entered into a capital lease agreement for runway equipment with GE Capital Public Finance on July 1, 2003. The capital lease was paid off in 2006. Amortization of the capital lease is included in depreciation expense. The related net book value of the equipment as of December 31, 2005 was as follows:

Equipment	\$	6,009,746
Less accumulated depreciation		<u>(3,240,972)</u>
Net book value	\$	<u><u>2,768,774</u></u>

Changes in capital lease for the years ended December 31, 2006 and 2005 were as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2006</u>
Capital lease	\$ 1,061,885	\$ —	\$ (1,061,885)	\$ —
Less current				<u>—</u>
Noncurrent portion				<u><u>\$ —</u></u>

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Capital lease	\$ 3,114,679	\$ —	\$ (2,052,794)	\$ 1,061,885
Less current				<u>(1,061,885)</u>
Noncurrent portion				<u><u>\$ —</u></u>

**(15) Compensated Absences**

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2006 and 2005 are as follows:

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	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Compensated Absences payable	\$ 6,522,074	\$ 1,002,609	\$ (829,039)	\$ 6,695,644
Less current				(1,577,340)
Noncurrent portion				\$ 5,118,304

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Compensated Absences payable	\$ 6,358,521	\$ 701,537	\$ (537,984)	\$ 6,522,074
Less current				(1,165,067)
Noncurrent portion				\$ 5,357,007

**(16) Pension Plan**

*Plan Description*

Employees of the Airport System, as well as substantially all of the general employees of the City, are covered under the Denver Employees Retirement Plan (DERP). The following is a brief description of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information.

The DERP is a cost sharing multiple-employer, defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through 18.433.4 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vest the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan's assets. As of January 1, 2006, the date of the last actuarial valuation, the plan was underfunded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the plan. The Retirement Board monitors the plan continually to ensure an appropriate level of funding.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report is available by contacting:

Denver Employees Retirement Plan  
777 Pearl Street  
Denver, Colorado 80203

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December 31, 2006 and 2005

***Pension Plan's Funding Policy and Annual Pension Cost***

For DERP, The City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2006, 2005 and 2004 were \$36,036,000, \$35,036,000 and \$33,108,000, respectively, which equaled the required contributions each year.

The City's annual pension cost for the current year and related information for the plan is as follows (dollar amounts expressed in thousands):

<b>Actuarially determined</b>	<b>DERP</b>	<b>DERP health benefits</b>
Contribution rates (as a percentage of covered payroll):		
Employer	8.31%	0.82%
Plan members	2.48%	0.25%
Annual pension cost	\$53,428	\$5,292
Total contributions made	\$49,245	\$5,264
Actuarial valuation date	1-1-06	1-1-06
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	28 years	28 years
Asset valuation method	5-year smoothed mkt.	5-year smoothed mkt.
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	3.0-7.7%	3.0-7.7%
*Includes inflation at	3.0%	0.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	—	—

Three-year trend information (dollar amounts expressed in thousands):

	<b>Year beginning 1-Jan</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
DERP Pension Benefits	2004	\$ 51,480	86.6 %	—
	2005	48,734	99.7	—
	2006	53,428	92.2	—
DERP Health Benefits	2004	4,072	96.5	—
	2005	4,723	96.7	—
	2006	5,292	99.5	—



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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Underfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
DERP-Pension Benefits						
1/1/04	\$ 1,572,938,437	\$ 1,604,530,172	\$ 31,591,735	98.0%	\$ 501,966,050	6.3%
1/1/05	1,651,090,641	1,665,540,822	14,450,181	99.1%	495,003,210	3.0%
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3%	495,285,185	9.5%
DERP-Health Benefits						
1/1/04	87,110,400	105,478,904	18,368,504	82.6%	501,966,050	3.7%
1/1/05	88,527,589	116,567,764	28,040,175	75.9%	485,003,210	5.8%
1/1/06	90,227,891	123,775,074	33,547,183	72.9%	495,285,185	6.8%

**(17) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**(18) Commitments and Contingencies**

**(a) Commitments**

At December 31, 2006, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	\$ 124,489,128
Construction projects to be funded by bonded debt	208,771,710
Projects related to remediation – Stapleton	<u>11,672,406</u>
Total commitments	<u><u>\$ 344,933,244</u></u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(b) Noise Litigation**

The City and Adams County entered into an intergovernmental agreement for Denver International dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

As of December 31, 2006, the Airport System accrued \$.5 million in the accompanying financial statements for noise violations and penalties.

**(c) Claims and Litigation**

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

**(d) Denver International Assets under Operating Leases**

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2006 and 2005 was \$61,479,426 and \$53,393,400, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2007	\$ 45,635,800
2008	42,615,500
2009	41,786,300
2010	40,905,500
2011	38,868,900
2012-2016	80,636,200
2017-2021	52,600
Total minimum future rentals	\$ <u><u>290,500,800</u></u>

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2006 or 2005. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

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December 31, 2006 and 2005

**(e) Federal grants**

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and operations of the Airport.

**(19) Insurance**

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (includes all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of \$250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of \$25,000, \$100,000, and \$1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

**(20) Significant Concentration of Credit Risk**

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For the years ended December 31, 2006 and 2005, United Airlines represented approximately 59% and 59%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 13% and 12% of the Airport System's airline operating revenue. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

**(21) United Airlines**

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of

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December 31, 2006 and 2005

passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 43 of the 95 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 56.4% and 56.4% of enplaned passengers at the Airport in 2006 and 2005.

In May 2005, the Airport System and United reached an agreement in principle for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System allocated \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on United's automated baggage system.

In the 2005-2 Amendment to the United Use and Lease Agreement, the Airport System agreed to a reduction in United's rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement in exchange for United's agreement to grow the Denver hub. This agreed reduction will be achieved by defeasing outstanding debt with available \$1.50 PFCs.

In the 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10.0 million per year, using available Capital Fund moneys and other legally available Airport funds. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The Concourse B Commuter Facility Project was completed April 23, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, and has relinquished a second Concourse A gate on November 30, 2006 and the remaining four Concourse A gates upon completion of the Concourse B Commuter Facility Project.

United emerged from bankruptcy in February 2006.

**(22) Subsequent Events**

The Airport System is seeking proposals from qualified participants to own, manage, finance and/or build a 500 room, four star, four diamond hotel to be connected to Jeppesen Terminal.

In April of 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with an outstanding principal of \$30 million.

The Airport is assisting United in refinancing its Special Facility bond obligations in the amount of \$270,000,000.

Delta Airlines emerged from Chapter 11 bankruptcy on April 30, 2007.

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MUNICIPAL AIRPORT SYSTEM**

Schedule of Compliance with Rate Maintenance Covenant  
as Defined in the 1984 Airport System General Bond Ordinance  
Airport Revenue Account (Unaudited)

Year ended December 31, 2006

Gross revenue:	
Facility rentals	\$ 237,394,015
Concession income	34,304,468
Parking income	110,534,937
Car rental income	41,641,365
Landing fees	92,389,849
Aviation fuel tax	12,714,401
Other sales and charges	11,871,715
Interest income	42,519,679
Miscellaneous income	<u>1,242,752</u>
Gross revenues as defined in the ordinance	584,613,181
Operation and maintenance expenses:	
Personnel services	97,592,363
Contractual services	139,652,041
Maintenance, supplies and materials	18,879,094
Miscellaneous expense	<u>1,500,000</u>
Operation and maintenance expenses as defined in the ordinance	<u>257,623,498</u>
Net revenue	326,989,683
Other available funds	<u>49,787,669</u>
Net revenue plus other available funds as defined in the ordinance	<u><u>\$ 376,777,352</u></u>
Debt service requirements as defined in the ordinance (1)	\$ 215,989,302
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	174%
(1) Net of irrevocably committed Passenger Facility Charges of \$74,702,000 applied under Supplemental Bond Ordinance.	

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(1) Bond Account**

There shall be credited to the Bond Account, in the following order of priority:

**(a) Interest Account**

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

<u>Bond series</u>	<u>Interest payment date</u>	<u>Balance interest due</u>	<u>Required interest account balance at December 31, 2006</u>
Series 1991A	05/15/07	\$ 1,315,650	\$ 219,275
Series 1991D	05/15/07	3,975,750	662,625
Series 1992F-G	01/01/07	152,918	152,918
Series 1995C	05/15/07	345,313	57,552
Series 1997E	05/15/07	11,168,913	1,861,485
Series 1998A	05/15/07	5,166,625	861,104
Series 1998B	05/15/07	2,584,875	430,813
Series 2000A	05/15/07	7,832,099	1,305,350
Series 2000B	01/01/07	656,603	656,603
Series 2000C	01/01/07	324,822	324,822
Series 2001A	05/15/07	7,778,416	1,296,403
Series 2001B	05/15/07	456,563	76,094
Series 2001D	05/15/07	1,566,113	261,019
Series 2002A1-A3	01/01/07	982,276	982,276
Series 2002C	01/01/07	140,325	140,325
Series 2002E	05/15/07	4,705,688	784,281
Series 2003A	05/15/07	4,049,125	674,854
Series 2003B	05/15/07	3,279,525	546,588
Series 2004A	01/01/07	236,729	236,729
Series 2004B	01/01/07	238,074	238,074
Series 2005A	05/15/07	5,690,975	948,496
Series 2005B1-B2	01/01/07	250,349	250,349
Series 2005C1-C2	01/01/07	255,105	255,105
Series 2006A	05/15/07	6,920,350	1,153,392
Series 2006B	05/15/07	4,250,125	708,354
			<u>\$ 15,084,886</u>

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(b) Principal Account**

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

<u>Bond series</u>	<u>Principal payment date</u>	<u>Balance principal due</u>	<u>Required principal account balance at December 31, 2006</u>
Series 1991A	11/15/07	\$ 8,780,000	\$ 731,667
Series 1991D	11/15/07	13,260,000	1,105,000
Series 1992 F, G	11/15/07	1,300,000	108,333
Series 2000A	11/15/07	12,520,000	1,043,333
Series 2001A	11/15/07	17,370,000	1,447,500
Series 2001D	11/15/07	2,905,000	242,083
Series 2002A1-A3	11/15/07	6,350,000	529,167
Series 2002C	11/15/07	1,300,000	108,333
Series 2002E	11/15/07	16,650,000	1,387,500
Series 2004A	11/15/07	1,300,000	108,333
Series 2004B	11/15/07	1,300,000	108,333
Series 2005B1-B2	11/15/07	3,525,000	293,750
Series 2005C1-C2	11/15/07	2,800,000	233,333
Series 2006B	11/15/07	17,725,000	1,477,083
Total principal account requirement			\$ <u>8,923,748</u>

**(c) Sinking Account**

Required deposit monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. The 1991A Series and 1991D Series are subject to mandatory sinking fund redemption requirements.

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MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)  
Year ended December 31, 2006

**(d) Redemption Account**

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport System exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2006, the redemption account had a balance of \$17.1 million for the sixth runway and baggage system.

**(e) Bond Account Summary**

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	\$	24,008,634
Bond Account balance at December 31, 2006		24,008,634
Underfunded	\$	—

**(2) Bond Reserve Account**

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport System, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2006 is \$325,070,055. The minimum Bond Reserve Account requirement is \$325,070,055.

**(3) Operation and Maintenance Reserve Account**

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2007.



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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

Computation of minimum operation and maintenance reserve:

2005 Operation and maintenance expenses	\$ <u>231,128,857</u>
Minimum operations and maintenance reserve requirement for 2005	38,521,476
Operation and maintenance reserve account balance at December 31, 2006 (1)	<u>59,733,489</u>
Overfunded	\$ <u><u>21,212,013</u></u>

- (1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average. The City is in the process of increasing the reserve.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Summary of Insurance Coverage (Unaudited)

December 31, 2006

<u>Policy number</u>	<u>Company</u>	<u>Item covered</u>	<u>Expiration date</u>	<u>Annual premium</u>	<u>Coverage</u>
ESP2000-274	Quanta Speciality Lines	Pollution and remediation legal liability	12/23/07	\$ 246,465(1) \$	10,000,000
XSR 310244	Clarendon American	Excess auto	01/01/07	107,896	1,000,000
FL 254	FM Global	Property/boiler and machinery	01/01/07	2,478,342	1,000,000,000
L9900439	Lloyds of London	Excess liability	01/01/07	381,429	450,000,000
AAPN 00981771003	ACE Property and Casualty ACE American/AXA Art	Primary liability	01/01/07	572,398	50,000,000
Multi-participation	Ins./Lloyds Underwriters ACE American/AXA Art	Fine Arts	01/01/07	173,100/8,655(2)	250,000,000

(1) This is a three year prepaid amount. The policy term is 12/23/04 to 12/23/07.

(2) This is a multi-participation policy with coverage shared by DIA.

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## APPENDIX C

### GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for certain proposed amendments to the definitions.

“*AGTS*” means automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Additional Parity Bonds*” means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2007A-C Bonds.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The terms do not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System Fund,” created under the Senior Bond Ordinance.

“*Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund,” created in the Senior Bond Ordinance.

“*Bond Insurer*” means \_\_\_\_\_, the issuer of the Bond Insurance Policies with respect to the Series 2007A-C Bonds.

“*Bond Insurance Policies*” means the municipal bond insurance policy or policies issued by the Bond Insurer that guarantees the payment of the principal of and interest on the Series 2007A-C Bonds.

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

“*Bond Reserve Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund,” created under the Senior Bond Ordinance.

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

“*Business Day*” means, with respect to the Series 2007A-C Bonds, any day (1) on which commercial banks in New York, New York and Denver, Colorado, are not required or authorized to remain closed; and (2) on which The New York Stock Exchange is not closed.

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Senior Bond Ordinance.

“*Capitalized Interest Account*” means the special and separate subaccount within the Project Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account,” created under the Senior Bond Ordinance.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

“*City Council*” means the City Council of the City.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the “*Tax Code*” is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

“*Committed Passenger Facility Charges*” means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

“*Completion Bonds*” means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

“*Consent Agent*” means American National Bank (formerly The Bank of Cherry Creek, a Branch of Western National Bank) and any successor and assign thereof.

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

“*Credit Enhanced Bonds*” means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

“*Credit Facility Obligations*” means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

“*Debt Service Requirements*” for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate

Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate the Debt Service Requirement shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

“*Department of Aviation*” or “*Department*” means the Department of Aviation of the City and its successor in functions, if any.

“*DTC*” means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2007A-C Bonds.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Escrow Agreement*” means the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 1998B and Series 2003B, Escrow Agreement” by and between the City and the Escrow Bank.

“*Escrow Bank*” means Zions First National Bank, Denver, Colorado, and any successor and assign thereof.

“*Facilities*” or “*Airport Facilities*” means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

“*Favorable Opinion of Bond Counsel*” means an opinion of an attorney or firm of attorneys, selected by the City, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the General Bond Ordinance and the Series 2007A-C Supplemental Ordinances and will not adversely affect the exclusion of interest on the Series 2007A-C Bonds from gross income for federal income tax purposes.

“*Financial Consultant*” means any financial consultant which is appointed by the City with respect to any series of Bonds.

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

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

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” means the General Bond Ordinance approved by the City Council on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2007A-C Supplemental Ordinance.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City’s sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

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

“*Hedge Facility Obligations*” means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under the Senior Bond Ordinance on a parity with the Bonds.

“*Hedge Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or



(b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

“*Hedge Termination Payment*” means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

“*Independent Accountant*” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“*Interest Account*” means the special and separate subaccount within the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Interest Account,” created under the Senior Bond Ordinance.

“*Interest Payment Date*” means, with respect to the Series 2007A-C Bonds, each May 15 and November 15, commencing November 15, 2007.

“*Investment Securities*” means, to the extent the following are permitted investments under the City’s investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders’ equity (e.g., capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements

with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the

agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

“*Manager*” means the manager of the City’s Department of Aviation, or his or her designee and successor in functions, if any.

“*Mayor*” means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

“*Minimum Bond Reserve*” means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Minimum Operation and Maintenance Reserve*” means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Ninth Supplemental Ordinance*” means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit

of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

“*Operation and Maintenance Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Senior Bond Ordinance.

“*Operation and Maintenance Reserve Account*” means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Senior Bond Ordinance.

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

“*Ordinance*” or “*Senior Bond Ordinance*” means the General Bond Ordinance of the City approved on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the

Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006, the Series 2007A-B Supplemental Bond Ordinance, and the Series 2007C Supplemental Bond Ordinance; and the PFC Supplemental Ordinance.

“*Other Available Funds*” means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

“*Outstanding*” when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds shall have been executed and

delivered; and (d) except any Bonds held as Bank Bonds any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” means, when used with respect to the Series 2007A-C Bonds, the City Treasurer and any successors thereof.

“*PFC Debt Service Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Debt Service Account,” created under the Senior Bond Ordinance.

“*PFC Fund*” means the special and separate account designated as the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund,” created under the Senior Bond Ordinance.

“*PFC Project Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Project Account,” created under the Senior Bond Ordinance.

“*PFC Supplemental Ordinance*” means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

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

“*Principal Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Principal Account,” created under the Senior Bond Ordinance.

“*Project Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Project Fund,” created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

“*Proposed Amendments*” means the proposed amendments to the Senior Bond Ordinance as set forth in “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

“*Purchase Price*” means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

“*Rating Agencies*” means any of Moody’s, S&P, or Fitch, then maintaining ratings on any of the Bonds at the request of the City.

“*Redemption Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Redemption Account,” created under the Senior Bond Ordinance.

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Registrar*” means when used with respect to the Series 2007A-C Bonds, the City Treasurer and any successor thereof.

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

“*Report of the Airport Consultant*” means the report of the Airport Consultant entitled “Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007,” prepared for the City by Jacobs Consultancy Inc., which is attached to this Official Statement as “APPENDIX A - REPORT OF THE AIRPORT CONSULTANT.”

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

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Senior Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, designated as the depository for the Series 2007A-C Bonds, and includes any nominee or successor thereof.

“*Senior Bond Ordinance*” means the General Bond Ordinance, as amended and supplemented by the Series 2007A-C Supplemental Ordinances and any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2007A-C Supplemental Ordinances.

“*Series 1990A Bonds*” means the Airport System Revenue Bonds, Series 1990A, issued on May 29, 1990, in the original aggregate principal amount of \$700,003,842.72.

“*Series 1991A Bonds*” means the Airport System Revenue Bonds, Series 1991A, issued on April 25, 1991, in the original aggregate principal amount of \$500,003,523.35.

“*Series 1991D Bonds*” means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of \$600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000.

“*Series 1994A Bonds*” means the Airport System Revenue Bonds, Series 1994A, issued on September 8, 1994, in the original aggregate principal amount of \$257,000,000.

“*Series 1995B Bonds*” means the Airport System Revenue Bonds, Series 1995B, issued on June 22, 1995, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$98,530,000.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of \$107,585,000.

“*Series 1996A Bonds*” means the Airport System Revenue Bonds, Series 1996A, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$146,110,000.

“*Series 1996B Bonds*” means the Airport System Revenue Bonds, Series 1996B, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$137,430,000.

“*Series 1996C Bonds*” means the Airport System Revenue Bonds, Series 1996C, issued on October 17, 1996, and additionally secured by municipal bond insurance (except for the Series 1996C Bonds maturing in 1998 through 2001), in the original aggregate principal amount of \$117,550,000.

“*Series 1996D Bonds*” means the Airport System Revenue Bonds, Series 1996D, issued on October 17, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$160,195,000.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$415,705,000.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$206,665,000.



“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$103,395,000.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$330,625,000.

“*Series 2000B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000B, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$200,000,000.

“*Series 2000C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000C, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$100,000,000.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of \$395,635,000.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of \$16,675,000.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$70,540,000.

“*Series 2002A1-A3 Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002A1-A3, issued on September 12, 2002, as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$300,000,000.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000.

“*Series 2002D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$29,000,000.

“*Series 2002E Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of \$203,565,000.

“*Series 2003A Bonds*” means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$161,965,000.

“*Series 2003B Bonds*” means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of \$125,000,000.

“*Series 2004A Bonds*” means the Airport System Revenue Bonds, Series 2004A, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2004B Bonds*” means the Airport System Revenue Bonds, Series 2004B, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2005A Bonds*” means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$227,740,000.

“*Series 2005B1-B2 Bonds*” means the Airport System Revenue Bonds, Series 2005B1-B2, issued on October 31, 2005, in two subseries as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$91,750,000.

“*Series 2005C1-C2 Bonds*” means the Airport System Revenue Bonds, Series 2005C1-C2, issued on October 31, 2005, in two subseries as variable rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$87,700,000.

“*Series 2006A Bonds*” means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$279,585,000.

“*Series 2006B Bonds*” means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$170,005,000.

“*Series 2007A Bonds*” means the Airport System Revenue Bonds, Series 2007A, in the original aggregate principal amount of approximately \$188,780,000\* offered pursuant to this Official Statement.

“*Series 2007A-B Supplemental Ordinance*” means the Series 2007A-B Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Series 2007B Bonds*” means the Airport System Revenue Bonds, Series 2007B, in the original aggregate principal amount of approximately \$25,215,000\* offered pursuant to this Official Statement.

“*Series 2007C Bonds*” means the Airport System Revenue Bonds, Series 2007C, in the original aggregate principal amount of approximately \$34,080,000\* offered pursuant to this Official Statement.

“*Series 2007C Supplemental Ordinance*” means the Series 2007C Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Series 2007A-C Supplemental Ordinances*” means, collectively, the Series 2007A-B Supplemental Ordinance and the Series 2007C Supplemental Ordinance.

“*Sinking Fund Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account,” created under the Senior Bond Ordinance.

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\* Preliminary, subject to change

“*Sinking Fund Requirements*” means for any period amounts required by the Senior Bond Ordinance or by Supplemental Ordinance to be credited to the Sinking Fund Account.

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

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

“*Stapleton*” means Stapleton International Airport, which is part of the Airport System.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

“*Subordinate Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

“*Subordinate Bond Ordinance*” means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

“*Subordinate Contract Obligations*” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

“*Subordinate Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

“*Subordinate Credit Facility Obligations*” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only the lien thereon of the Bonds and any Credit Facility Obligations.

“*Subordinate Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

“*Subordinate Hedge Facility Obligations*” means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Supplemental Ordinance*” means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

“*Treasurer*” or “*City Treasurer*” means the manager of the City’s Department of Revenue, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

“*Twenty-first and Twenty-seventh Supplemental Ordinances*” means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Underwriters*” means, with respect to the Series 2007A Bonds and the Series 2007B Bonds, Goldman, Sachs & Co., Harvestons Securities, Inc., J.P. Morgan Securities Inc. and RBC Capital Markets and, with respect to the Series 2007C Bonds, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and Ramirez & Co., Inc.

“*Variable Rate Bonds*” means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance, but which is subject to maximum limitations.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2007A-C BONDS.”

*Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

#### **Description of the Bonds**

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2007A-C Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

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

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

#### **Additional Parity Bonds**

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

- (a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service

Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

## **Security**

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment.

### **The Airport System Fund**

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

### **Application of Revenues**

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds;

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first



day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36<sup>th</sup> month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In

addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

#### **PFC Fund**

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2007	\$107,930,000
2008	111,707,000
2009	115,617,000
2010	119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

## **Project Fund**

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payment will comply with Section 142 of the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

## **Investments**

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the

cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

### **Insurance**

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

### **Records, Reports and Audits**

The City has covenanted that it will keep accurate books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with standard accounting practices; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

### **Defeasance**

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other

moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Modification of the Senior Bond Ordinance**

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Events of Default**

The Senior Bond Ordinance provides that each of the following events is an “Event of Default”:

- (a) the City’s failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable;
- (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the

City's failure to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after notice of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged; (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it shall not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

### **Remedies of Owners of Bonds**

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

### **Covenant Against Competing Facilities**

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and

nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

### **Corporate Existence**

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

### **Disposal of Airport Property**

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

### **Tax Covenant**

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.



**Miscellaneous**

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

**Series 2007A-C Supplemental Ordinances**

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2007A-C Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

The Series 2007A-C Supplemental Ordinances include provisions required by the Bond Insurer, including, without limitation, the right of the Bond Insurer to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007A-C Bonds, the designation of the Bond Insurer as the sole holder of the Series 2007A-C Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of the Bond Insurer to consent to the acceleration of the payment of the Series 2007A-C Bonds in the event of a default) and the subrogation of the Bond Insurer to the rights of recipients of payments made by the Bond Insurer in respect of the Series 2007A-C Bonds.

See also "BOND INSURANCE."

\* \* \*

## APPENDIX E

### PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

*The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007A-C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT - Proposed Amendments to the Senior Bond Ordinance." **The Proposed Amendments are shown in blackline.***

#### DEFINITIONS—Section 1.02 A.

The following definitions are to be amended to read as follows:

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

**(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).**

**(47) "Minimum Bond Reserve" means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the**

**Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations.** With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ **(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~ **(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~ **(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

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

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

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

**(71.2) “Released Revenues” means revenues of the Airport System in respect of which the following have been filed with the Clerk:**

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

**(b) either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an**

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

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

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

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

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

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

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such

Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

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

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

The following new subparagraph (i) is to be added to the definition of “Gross Revenues”:

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

## OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

### **Section 709. Contract Obligations.**

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

A new Section 806 is to be added as follows:

### **Section 806. Loan Agreements for Special Facilities Bonds.**

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

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

**Section 1106. Notice to Rating Agencies.**

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

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

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

**OTHER CHANGES**

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

\* \* \*

## APPENDIX F

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and the DTC book-entry system has been obtained from sources believed to be reliable, but the City and the Department take no responsibility for the accuracy or completeness thereof. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007A-C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007A-C Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2007A-C Bonds. The Series 2007A-C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2007A-C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to Direct Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of the Series 2007A-C Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2007A-C Bonds on DTC's



records. The ownership interest of each Beneficial Owner will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007A-C Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007A-C Bonds.

To facilitate subsequent transfers, all Series 2007A-C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007A-C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007A-C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007A-C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007A-C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007A-C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007A-C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2007A-C Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2007A-C Bonds at any time by giving reasonable notice to the City, or the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2007A-C Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

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## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “Disclosure Undertaking”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “City”), in connection with the issuance of \$248,075,000\* Airport System Revenue Bonds, Series 2007A-C (the “Bonds”), by the City, for and on behalf of its Department of Aviation (the “Department”). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. , Series of 2007, and Ordinance No. , Series of 2007, both adopted by the City Council of the City on July , 2007 (collectively, the “Ordinance”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

“*Audited Financial Statements*” means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

“*Central Post Office*” means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

“*Commission*” means the Securities and Exchange Commission.

“*Events*” means any of the events listed in Section 3(a) of this Disclosure Undertaking.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*National Repository*” means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

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\* Preliminary, subject to change

“*Obligated Person*” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

“*Official Statement*” means the final Official Statement dated \_\_\_\_\_, 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

“*Repository*” or “*Repositories*” means each National Repository and the State Repository.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State Repository*” shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

“*Treasurer*” means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines (“United”) is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual

Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

**Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an “obligated person” with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney’s Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days’ prior written notice of the City’s or the Treasurer’s failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

## Schedule 1

“*Annual Financial Information*” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings “AVIATION ACTIVITY AND AIRLINES - Aviation Activity” and “CAPITAL PROGRAM,” data concerning outstanding debt, fund balances and results of operations of the type included under the heading “FINANCIAL INFORMATION” and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

\* \* \*



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**APPENDIX H**

**FORM OF OPINIONS OF BOND COUNSEL**

Hogan & Hartson L.L.P.  
and  
Bookhardt & O’Toole  
Denver, Colorado

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citi Group Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2nd Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
Series 2007A-B - \$213,995,000\*  
Series 2007C - \$34,080,000\*

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Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the “City”), in connection with the City’s issuance, for and on behalf of its Department of Aviation (the “Department”), of \$188,780,000\* principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A” (the “Series 2007A Bonds”), \$25,215,000\* principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B” (the “Series 2007B Bonds”), and of \$34,080,000\* principal amount of the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C” (the “Series 2007C Bonds”, together with the Series 2007A Bonds and the Series 2007B Bonds, the “Series 2007A-C Bonds”) pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. , Series of 2007, and Ordinance No. , Series of 2007

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\* Preliminary, subject to change

(collectively, the “Ordinance”). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an “enterprise” within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the form of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the “State”), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.
2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.
3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.
4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.
5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in

Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Internal Revenue Code, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that \_\_\_\_\_ has issued municipal bond new issue insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such municipal bond insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

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*In the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007A-C Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2007A-C Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations and (2) interest on the Series 2007B Bonds and the Series 2007C Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007A-C Bonds, under existing law and to the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.*

## CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

### AIRPORT SYSTEM REVENUE BONDS

**\$188,350,000 SERIES 2007A**  
(AMT)

**\$24,250,000 SERIES 2007B**  
(NON-AMT)

**\$34,635,000 SERIES 2007C**  
(NON-AMT)

**Dated: Date of Delivery**

**Due: November 15, as shown on the inside cover pages**

The Series 2007A-C Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto for the purpose of funding, together with other available Airport System moneys, capital improvements for the Airport (including the current refunding of outstanding Airport System commercial paper notes), capitalized interest relating to the Series 2007A Bonds and the Series 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, advance refunding, redeeming and defeasing certain outstanding Airport System revenue bonds and paying costs of issuing the Series 2007A-C Bonds, all as described herein.

The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2007A-C Bonds. Beneficial Ownership Interests in the Series 2007A-C Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007A-C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2007A-C Bonds bear interest at the rates per annum set forth on the inside cover pages hereof payable on November 15, 2007, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover pages hereof, subject to redemption prior to maturity as described herein.

**The Series 2007A-C Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2007A-C Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.**

Payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds when due will be insured by financial guaranty insurance policies to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2007A Bonds and the Series 2007C Bonds.



Payment of the principal of and interest on the Series 2007B Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007B Bonds.

**Ambac**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

*Purchasers of Beneficial Ownership Interests in the Series 2007A-C Bonds will be deemed to have consented to certain proposed amendments to the City’s General Bond Ordinance as discussed herein.*

The Series 2007A-C Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado. It is expected that delivery of the Series 2007A-C Bonds will be made through the facilities of DTC on or about August 29, 2007.

Dated: August 6, 2007

## MATURITY SCHEDULE

### CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$188,350,000**

#### AIRPORT SYSTEM REVENUE BONDS, SERIES 2007A

(AMT)

(MBIA INSURED)

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u> <sup>1</sup>	<u>Price</u> <sup>1</sup>	<u>CUSIP</u> <sup>®</sup> <u>No.</u> <sup>2</sup>
2023	\$17,925,000	5.00%	4.66%	102.730%	2491814 L9
2024	25,185,000	5.00	4.68	102.567	2491814 M7
2026	26,445,000	5.00	4.72	102.240	2491814 N5
2027	27,770,000	5.00	4.74	102.078	2491814 P0

**\$91,025,000 5.00% Series 2007A Term Bonds Due November 15, 2030 – Priced to Yield 4.76%<sup>1,3</sup>**  
**CUSIP No. 2491814 Q8<sup>2</sup>**

**\$24,250,000**

#### AIRPORT SYSTEM REVENUE BONDS, SERIES 2007B

(NON-AMT)

(AMBAC ASSURANCE INSURED)

**\$24,250,000 5.00% Series 2007B Term Bonds Due November 15, 2032 – Priced to Yield 4.58%<sup>1</sup>**  
**CUSIP No. 2491814 R6<sup>2</sup>**

<sup>1</sup> The prices shown for these maturities, and the corresponding yields, are to the first optional redemption date. See “THE SERIES 2007A-C BONDS – Redemption Prior to Maturity – *Optional Redemption*.”

<sup>2</sup> The City and the Department take no responsibility for the accuracy of the CUSIP<sup>®</sup> numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007A Bonds and the Series 2007B Bonds.

<sup>3</sup> These Series 2007A Bonds are subject to mandatory sinking fund redemption as described in “THE SERIES 2007A-C BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption*.”

**GOLDMAN, SACHS & Co.**

**HARVESTONS SECURITIES, INC.**

**JPMORGAN**

**RBC CAPITAL MARKETS**



**MATURITY SCHEDULE**

**CITY AND COUNTY OF DENVER, COLORADO**

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$34,635,000**

**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007C**

(NON-AMT)

(MBIA INSURED)

<b><u>Maturity</u></b> <b><u>(November 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP®</u></b> <b><u>No.<sup>1</sup></u></b>
2016	\$ 3,815,000	5.00%	4.17%	106.288%	2491814 S4
2017	4,870,000	5.00	4.22	106.410	2491814 T2
2033	25,950,000	5.00	4.59 <sup>2</sup>	103.305 <sup>2</sup>	2491814 U9

<sup>1</sup> The City and the Department take no responsibility for the accuracy of the CUSIP® numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007C Bonds.

<sup>2</sup> The price shown for this maturity, and the corresponding yield, are to the first optional redemption date. See "THE SERIES 2007A-C BONDS – Redemption Prior to Maturity – *Optional Redemption*."

**CITI**

**JPMORGAN**

**RAMIREZ & Co., INC.**

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**SELECTED CITY OFFICIALS AND CONSULTANTS**

**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
LaCharles Keese	.....	Manager of the Department of General Services/Deputy Chief Financial Officer
Arlene V. Dykstra, Esq.	.....	City Attorney
Claude Pumilia	.....	Manager of the Department of Revenue/Chief Financial Officer/ <i>ex officio</i> Treasurer
Alvin J. LaCabe, Jr.	.....	Manager of the Department of Public Safety
Peter J. Park	.....	Manager of Community Planning and Development
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, *Ex-Officio* Clerk**

Stephanie Y. O’Malley

**Department of Aviation**

Cheryl Cohen-Vader	.....	Chief Deputy Manager of Aviation
Stan Koniz, CPA	.....	Deputy Manager of Aviation/Business and Technologies
Patrick Heck	.....	Acting Deputy Manager of Aviation/Revenue Management and Business Development
Sally Covington	.....	Deputy Manager of Aviation/Public Relations and Marketing
John Kinney	.....	Deputy Manager of Aviation/Operations
Ruth Rodriguez	.....	Deputy Manager of Aviation/Maintenance and Engineering
Helen Raabe, Esq.	.....	Director of Airport Legal Services/Assistant City Attorney

**Airport Consultant**

Jacobs Consultancy Inc.  
Burlingame, California

**Financial Consultants**

First Albany Capital Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas
---	---

**Bond Counsel**

Hogan & Hartson L.L.P. Denver, Colorado	Bookhardt & O’Toole Denver, Colorado
--	---

**Special Counsel**

Peck, Shaffer & Williams LLP  
Denver, Colorado

This Official Statement does not constitute an offer to sell the Series 2007A-C Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2007A-C Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2007A-C Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2007A-C Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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

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**OFFICIAL STATEMENT**

**RELATING TO**

**CITY AND COUNTY OF DENVER, COLORADO**

**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

**AIRPORT SYSTEM REVENUE BONDS**

**\$188,350,000 SERIES 2007A  
(AMT)**

**\$24,250,000 SERIES 2007B  
(NON-AMT)**

**\$34,635,000 SERIES 2007C  
(NON-AMT)**

**INTRODUCTION**

**The Issuer**

This Official Statement, which includes the cover page, the inside cover pages, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “City”), for and on behalf of its Department of Aviation (the “Department”), of its Airport System Revenue Bonds, Series 2007A, in the principal amount of \$188,350,000 (the “Series 2007A Bonds”), its Airport System Revenue Bonds, Series 2007B, in the principal amount of \$24,250,000 (the “Series 2007B Bonds”) and its Airport System Revenue Bonds, Series 2007C, in the principal amount of \$34,635,000 (the “Series 2007C Bonds”), referred to herein collectively as the “Series 2007A-C Bonds” and individually as a “Series.”

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX C – GLOSSARY OF TERMS.”

*This Official Statement contains information that was either not available or differs from that stated in the Preliminary Official Statement dated July 25, 2007, including, without limitation, the aggregate principal amount of each Series, principal amount per maturity, interest rates, offering prices, CUSIP® numbers and prior redemption provisions of the Series 2007A-C Bonds, the sources and anticipated uses of proceeds of the Series 2007A-C Bonds, the identities and descriptions of the issuers of the financial guaranty insurance policies, descriptions and specimens of the financial guaranty insurance policies, the insured ratings of the Series 2007A-C Bonds, the principal amounts of the Refunded Bonds (defined below) to be refunded by the Series 2007C Bonds, the prices paid by the Underwriters for the Series 2007A-C Bonds and certain other information related to or dependent upon the foregoing. Accordingly, prospective investors should read this Official Statement in its entirety.*

**The Airport System; the Senior Bond Ordinance**

The City is a political subdivision of the State of Colorado (the “State”). The Denver Municipal Airport System (the “Airport System”) is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the “Airport”) is the primary asset of the Airport System.

The Series 2007A-C Bonds are being issued by authority of the City’s home rule charter (the “City Charter”), the State’s Supplemental Public Securities Act and the General Bond Ordinance approved by the Denver City Council (the “City Council”) on November 29, 1984, as amended and supplemented (the “General Bond Ordinance”), and the respective Series 2007A-C Airport System Supplemental Bond Ordinances to be approved by the City Council prior to the delivery of the Series 2007A-C Bonds. The General Bond Ordinance, the Series 2007A-C Supplemental Ordinances and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2007A-C Supplemental Ordinances are referred to herein collectively as the “Senior Bond Ordinance.” The

covenants and undertakings of the City with respect to the Series 2007A-C Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City that have not been adopted by the City Council (the "Proposed Amendments"). See "Consent to Proposed Amendments to the Senior Bond Ordinance" below, "THE SERIES 2007A-C BONDS – Authorization – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

### **Denver International Airport**

**General.** The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See "THE AIRPORT SYSTEM," "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

**Passenger and Revenue Growth.** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport ("Stapleton"). Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 enplaned passengers at the Airport increasing 5.2% over 2002. The number of enplaned passengers at the Airport continued to increase by 12.7% in 2004, 2.6% in 2005 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. In 2006, the rentals, fees and charges received from airlines operating at the Airport under use and lease agreements and other agreements with the City constituted approximately 53.7% of the Gross Revenues of the Airport System.

In 2006, non-airline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 39.0% of the Gross Revenues of the Airport System. Non-airline revenues of the Airport System also recovered from the downturns experienced in 2001 and 2002, increasing 2.2% in 2003, 12.1% in 2004, 11.5% in 2005 and 12.2% in 2006, compared to the previous years, largely as the result of increases in passenger traffic.

The cost per enplaned passenger at the Airport also improved commensurately, declining from \$15.20 in 2002 to \$14.51 in 2003, \$13.05 in 2004, \$12.90 in 2005 and \$11.41 in 2006.

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 consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger growth at the Airport and revenue growth of the Airport System, see generally "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES," "FINANCIAL INFORMATION – Historical Operations –



Management's Discussion and Analysis of Financial Performance – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Nonairline Revenue.”

**Major Air Carriers Operating at the Airport.** The principal air carrier operating at the Airport is United Airlines (“United”), one of the largest airlines in the world. The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “United Use and Lease Agreement”), United currently leases 43 of the existing 95 full service jet gates at the Airport, as well as the 16-gate regional jet facility on Concourse B. In 2006, United, together with its low-fare Ted unit and its United Express commuter affiliates (collectively, the “United Group”), accounted for approximately 56.4% of passenger enplanements at the Airport, as well as approximately 59.3% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 31.8% of the Airport System’s Gross Revenues (as defined in the Senior Bond Ordinance). Also, after over three years in bankruptcy reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code (the “Bankruptcy Code”) during which United continued operations, UAL Corporation (“UAL”) and 27 of its subsidiaries, including United, emerged from bankruptcy in February 2006.

Frontier Airlines (“Frontier”) has the second largest market share at the Airport, which serves as Frontier’s only hub. 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 (a related amendment to its Use and Lease Agreement to add these gates is pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. In 2006, Frontier, together with its Frontier JetExpress commuter affiliate (together, the “Frontier Group”), accounted for approximately 20.7% of passenger enplanements at the Airport, as well as approximately 13.0% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 6.9% of the Airport System’s Gross Revenues. Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation (“Lynx”), a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

Southwest Airlines (“Southwest”) commenced service at the Airport in January 2006. Southwest accounted for 3.3% of passenger enplanements at the Airport in 2006 and for 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period).

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues; however, as noted above Southwest has been accounting for an increasing share of passenger enplanements at the Airport.

For further information regarding the major air carriers operating at the Airport and the fare and service competition initiated by Southwest at the Airport see “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES – Airline Information – *United – Frontier – Southwest* – Aviation Activity,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “AIRLINE BANKRUPTCY MATTERS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Hub for United and Frontier Airlines.”

## **Airport Capital Program; 2007 Project**

The City has a Capital Program for the Airport System that represents the City's current expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project, each as described in "DENVER INTERNATIONAL AIRPORT - Terminal Complex," was initially financed with the proceeds of Airport System Subordinate Commercial Paper Notes, Series A (the "Tax-Exempt Commercial Paper Notes") and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the "2008-2013 Capital Program") is described in "CAPITAL PROGRAM." The Airport System's capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The capital projects for the Airport to be funded in part with the net proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds as described below in "Plan of Financing" (the "2007 Project") include the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project in the 2008-2013 Capital Program as described under "CAPITAL PROGRAM."

### **The Series 2007A-C Bonds**

**Purpose.** The proceeds of the Series 2007A Bonds and the Series 2007B Bonds, together with other available Airport System moneys, will be used to fund the 2007 Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on portions of the 2007 Project), capitalized interest relating to the Series 2007A Bonds and the Series 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to pay the costs of issuing the Series 2007A Bonds and the Series 2007B Bonds. The proceeds of the Series 2007C Bonds will be used to advance refund, redeem and defease a portion of the Airport System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), currently outstanding in the aggregate principal amount of \$125,000,000, as well as to pay the costs of issuing the Series 2007C Bonds. The portions of the Series 2003B Bonds being refunded with the proceeds of the Series 2007C Bonds are referred to herein as the "Refunded Bonds." See "Plan of Financing" below, "APPLICATION OF PROCEEDS," "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Plan of Financing."

**General Provisions.** The Series 2007A-C Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates and in the amounts set forth on the cover page and inside cover pages hereof. Interest on the Series 2007A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2007, and semiannually thereafter on each May 15 and November 15, computed on the basis of a 360-day year of twelve 30-day months. The Series 2007A-C Bonds are subject to redemption prior to maturity as described in "THE SERIES 2007A-C BONDS – Redemption Prior to Maturity."

**Book-Entry Only System.** The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Series 2007A-C Bonds. Ownership interests in the Series 2007A-C Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system ("DTC Participants"). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2007A-C Bonds by the

rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2007A-C BONDS – General Provisions” and “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

***Security and Sources of Payment.*** The Series 2007A-C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the “Senior Bonds.” The aggregate principal amount of Senior Bonds currently outstanding is approximately \$3.7 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds (as described below under “Plan of Financing”) is approximately \$4.1 billion. See “FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds.*” None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “Owners”) or Beneficial Owners of the Series 2007A-C Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues.”

***Bond Insurance.*** Payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds when due will be insured by financial guaranty insurance policies (the “MBIA Policies”) to be issued by MBIA Insurance Corporation (“MBIA”) simultaneously with the delivery of the Series 2007A Bonds and the Series 2007C Bonds. See “BOND INSURANCE – Series 2007A Bonds and Series 2007C Bonds” and “APPENDIX I – SPECIMEN OF THE MBIA POLICIES.”

Payment of the principal of and interest on the Series 2007B Bonds when due will be insured by a financial guaranty insurance policy (the “Ambac Assurance Policy”) to be issued by Ambac Assurance Corporation (“Ambac Assurance”) simultaneously with the delivery of the Series 2007B Bonds. See “BOND INSURANCE – Series 2007B Bonds” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

MBIA will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007A Bonds and the Series 2007C Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007A Bonds or the Series 2007C Bonds in the event of a default. Likewise, Ambac Assurance will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007B Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007B Bonds in the event of a default.

***Further Information.*** For further information regarding the Series 2007A-C Bonds, the MBIA Policies, the Ambac Assurance Policy, MBIA and Ambac Assurance, see generally “THE SERIES 2007A-C BONDS,” “BOND INSURANCE,” “FINANCIAL INFORMATION – Senior Bonds,” “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE,” “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” “APPENDIX I – SPECIMEN OF THE MBIA POLICIES” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

## **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (the “Financial Consultants”) have prepared the plan of financing (the “Plan of Financing”) in connection with the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds described in this section. See “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Plan of Financing.”

Subject to market conditions, the City also plans to issue one or more series of additional Senior Bonds (the “2007 Planned Bonds”) on or prior to November 15, 2007 (1) in the approximate principal amount of \$225 million to fund a portion of the 2007 Project for the Airport described herein under “CAPITAL PROGRAM” and (2) in the approximate principal amount of \$362 million to current refund and defease, together with other available Airport System moneys, certain of its outstanding Airport System Revenue Bonds, Series 1997E (the “Series 1997E Bonds”). The Report of the Airport Consultant includes the 2007 Planned Bonds that are not refunding bonds, designating such bonds as the Series 2007D-E Bonds (the “Planned Series 2007D-E Bonds”). See “CAPITAL PROGRAM,” “FINANCIAL INFORMATION – Senior Bonds – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Report of the Airport Consultant**

Jacobs Consultancy Inc. (the “Airport Consultant”), has been retained by the City as its Airport Consultant and in such capacity prepared the Report of the Airport Consultant dated July 25, 2007 (the “Report of the Airport Consultant”), included herein as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a “Fiscal Year”) 2007 through 2013, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “AVIATION ACTIVITY AND AIRLINES – Airline Information,” “CAPITAL PROGRAM,” “FINANCIAL INFORMATION – Plan of Financing” and “REPORT OF THE AIRPORT CONSULTANT.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds and the 2007 Planned Bonds, and will not be revised to reflect differences between the principal amounts and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds assumed in the Report of the Airport Consultant and the final principal amount and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A Bonds and the Series 2007B Bonds, and in connection with the later issuance of the Planned Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

### **Consent to Proposed Amendments to the Senior Bond Ordinance**

Purchasers of Beneficial Ownership Interests in the Series 2007A-C Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in “THE SERIES 2007A-C BONDS – Proposed Amendments to the Senior Bond Ordinance.” The Proposed Amendments are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Continuing Disclosure**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of

those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

### **Additional Information**

Brief descriptions of the Series 2007A-C Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007A-C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to Stan Koniz, Deputy Manager of Aviation/Business and Technologies, at (303) 342-2200. Inquiries regarding other City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Revenue, at (720) 865-7116.

### **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

### **Forward Looking Statements**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Miscellaneous**

The cover page, inside cover pages, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2007A-C Bonds.

### **APPLICATION OF PROCEEDS**

The following table presents the estimated sources and uses of funds in connection with the issuance of the Series 2007A-C Bonds.

	<u>Series 2007A Bonds</u>	<u>Series 2007B Bonds</u>	<u>Series 2007C Bonds</u>
<b>Sources</b>			
Principal Amount of Series 2007A-C Bonds	\$188,350,000	\$24,250,000	\$34,635,000
Original Issue Premium	4,049,319	821,590	1,409,702
Transfer from the Series 2003B Bond Account	--	--	466,512
Total Sources	<u>\$192,399,319</u>	<u>\$25,071,590</u>	<u>\$36,511,214</u>
<b>Uses</b>			
Deposit to Related Project Account <sup>1</sup>	\$170,386,775	\$21,189,632	\$ --
Deposit to Related Capitalized Interest Subaccount <sup>2</sup>	9,179,398	2,285,342	--
Deposit to Related Escrow Account <sup>3</sup>	--	--	35,802,944
Deposit to Bond Reserve Fund <sup>4</sup>	9,856,983	1,147,833	--
Payment of Related Costs of Issuance <sup>5</sup>	<u>2,976,163</u>	<u>448,783</u>	<u>708,270</u>
Total Uses	<u>\$192,399,319</u>	<u>\$25,071,590</u>	<u>\$36,511,214</u>

<sup>1</sup> The Series 2007A Project Account and the Series 2007B Project Account are created in the Project Fund pursuant to the Series 2007A-B Supplemental Ordinance for the purpose of providing for the payment of a portion of the 2007 Project. See also "CAPITAL PROGRAM" and "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing."

<sup>2</sup> The Series 2007A Subaccount and the Series 2007B Subaccount are created in the Capitalized Interest Account of the Project Fund pursuant to the Series 2007A-B Supplemental Bond Ordinance for the purpose of funding capitalized interest on portions of the Series 2007A Bonds and the Series 2007B Bonds through the various estimated completion dates of the projects included in the 2007 Project.

<sup>3</sup> To be used to advance refund, redeem and defease a portion of the Refunded Bonds. See also "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing" and "SERIES 2007C ESCROW ACCOUNT; VERIFICATION OF MATHEMATICAL ACCURACY."

<sup>4</sup> To fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2007A Bonds and the Series 2007B Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund."

<sup>5</sup> Includes Underwriters' discount, premiums for the MBIA Policies and the Ambac Assurance Policy, legal and other costs of issuance for the related series of Series 2007A-C Bonds. See also "UNDERWRITING."

### **THE SERIES 2007A-C BONDS**

The following is a summary of certain provisions of the Series 2007A-C Bonds during such time as the Series 2007A-C Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2007A-C Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX C – GLOSSARY OF TERMS," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX E – PROPOSED

AMENDMENTS TO THE SENIOR BOND ORDINANCE” for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2007A-C Bonds upon an Event of Default under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2007A-C Bonds. Unless otherwise specified herein, reference in the following summary to the Series 2007A-C Bonds means each series of the Series 2007A-C and references to documents and defined terms mean such documents and defined terms as they relate to each series of the Series 2007A-C Bonds.

### **Authorization**

Pursuant to the home rule article of the Colorado Constitution, the State’s Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department. See “THE AIRPORT SYSTEM – Management.” The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2007A-C Bonds will be issued pursuant to the Senior Bond Ordinance and, if adopted, the Proposed Amendments. See “Proposed Amendments to the Senior Bond Ordinance” below, “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **General Provisions**

The Series 2007A-C Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates set forth on the cover page and inside cover pages hereof, and are subject to redemption prior to maturity as described below in “Redemption Prior to Maturity.” Interest on the Series 2007A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable on November 15, 2007, and semiannually on each May 15 and November 15 thereafter, each such date being referred to herein as an “Interest Payment Date.”

Principal and interest payments with respect to the Series 2007A-C Bonds will be payable by check or wire transfer by the Chief Financial Officer of the City (the “Chief Financial Officer”), in his or her capacity as paying agent for the Series 2007A-C Bonds (the “Paying Agent”) to Cede & Co., as the Owner of the Series 2007A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

### **DTC Book-Entry System**

The Series 2007A-C Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2007A-C Bonds. Beneficial Ownership Interests in the Series 2007A-C Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books

of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the registered owners of the Series 2007A-C Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2007A-C Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2007A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Chief Financial Officer in his or her capacity as registrar for the Series 2007A-C Bonds (the “Registrar”) has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007A-C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007A-C Bonds or (5) any other related matter.*

**Redemption Prior to Maturity**

**Optional Redemption.** The Series 2007A-C Bonds maturing on and after November 15, 2018, are subject to redemption prior to maturity at the option of the City, on and after November 15, 2017, in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount of the Series 2007A-C Bonds to be redeemed plus accrued interest to the Redemption Date.

**Mandatory Sinking Fund Redemption.** The Series 2007A Bonds maturing on November 15, 2030, are also subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on November 15 in each of the years and in the principal amounts set forth in the following table:

**Mandatory Sinking Fund Redemption Schedule  
Series 2007A Bonds Maturing on November 15, 2030**

<u>Year of Redemption</u>	<u>Principal Amount</u>
2028	\$29,155,000
2029	30,615,000
2030 (maturity)	31,255,000

The City has the option of reducing the principal amount of the Series 2007A Bonds to be redeemed on any mandatory sinking fund redemption date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2007A-B Supplemental Ordinance or whole multiples of such smallest denomination) up to the principal amount of such series of the Series 2007A Bonds which have been redeemed prior to or will be redeemed on such redemption date under any other provision of the Series 2007A-B Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of such series of the Series 2007A Bonds subject to mandatory sinking fund redemption). The City may exercise such option by delivering to the Paying Agent, on or before the 45<sup>th</sup> day preceding such redemption date, a written notice stating the amount of such reduction.

**Notice of Redemption.** Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first



class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2007A-C Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2007A-C Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2007A-C Bonds is required to be given, moneys sufficient to redeem all of such Series 2007A-C Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2007A-C Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2007A-C Bonds properly called for redemption or any other action premised on that notice.

## **SECURITY AND SOURCES OF PAYMENT**

### **Pledge of Net Revenues**

The Series 2007A-C Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2007A-C Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below, and from funds made available under the MBIA Policies and the Ambac Assurance Policy as discussed in "BOND INSURANCE." The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund, the Bond Reserve Fund and the Project Fund (which are only on deposit in the Project Fund until such funds are spent on the 2007 Project) to the payment of the Senior Bonds. See also "APPLICATION OF PROCEEDS" and "CAPITAL PROGRAM." The Series 2007A-C Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007A-C Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2007A-C Bonds.

"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. No Supplemental Ordinance has included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For a further description of the application of revenues under the Senior Bond Ordinance and the complete definitions

of Gross Revenues and Operation and Maintenance Expenses, see “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **PFC Debt Service Account**

The City has, pursuant to the Senior Bond Ordinance, created the PFC Fund within the Airport System Fund and, within the PFC Fund, the PFC Debt Service Account and the PFC Project Account. In addition, pursuant to a Supplemental Ordinance (the “PFC Supplemental Ordinance”) approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements (as defined in “APPENDIX C – GLOSSARY OF TERMS”) on Senior Bonds through December 31, 2013, as further discussed in “FINANCIAL INFORMATION – Passenger Facility Charges – *PFC Debt Service Account; Irrevocable Commitment of Certain PFCs.*”

### **Bond Insurance**

Payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds when due will be insured by the MBIA Policies to be issued by MBIA simultaneously with the delivery of the Series 2007A Bonds and the Series 2007C Bonds; and payment of the principal of and interest on the Series 2007B Bonds when due will be insured by the Ambac Assurance Policy to be issued by Ambac Assurance simultaneously with the delivery of the Series 2007B Bonds. See “BOND INSURANCE,” “APPENDIX I – SPECIMEN OF THE MBIA POLICIES” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

### **Rate Maintenance Covenant**

The City has covenanted in the Senior Bond Ordinance (the “Rate Maintenance Covenant”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements for the Fiscal Year. See “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Capital Fund.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory

restrictions as discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “Signatory Airlines”) acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements.”

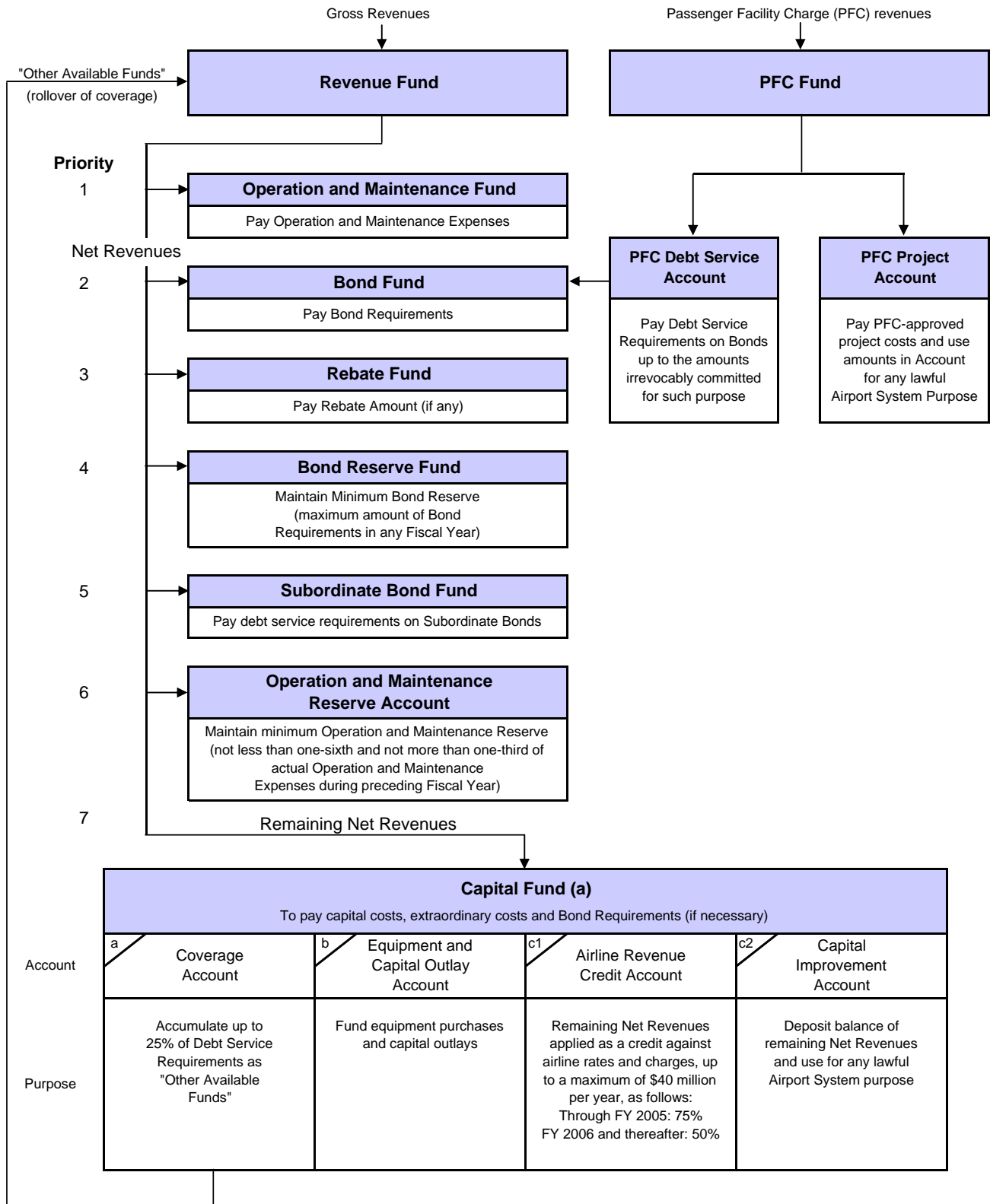
The term “Debt Service Requirements” in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See “APPENDIX C – GLOSSARY OF TERMS.” As described in “PFC Debt Service Account” above, the City has irrevocably committed a portion of the moneys collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through December 31, 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is excluded from the respective computations and is therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds in the years 2007 through 2013. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms “Committed Passenger Facility Charges” and “Maximum Committed Amounts” being used as defined in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*”) in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the additional \$1.50 PFC that commenced April 1, 2001 (the “Additional \$1.50 PFC”), being PFC revenues that do not constitute Committed Passenger Facility Charges, will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*.” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and all of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. The amount of such PFC revenues forecast by the Airport Consultant to be so applied to the payment of Debt Service Requirements is set forth in Exhibit C to the Report of the Airport Consultant. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **Flow of Funds**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates a special fund designated as the “Revenue Fund” and to which the City is required to set aside all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” for a complete description of the application of Gross Revenues.

The flow of funds under the Senior Bond Ordinance is illustrated on the following page.

## FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.

## **Bond Reserve Fund**

Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of “Minimum Bond Reserve” in certain regards. See “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Upon the issuance of the Series 2007A-C Bonds and the Planned Series 2007D-E Bonds, an amount at least equal to the Minimum Bond Reserve is expected to be on deposit in the Bond Reserve Fund. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. See “APPLICATION OF PROCEEDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues.”

## **Additional Parity Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance (“Additional Parity Bonds”) to pay the cost of acquiring, improving or equipping Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the “Additional Bonds Test”), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, only Committed Passenger Facility Charges may be considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See “PFC Debt Service Account” and “Rate Maintenance Covenant” above, “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

Since the Series 2007A Bonds, the Series 2007B Bonds and portions of the 2007 Planned Bonds are being issued for the purpose of funding capital improvements for the Airport, the Additional Bonds Test is applicable to their issuance. The Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A Bonds and the Series 2007B Bonds, and in connection with the later issuance of the Planned Series 2007D-E Bonds. See “APPLICATION OF PROCEEDS,” “FINANCIAL INFORMATION – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## Subordinate Bonds and Other Subordinate Obligations

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of Subordinate Commercial Paper Notes (defined herein), and has also entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See “FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations.”

## Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2002 through 2006 in accordance with the Rate Maintenance Covenant discussed in “Rate Maintenance Covenant” above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

### Historical Net Revenues and Debt Service Coverage of the Senior Bonds

(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
Gross Revenues <sup>1</sup>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses <sup>1</sup>	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	282,644	325,994	322,790	336,120	326,990
Other Available Funds <sup>2</sup>	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,787</u>
Total Amount Available for Debt Service	\$329,395	\$376,801	\$377,639	\$391,293	\$376,777
Debt Service Requirements for the Senior Bonds <sup>3,4</sup>	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt Service Coverage <sup>4</sup>	162%	184%	171%	175%	189%

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in “FINANCIAL INFORMATION – Historical Financial Operations.” See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>2</sup> Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>3</sup> Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements. See “FINANCIAL INFORMATION – Passenger Facility Charges.” Debt service also does not include the debt service on certain Senior Bonds that have been economically defeased in the total principal amount of \$144,230,648. See “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

<sup>4</sup> The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

Sources: Financial statements of the Airport System for Fiscal Years 2002-2006, and Airport management and Department of Aviation management records

## Proposed Amendments to the Senior Bond Ordinance

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.” These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by

the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007A-C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

It is assumed in the Report of the Airport Consultant that any or all of the Proposed Amendments that the City may adopt during the forecast period would not materially change the forecast coverage results presented therein. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **BOND INSURANCE**

### **Series 2007A Bonds and Series 2007C Bonds**

**General.** Payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds when due will be insured by the MBIA Policies to be issued by MBIA simultaneously with the delivery of the Series 2007A Bonds and the Series 2007C Bonds. Reference is made to “APPENDIX I – SPECIMEN OF THE MBIA POLICIES” for a specimen of the MBIA Policies, which includes the procedures for payment thereunder.

***The following information has been furnished by MBIA for use in this Official Statement. None of the City, the Department or the Underwriters has reviewed such information or makes any representation as to the accuracy or completeness or as to the absence of material adverse changes therein.***

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the MBIA Policies and MBIA set forth under the heading “BOND INSURANCE – Series 2007A Bonds and Series 2007C Bonds.” Additionally, MBIA makes no representation regarding the Series 2007A Bonds and the Series 2007C Bonds or the advisability of investing in the Series 2007A Bonds or and the Series 2007C Bonds.

***The MBIA Insurance Corporation Insurance Policies.*** The MBIA Policies unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the City to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007A Bonds and the Series 2007C Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policies shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007A Bonds or the Series 2007C Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a “Preference”).

The MBIA Policies do not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007A Bonds or the Series 2007C Bonds. The MBIA Policies do not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007A Bonds or and the Series 2007C Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The MBIA Policies also do not insure against nonpayment of principal of or interest on the Series 2007A Bonds or and the Series 2007C Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2007A Bonds or and the Series 2007C Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Series 2007A Bond or a Series 2007C Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007A Bonds or the Series 2007C Bonds or presentment of such other proof of ownership of the Series 2007A Bonds or the Series 2007C Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007A Bonds or the Series 2007C Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007A Bonds or the Series 2007C Bonds in any legal proceeding related to payment of insured amounts on the Series 2007A Bonds or the Series 2007C Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Series 2007A Bonds or Series 2007C Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

**MBIA Insurance Corporation.** MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions. In February 2007, MBIA Corp. incorporated a new subsidiary, MBIA México, S.A. de C.V. (“MBIA Mexico”), through which it intends to write financial guarantee insurance in Mexico beginning in 2007. To date, MBIA Mexico has had no operating activity.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

**Regulation.** As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The MBIA Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.



**Financial Strength Ratings of MBIA.** Moody's Investors Service, Inc. ("Moody's") rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), rates the financial strength of MBIA "AAA."

Fitch Ratings ("Fitch") rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007A Bonds or the Series 2007C Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007A Bonds or the Series 2007C Bonds. MBIA does not guaranty the market price of the Series 2007A Bonds or the Series 2007C Bonds nor does it guaranty that the ratings on the Series 2007A Bonds or the Series 2007C Bonds will not be revised or withdrawn.

**MBIA Financial Information.** As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (audited), total liabilities of \$6.9 billion (audited), and total capital and surplus of \$4.0 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2007, MBIA had admitted assets of \$11.2 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$4.2 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2006 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2007 and for the three month period ended March 31, 2007 and March 31, 2006 included in the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2007, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

**Incorporation of Certain Documents by Reference.** The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2006; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or

Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2007A Bonds and the Series 2007C Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

### **Series 2007B Bonds**

**General.** Payment of the principal of and interest on the Series 2007B Bonds when due will be insured by the Ambac Assurance Policy to be issued by Ambac Assurance simultaneously with the delivery of the Series 2007B Bonds. Reference is made to "APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY" for a specimen of the Ambac Assurance Policy, which includes the procedures for payment thereunder.

***The following information has been furnished by Ambac Assurance for use in this Official Statement. None of the City, the Department or the Underwriters has reviewed such information or makes any representation as to the accuracy or completeness or as to the absence of material adverse changes therein.***

***Payment Pursuant to the Ambac Assurance Policy.*** Ambac Assurance Corporation has made a commitment to issue a financial guaranty insurance policy relating to the Series 2007B Bonds, effective as of the date of issuance of the Series 2007B Bonds. Under the terms of the Ambac Assurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Series 2007B Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Assurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2007B Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Assurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007B Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007B Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Series 2007B Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007B Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the

Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Ambac Assurance Policy shall be fully discharged.

In the event the Paying Agent has notice that any payment of principal of or interest on a Series 2007B Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Assurance Policy does not insure any risk other than Nonpayment (as set forth in the Ambac Assurance Policy). Specifically, the Ambac Assurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Ambac Assurance Policy, payment of principal requires surrender of the Series 2007B Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007B Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Ambac Assurance Policy. Payment of interest pursuant to the Ambac Assurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2007B Bond, appurtenant coupon, if any, or right to payment of the principal of or interest on such Series 2007B Bond and will be fully subrogated to the surrendering holder's rights to payment.

***Ambac Assurance Corporation.*** Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,194,000,000 (unaudited) and statutory capital of approximately \$6,557,000,000 (unaudited) as of March 31, 2007. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. S&P, Moody's and Fitch have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Ambac Assurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

Ambac Assurance makes no representation regarding the Series 2007B Bonds or the advisability of investing in the Series 2007B Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE – Series 2007B Bonds."

***Available Information.*** The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Exchange Act, and in accordance

therewith files reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

***Incorporation of Certain Documents by Reference.*** The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007;  
and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information."

## **RISKS AND OTHER INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007A-C Bonds involve investment risk and considerations. Prospective investors are urged to read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2007A-C Bonds.

### **Dependence on Continued Level of Airline Traffic and Activity**

The Series 2007A-C Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2007A-C Bonds, through 2013. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. The future level of aviation activity and enplaned passenger traffic at the Airport will be dependant upon many local, regional, national and international factors, including economic and political conditions, aviation security concerns and, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. Many of these factors are discussed in detail in the Report of the Airport Consultant. If aviation activity at the Airport does not meet forecast levels, there will likely be a corresponding impact on both forecast Gross Revenues (absent an increase in Airport rentals, rates, fees and charges) and forecast PFC revenues. See "Air Travel Security Concerns" below,

“AVIATION ACTIVITY AND AIRLINES” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic.”

### **Market Share Risk**

The United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, is the principal air carrier operating at the Airport. United currently leases all 43 of the full service jet gates on Concourse B, constituting approximately 45.3% of the current 95 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. The United Group also currently accounts for over 50% of (1) passenger enplanements at the Airport and (2) the airline rentals, fees and charges component of the Airport System’s operating revenues and over 30% of Airport System Gross Revenues. After the United Group, the Frontier Group is the next largest air carrier operating at the Airport, currently accounting for approximately 20.7% of passenger enplanements at the Airport, and approximately 13.0% of airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 6.9% of the Airport System’s Gross Revenues.

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues. No assurances can be given with regard to the future level of activity of the United Group or the Frontier Group at the Airport, or that, in the event that the operations of the United Group or the Frontier Group at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See “AVIATION ACTIVITY AND AIRLINES – Aviation Activity – Airline Information – *United – Frontier – Southwest – Other Airlines*,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Airport Rates and Charges**

The Report of the Airport Consultant bases the forecasts of Net Revenues and Other Available Funds, debt service coverage and airline costs per enplaned passenger on the assumption that the airlines will pay the rates and charges established by the City, and while the City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See “The Rate Maintenance Covenant” below, “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FORECAST DEBT SERVICE COVERAGE – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Debt Service Coverage” for historical and forecast debt service coverage, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

### **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. See, for example, “AVIATION ACTIVITY AND AIRLINES – Security Matters.” It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also

“AGREEMENTS FOR USE OF AIRPORT FACILITIES” and “FINANCIAL INFORMATION – Passenger Facility Charges – *Federal Grants and Other Funding.*”

### **Airport Use and Lease Agreements**

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements expire between 2008 and 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See “Risk of Future Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

### **Air Travel Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – *Aviation Security Concerns.*”

### **Risk of Future Airline Bankruptcies**

Since 2001, several airlines with operations at the Airport, including United, filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007A-C Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

### **Forward Looking Statements; Report of the Airline Consultant**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

## THE AIRPORT SYSTEM

### General

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton. The Airport System also includes certain land still owned by the City at the Stapleton site. See “FINANCIAL INFORMATION – Stapleton.”

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International, was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “AVIATION ACTIVITY AND AIRLINES.”

### Management

Under the City Charter, the management, operation and control of the Airport System is delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to the Mayor. The Manager of Revenue, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. At a special municipal election held on November 7, 2006, the City’s electors approved certain changes to the City Charter, to take effect on January 1, 2008, that created a new Department of Finance and the position of Manager of Finance, replacing the Department of Revenue and the Manager of Revenue. The newly created Department of Finance consolidates all of the City’s financial operations in one department, including the management of the debt and financial obligations of the City.

**Turner West** was appointed Manager of the Department of Aviation in April 2006 after having served as Co-Manager of the Department of Aviation since July 2003, Deputy Manager of Aviation/Maintenance and Engineering since October 2000, Acting Deputy Manager of Aviation/Maintenance and Engineering since July 1999 and Deputy Manager of Aviation/Maintenance since September 1985. Mr. West has 35 years of aviation industry experience, including 18 years of airline management experience. Prior to joining the City, Mr. West was with Frontier Airlines from 1979 to 1985, Texas International Airlines from 1978 to 1979, Otis Engineering Corp., a subsidiary of Halliburton Co., from 1975 to 1978 and Braniff International Airways from 1966 to 1975.

Mr. West recently announced his intention to retire from his position as Manager of the Department of Aviation in the spring of 2008. The City intends to conduct an international search for a new Manager of the Department of Aviation.

**Claude Pumilia** was appointed the City’s Chief Financial Officer and Manager of Revenue in April 2007, and is to officially begin serving as the Manager of Finance on January 1, 2008. Mr. Pumilia has over 15 years of experience as a senior financial and business executive at the Fortune 100 companies of Compaq Computer Corp., Hewlett-Packard Co. and, most recently, CA Inc., where he served as senior vice president of finance. Prior to working for these companies, Mr. Pumilia served as a strategy consultant with McKinsey & Company Inc., an associate at the law firm of Baker & Botts and an associate at Anderson Consulting.

**Cheryl Cohen-Vader** was appointed Chief Deputy Manager of Aviation in April 2006 after having served as Manager of Revenue for the City since January 1996. Ms. Cohen-Vader has over 21 years of professional experience in commercial and investment banking. Prior to her appointment as

Manager of Revenue, she served as an investment banker in the public finance divisions of Kirkpatrick Pettis Smith Polian, Inc. (now D.A. Davidson & Co.), Weldon Sullivan Carmichael & Company and Citicorp Securities. From 1977 to 1981, Ms. Cohen-Vader worked as a corporate lending officer in the international division of the Bank of New York where she specialized in trade financing. Ms. Cohen-Vader served, as one of five public members, on the Municipal Securities Rulemaking Board for a three year period that commenced October 1, 1998.

**Stan Koniz**, a Certified Public Accountant, became Deputy Manager of Aviation/Business and Technologies in December 2006, having served in this position in an acting capacity since February 2005. Mr. Koniz had previously served as Assistant Deputy Manager of Aviation/Finance since August 1999. Prior to joining the City, Mr. Koniz worked for the Cyprus Amax Coal Company since 1997 in the positions of Market Development Manager and Vice President Customer Alliances. From 1981 through 1997, Mr. Koniz was a senior level financial manager with Public Service Company of Colorado where he held management positions in the accounting and procurement/contract administration areas.

**Patrick Heck** became Acting Deputy Manager of Aviation/Revenue Management and Business Development in June, 2007 after serving as Strategic Advisor for the Airport since August, 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

**Sally Covington** became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 21 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

**John Kinney, C.A.E., C.M.**, became Deputy Manager of Aviation/Operations in November 2006 after having served as Strategic Advisor for the Airport since September 2005. Prior to joining the City, Mr. Kinney has been actively involved in the management of airports for the past 23 years, serving in a variety of senior management functions at both commercial service and general aviation airports. Mr. Kinney was the airport director at Scottsdale Airport for 10 years after which he served the Department of Homeland Security in Chicago and throughout Montana in senior management positions as the Federal Security Director and Assistant Federal Security Director.

**Ruth Rodriguez** became Deputy Manager of Aviation/Maintenance and Engineering in October 2006, after having spent the prior 32 years in public and private management. Ms. Rodriguez has been a senior executive manager for local, county and federal government agencies and has worked in the private sector as an executive consultant and community development manager.

**Helen Raabe, Esq.**, became Director of the Airport Legal Services Section of the City Attorney's Office in February 2004. As supervising attorney for the Airport, Ms. Raabe is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Ms. Raabe has been with the Denver City Attorney's Office for 19 years. She was previously a trial attorney at the law firm of Coghill & Goodspeed in Denver and also served as a law clerk for the Honorable Richard P. Matsch, U.S. District Court for the District of Colorado.

## **DENVER INTERNATIONAL AIRPORT**

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road from Interstate 70.



## **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000-feet long by 150-feet wide, and the sixth runway is 16,000-feet long by 200-feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also "CAPITAL PROGRAM" for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a Federal Aviation Administration ("FAA") air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases."

## **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses having a total of 95 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the newly completed Concourse B Commuter Facility Project described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The number of full service jet gates at the Airport is planned to be increased by 10 additional gates and the number of commuter aircraft parking positions is planned to be increased by 23 additional positions, all as part of the Concourse C Expansion Project discussed under "CAPITAL PROGRAM." The terminal and concourses are connected by an underground automated guideway transit system, or "AGTS," and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed "in-line" for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which 8 gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 43 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B have been improved recently in order to accommodate larger regional jet aircraft and provide various enhancements for passengers (the "Concourse B Commuter Facility Project"). The Concourse B Commuter Facility Project was opened in the spring of 2007. A portion of the costs of the Concourse B Commuter Facility Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates to be increased by 10 additional full service jet gates as part of the Concourse C Expansion Project and commuter aircraft facilities to be expanded as part of the Concourse C Expansion Project. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of

the existing concourses or the construction of two additional concourses. Approximately 60 different concessionaires currently operate in excess of 140 shops within the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement – Other Agreements – *Terminal Complex Concessions.*”

Two multi-level parking structures adjacent to the landside terminal provide in excess of 12,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces. A 1,714 parking space expansion of the west-side terminal parking structure (the “West/Terminal Parking Project”) is under construction. This expansion is currently scheduled to be opened in December 2007. A portion of the costs of the West/Terminal Parking Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. The 2008-2013 Capital Program includes plans to construct a future public parking structure and shuttle lot. See “CAPITAL PROGRAM” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking.*”

In April 2006, the City announced the award of a contract to CMCB Development Co. of Denver (“CMCB”) to develop a 17-acre retail development along Peña Boulevard, the major access highway to the Airport, near the Airport’s 45 minute waiting area. The development, known as the “Landings at DIA,” will incorporate the waiting area and constitutes the first phase in a planned 500-acre development that is designed to provide additional revenue to the Airport. CMCB will lead the development, with SullivanHayes Brokerage as leasing agent. The City recently entered into a related ground lease with the developers of this project. Groundbreaking for the project is expected to occur in the summer of 2007, with phase one of the project expected to be fully operational in the summer of 2008.

### **Request for Proposal for Airport Hotel**

In June 2007 the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the “Hotel RFP”). The Hotel RFP sought the proposal to the City of structures to own, manage, finance and/or construct a first-class hotel property (the “Airport Hotel”) to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the City. The City is in the process of evaluating the proposals received and cannot predict when or if it will complete a final agreement with any particular qualifying proposer for the construction and operation of an Airport Hotel.

### **Other Facilities**

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and the WorldPort at DIA Project, consisting of warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to Dobbs International Services and support facilities originally built for Continental Airlines (“Continental”) and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases” and “FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds.”

## CAPITAL PROGRAM

### 2007 Project; 2008-2013 Capital Program

It is the City's practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis. See "FINANCIAL INFORMATION – Historical Financial Operations – Management's Discussion and Analysis of Financial Performance."

The City has a current Capital Program for the Airport that represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. The Concourse B Commuter Facility Project was opened in the spring of 2007 and the West/Terminal Parking Project is currently scheduled to be opened in December 2007, all as described in "DENVER INTERNATIONAL AIRPORT – Terminal Complex." A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project was initially financed with the proceeds of the Tax-Exempt Commercial Paper Notes and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the "2008-2013 Capital Program") is set forth in the table below. The Airport System's capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The 2007 Project for the Airport to be funded in part with the net proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds includes the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project.

#### Denver International Airport 2008-2013 Capital Program Projects

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

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

<sup>1</sup> A portion of each of these projects is planned to be funded with the proceeds of the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds.

Source: Department of Aviation management records

Planned Projects in the City's 2008-2013 Capital Program include the projects described below.

### Airfield Improvements

The City expects to continue and increase an existing paving and slab replacement program to gradually repair, rehabilitate and upgrade the runways and taxiways at the Airport. The total estimated

cost of this program reflected in the 2008-2013 Capital Program is approximately \$150 million, of which approximately 57% is expected to be funded from FAA Federal Airport Improvement Program (“AIP”) discretionary and entitlement grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

In connection with the Concourse C Expansion Project described below in “Terminal and Concourse Improvements,” the City plans to construct a new apron around the new facilities for aircraft loading and provide the associated continuation of taxiways and a holding area for full-sized aircraft. The total estimated cost of this portion of the Concourse C Expansion Project is approximately \$48.4 million, of which approximately 41% is expected to be funded from AIP entitlement and discretionary grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

Other airfield improvements include upgrading runway and taxiway safety areas and maintaining and improving airfield lighting, drainage and other facilities. See “FINANCIAL INFORMATION – Federal Grants.”

### **Terminal and Concourse Improvements**

The City is planning to expand Concourse C (the “Concourse C Expansion Project”) to add 10 new full service jet gates to the east end of Concourse C and a one-story commuter jet aircraft facility to be connected to the expanded east end of Concourse C by a pedestrian bridge. The commuter facility is planned to support 23 commuter aircraft and include holdroom space, concessions and amenities for passengers. The Concourse C Expansion Project includes the related apron, taxiway, holding and runway paving described above under “Airfield Improvements” and a portion of the Concourse C Expansion Project is included in the 2007 Project. A design contract for the Concourse C Expansion Project has been awarded. The Concourse C Expansion Project, including the related airfield improvements, is expected to cost approximately \$280 million and to be completed in the spring of 2010. The City anticipates that various airlines will utilize the new full service jet gates and that Great Lakes Aviation will relocate from its current operations on Concourse A to the new commuter facility on Concourse C upon completion of the Concourse C Expansion Project.

The 2008-2013 Capital Program also includes a terminal complex project that will provide access from a new rail station to be constructed by the Regional Transportation District (“RTD”) to the Airport terminal. RTD, the public agency responsible for mass transit in the Denver metropolitan area, is currently in the environmental processing and preliminary engineering phases of providing commuter rail service from Denver Union Station, located in downtown Denver, to the Airport. Through the issuance of revenue bonds, Federal Transit Administration (“FTA”) grants and regional use and sales taxes, the RTD is planning to fund, design, build and operate a rail line to the Airport, as well as the station platforms and other rail transit amenities at the Airport station. The City, through the proceeds from future Airport System revenue bonds, is planning to design, build and operate the rail station facilities required to provide access from the rail station to the terminal building, including the elevators, escalators, baggage checking and security requirements necessary to accomplish this access. Construction on the 23-mile rail line and associated stations is expected to begin in 2011 and be completed by 2014, with the rail system becoming operational in 2015.

The City is planning a series of projects to improve the baggage system at the Airport in order to improve the efficiency of airline operations. These projects include the design and construction of a relocation project for terminal screening, the design and analysis of a spine system to deliver baggage from the terminal to the concourses and construction of phase one of the spine system and the renovation and upgrading of the Airport baggage system, including sortation carousels, baggage claim carousels, odd-size baggage systems and related right-of-way clearances in the terminal, the baggage tunnel and the concourses. Certain improvements to the Airport baggage system are included in the 2007 Project.

The 2008-2013 Capital Program includes a project to upgrade the automated guideway transit system or “AGTS” computer hardware and equipment located in the central control center for the AGTS

and a project to extend the AGTS south of the terminal in order to accommodate additional trains, allowing the AGTS to handle six train system operations.

### **Roads, Parking and Ground Transportation Improvements**

The 2008-2013 Capital Program includes the construction of a new parking structure and shuttle lot, improvements to Peña Boulevard and the rehabilitation of pavement in targeted roadway and parking areas of the Airport.

### **Other Projects**

The 2008-2013 Capital Program also includes the improvement of Airport building systems such as the fire protection system, the baggage information display system, electrical and mechanical systems and elevators and the expansion of security screening checkpoints.

### **Proposed Improvements**

As part of an ongoing effort to upgrade the Airport's snow removal capabilities, the Department has proposed a new snow removal plan. The plan, which still requires approval by City Council, includes the use of multi-functional equipment, snow melters, contractors and additional facilities. The plan will be funded by a combination of Airport System Revenue Bonds, an installment purchase agreement and other Airport System moneys. The total capital cost of this new plan is not yet reflected in the 2008-2013 Capital Program.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

### **Aviation Activity**

***Passenger Traffic.*** Denver's central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006.

The tables set forth below under "*Passenger and Revenue Growth*" and "*Summary of Aviation Activity*" illustrate the total enplanements and market share of individual airlines serving the Airport for the past five years and the first three months of 2006 and 2007.

***Passenger and Revenue Growth.*** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and Stapleton. Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. According to U.S. Department of Transportation T-100 database information, the national average of enplaned passengers increased by 8.3% in 2004, 4.2% in 2005 and 0.3% in 2006, compared to the previous years. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

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 of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic.”

**Enplaned Passengers<sup>1</sup>  
Denver International Airport**

<b>Year<sup>4</sup></b>	<b>Major/National Airlines<sup>2</sup></b>		<b>Regional/Commuter Airlines<sup>3</sup></b>		<b>Charter/Miscellaneous Airlines</b>		<b>Total Airlines</b>	
	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>	<b>Enplaned Passengers</b>	<b>Percent Change</b>
2002	16,891,218	(2.1)%	669,432	44.4%	268,914	(19.4)%	17,829,564	(1.2)%
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
<b>Jan.-March<sup>4</sup></b>								
2006 <sup>5</sup>	4,664,269	9.2%	858,406	16.4%	46,791	(14.0)%	5,569,466	10.0%
2007	4,838,296	3.7	933,480	8.7	61,109	30.6	5,832,885	4.7

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers.

<sup>2</sup> Includes Ted beginning in 2004 and Southwest Airlines beginning in 2006.

<sup>3</sup> See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – *Enplaned Passenger Market Shares*” for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low-cost and regional/commuter airlines.

<sup>4</sup> See “AVIATION ACTIVITY AND AIRLINES” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” for a discussion of factors affecting enplanements since 2002.

<sup>5</sup> Percentage changes are from the same period in 2005.

Source: Department of Aviation management records

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**Percentage of Enplaned Passengers by Airline**  
**Denver International Airport**  
(Totals may not add due to rounding)

<u>Airline</u>	<u>Calendar Year</u>					<u>January-March</u>	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.8%	34.2%
Ted <sup>1</sup>	--	--	6.3	7.8	8.5	9.3	9.1
United Express <sup>2</sup>	8.0	9.2	11.1	12.8	12.6	12.7	12.7
Total United Group	62.6	60.2	59.0	56.4	56.4	56.9	56.0
Frontier	10.5	13.8	14.8	17.3	18.7	18.0	18.7
Frontier JetExpress	0.5	0.8	1.8	2.2	2.0	2.0	1.6
Total Frontier Group	11.0	14.5	16.7	19.4	20.7	20.0	20.3
American Airlines <sup>3</sup>	5.4	4.7	3.7	4.1	3.8	4.0	3.8
America West Airlines <sup>4</sup>	1.6	1.8	1.9	1.7	1.2	1.7	0.0
Continental <sup>3</sup>	2.9	2.7	2.3	2.4	2.3	2.5	2.3
Delta Airlines <sup>3,5</sup>	4.7	3.9	3.7	3.4	2.4	2.5	2.2
Northwest Airlines <sup>5</sup>	2.9	2.8	2.9	2.8	1.9	2.0	1.9
Southwest <sup>6</sup>	--	--	--	--	3.3	2.6	4.8
US Airways <sup>4</sup>	1.9	2.0	1.8	1.8	1.3	1.3	2.3
Other	6.9	7.4	8.1	8.0	6.6	6.5	6.4
	26.4	25.2	24.3	24.2	22.9	23.1	23.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>2</sup> Includes Chautauqua Airlines from 2005, GoJet from 2005, Great Lakes Aviation through January 2002, Mesa Airlines from 2003, Shuttle America from 2005, SkyWest Airlines from 2002, Trans States Airlines in 2004 and 2005 and Air Wisconsin through 2006.

<sup>3</sup> Does not include commuter affiliates.

<sup>4</sup> The parent companies of America West Airlines ("America West") and US Airways, Inc. ("US Airways") merged effective September 27, 2005.

<sup>5</sup> Delta Airlines, Inc. ("Delta") and Comair, Inc. ("Comair"), a Delta subsidiary that operates as Delta Connection, emerged from bankruptcy on April 30, 2006 and Northwest Airlines, Inc. ("Northwest") emerged from bankruptcy on May 31, 2007. See also "Airline Information – United" and "AIRLINE BANKRUPTCY MATTERS."

<sup>6</sup> Southwest commenced service at the Airport on January 3, 2006.

Sources: Department of Aviation management records and the Report of the Airport Consultant

**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first three months of 2006 and 2007.

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**Summary of Aviation Activity**  
**Denver International Airport**  
(Totals may not add due to rounding)

	Calendar Year <sup>1</sup>					January-March	
	2002	2003	2004	2005	2006	2006	2007
<b>Enplaned Passengers (millions)</b>							
United	9.732	9.575	8.802	7.775	8.365	1.941	1.994
Ted <sup>2</sup>	--	--	1.340	1.690	2.011	0.519	0.531
United Express	1.431	1.721	2.337	2.776	2.971	0.708	0.740
Total United Group	11.162	11.295	12.479	12.241	13.347	3.168	3.265
Frontier	1.869	2.581	3.130	3.749	4.427	1.004	1.089
Frontier Jet Express	0.091	0.149	0.391	0.468	0.478	0.112	0.093
Total Frontier Group	1.960	2.729	3.521	4.217	4.904	1.116	1.181
Other	4.707	4.736	5.144	5.244	5.414	1.285	1.386
Total	17.830	18.761	21.144	21.702	23.665	5.569	5.833
Percent Change from Prior Year	(1.2)%	5.2%	12.7%	2.6%	9.0%	10.0%	4.7%
Total Originating Passengers (millions)	9.644	10.266	11.395	11.984	13.249	3.204	3.438
Percent of Total Enplaned	54.1%	54.7%	53.9%	55.2%	56.0%	57.5%	58.9%
United Group Percent of Total Originating	40.5%	38.9%	39.4%	40.3%	41.2%	42.2%	40.9%
Frontier Group Percent of Total Originating	13.1%	17.5%	18.3%	19.0%	21.0%	20.6%	22.0%
Total Connecting Passengers (millions)	8.185	8.495	9.749	9.718	10.416	2.366	2.395
Percent Connecting of Total Enplaned	45.9%	45.3%	46.1%	44.8%	44.0%	42.5%	41.1%
United Group Percent of Total Connecting	88.6%	86.0%	82.0%	76.2%	75.7%	76.8%	77.7%
Frontier Group Percent of Total Connecting	8.6%	10.9%	14.7%	20.0%	20.3%	19.3%	17.8%
United Group Passengers <sup>2</sup> :							
Percent Originating	35.0%	35.3%	36.0%	39.5%	40.9%	42.7%	43.0%
Percent Connecting	65.0%	64.7%	64.0%	60.5%	59.1%	57.3%	57.0%
Frontier Group Passengers:							
Percent Originating	64.2%	65.9%	59.4%	54.0%	56.8%	59.2%	63.9%
Percent Connecting	35.8%	34.1%	40.6%	46.0%	43.2%	40.8%	36.1%
<b>Average Daily Departures:</b>							
Passenger Airlines:							
United and Ted	244	233	238	213	230	222	228
United Express	113	119	156	182	191	182	196
Frontier	68	80	94	107	125	116	128
Frontier JetExpress	8	11	21	25	24	25	22
Other	202	195	208	194	203	194	208
Total Passenger Airlines	635	638	719	722	772	739	782
All-Cargo Airlines	23	29	31	30	28	29	27
Total	659	666	750	752	801	767	810
Percent Change from Prior Year	2.9%	1.2%	12.5%	0.4%	6.4%	6.2%	5.5%
<b>Landed Weight (billion pounds):</b>							
Passenger Airlines:							
United and Ted	14.483	13.173	13.418	12.254	13.364	3.132	3.242
United Express	1.879	2.054	2.731	3.282	3.512	0.845	0.913
Frontier	2.907	3.630	4.434	5.222	6.087	1.416	1.565
Frontier JetExpress	0.140	0.181	0.526	0.616	0.617	0.150	0.132
Other	7.066	6.663	7.025	6.734	6.837	1.616	1.780
Total Passenger Airlines	26.474	25.701	28.134	28.108	30.418	7.159	7.633
All-Cargo Airlines	1.567	1.495	1.516	1.541	1.430	0.358	0.327
Total	28.041	27.195	29.651	29.649	31.848	7.517	7.961
<b>Enplaned Cargo (million pounds)<sup>3</sup></b>	328.078	326.843	321.204	312.663	280.534	77.056	64.539
Percent Change from Prior Year	(10.6)%	(0.4)%	(1.7)%	(2.7)%	(10.3)%	(9.0)%	(16.2)%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	338,049	323,610	330,674	384,552	428,794	101,568	109,120
Air Taxi/Commuter/Military/General Aviation	171,180	186,665	235,847	183,006	180,723	42,109	41,057
Total	509,229	510,275	566,521	567,558	609,517	143,677	150,177
Percent Change from Prior Year	0.3%	0.2%	11.0%	0.2%	7.4%	5.9%	4.5%

<sup>1</sup> See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements.

<sup>2</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>3</sup> The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records



## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Passenger Demand – Passenger Demand Components” for data on the economy of the Denver region and other determinants of originating passenger traffic.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2006, approximately 10.4 million passengers (44.0%) of the approximately 23.7 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of Frontier and its regional affiliates operating as Frontier JetExpress. United and Frontier accounted for approximately 75.7% and 20.3%, respectively, of the connecting passengers at the Airport in 2006. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

## Airlines Serving the Airport

The following airlines currently provide scheduled passenger service at the Airport:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
AirTran Airways	Big Sky Airlines	Air Canada
Alaska Airlines	Comair (operating as Delta Connection) <sup>1</sup>	British Airways
American Airlines	ExpressJet (Continental Express)	Lufthansa German Airlines
Continental	GoJet Airline (operating as United Express)	Mexicana de Aviacion
Delta <sup>1</sup>	Great Lakes Aviation	Aero Mexico
Frontier	Horizon Air (operating as Alaska Airlines and Frontier Jet Express) <sup>3</sup>	
JetBlue Airways	Mesa Airlines (operating as United Express and America West Express)	
Midwest Airlines	Pinnacle Airlines, Inc. (operating as Northwest AirlinK)	
Northwest <sup>1</sup>	Republic Airlines (operating as Frontier JetExpress)	
Southwest	Shuttle America (operating as United Express)	
United/Ted	SkyWest Airlines (operating as United Express and Delta Connection)	
US Airways <sup>2</sup>	Trans States Airlines (operating as United Express and American Connection)	

<sup>1</sup> Delta and Comair (a Delta subsidiary) emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See “AIRLINE BANKRUPTCY MATTERS.”

<sup>2</sup> The parent companies of America West and US Airways merged in September 2005.

<sup>3</sup> Horizon Air is a sister airline of Alaska Airlines and operates at the Airport under its own livery and as Frontier JetExpress under a code-share agreement with Frontier.

Source: Department of Aviation management records

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, and several all-cargo airlines, including, among others, ABX Air, Inc., Air Transport

International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, provide service at the Airport.

### Airline Information

**United.** United, one of the world’s largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 43 of the existing 95 full service gates at the Airport, as well as a 16-gate regional jet facility described as the Concourse B Commuter Facility Project in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” These 43 gates and the regional jet facility are all of the gates on Concourse B. In addition, the United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years.

**United Group Percent of Airport Operations**

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	62.6%	60.2%	59.0%	56.4%	56.4%	56.9%	56.0%
United Group Percent Originating Passengers	35.0	35.3	36.0	39.5	40.9	42.7	43.0
United Group Percent Connecting Passengers	65.0	64.7	64.0	60.5	59.1	57.3	57.0
Percent of Airport Originating Passengers	40.5	38.9	39.4	40.3	41.2	42.2	40.9
Percent of Airport Connecting Passengers	88.6	86.0	82.0	76.2	75.7	76.8	77.7
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	58.2	66.3	61.3	58.6	59.3	Not Available	
Percent of Airport System Gross Revenues	35.5	39.4	36.3	33.5	31.8	Not Available	

Source: Department of Aviation management records

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

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 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. No assurances can be given with regard to the future level of aviation activity of the United Group at the Airport or that, in the event that the operations of the United Group at the Airport are discontinued, for whatever reason, such operations would be replaced by other carriers. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement,” “FINANCIAL INFORMATION – Special Facilities Bonds” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

**Frontier.** Frontier has the second largest market share at the Airport, which serves as Frontier’s only hub. Frontier currently leases 15 full service jet gates at the Airport on Concourse A, uses six additional full service gates on Concourse A (a related amendment to its Use and Lease Agreement to add

these gates is currently pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the past five years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

#### Frontier Group Percent of Airport Operations

	Fiscal Year					January – March	
	2002	2003	2004	2005	2006	2006	2007
Percent of Total Enplanements at the Airport	11.0%	14.5%	16.7%	19.4%	20.7%	20.0%	20.3%
Frontier Group Percent Originating Passengers	64.2	65.9	59.4	54.0	56.8	59.2	63.9
Frontier Group Percent Connecting Passengers	35.8	34.1	40.6	46.0	43.2	40.8	36.1
Percent of Airport Originating Passengers	13.1	17.5	18.3	19.0	21.0	20.6	22.0
Percent of Airport Connecting Passengers	8.6	10.9	14.7	20.0	20.3	19.3	17.8
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	5.9	8.3	10.3	12.1	13.0	Not Available	
Percent of Airport System Gross Revenues	3.6	4.9	6.1	6.9	6.9	Not Available	

Source: Department of Aviation management records

Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation ("Lynx") a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

**Southwest.** Southwest commenced service at the Airport in January 2006. Southwest accounted for approximately 3.3% of passenger enplanements at the Airport in 2006 and for approximately 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period). In 2006, Southwest accounted for approximately 2.7% of the airline rentals, fees and charges component of the Airport System and approximately 1.4% of the Airport System's Gross Revenues.

**Other Airlines.** Other than the United Group and the Frontier Group, no airline currently accounts for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. American currently accounts for approximately 3.8% of passenger enplanements at the Airport and Delta, Continental and Northwest currently account for approximately 2.2%, 2.3% and 1.9%, respectively, of passenger enplanements at the Airport. See "Aviation Activity – Passenger Traffic" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements."

**Availability of Information Concerning Individual Airlines.** Certain of the airlines or their parent corporations, including UAL and Frontier, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington, DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the

SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

*None of the City, the Department or the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC or the DOT web sites.*

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

### **AGREEMENTS FOR USE OF AIRPORT FACILITIES**

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

#### **Passenger Airlines Use and Lease Agreements**

The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 87 leased gates, 8 gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

#### **Passenger Airlines Use and Lease Agreements With Leased Gates**

<u>Airline</u>	<u>Number of Gates</u>	<u>Concourse</u>	<u>Lease Expiration</u>
AirTran Airways	1	C	February 2011
Alaska Airlines	1	C	December 2010
American Airlines	3	C	December 2010
Continental	3	A	February 2010
Delta <sup>1</sup>	3	C	December 2010
Frontier <sup>2</sup>	21	A	February 2010
Midwest Airlines	1	C	December 2010
Northwest <sup>1</sup>	3	C	December 2010
Southwest <sup>3</sup>	5	C	December 2010
United	43	B	February 2025
US Airways <sup>3</sup>	<u>3</u>	C	December 2010
	<u>87</u>		

<sup>1</sup> Delta emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See "AIRLINE BANKRUPTCY MATTERS."

<sup>2</sup> Frontier also currently utilizes one common use international gate on a subordinated use basis and it is expected that in the fall of 2007 Frontier will use two additional full service jet gates on Concourse C.

<sup>3</sup> The parent companies of America West and US Airways merged on September 27, 2005.

The following five international airlines and 18 other airlines have executed Use and Lease Agreements with the City that do not include leased gates but in many cases include other leased premises such as ticket counters: Aero Mexico, Air Canada, ATA, Atlantic Southeast Airlines, Big Sky Transportation Co., British Airways, Chautauqua Airlines, Comair, ExpressJet/Continental Express, GoJet, Great Lakes Aviation, Horizon Air, JetBlue, Key Lime Air, Lufthansa German Airlines, Mesa Airlines, Mexicana de Aviacion, Pinnacle Airlines, Republic Airlines, Shuttle America, SkyWest, Trans States Airlines. These airlines sublease gates from or use gates pursuant to code-sharing arrangements

with airlines leasing gates at the Airport or use common use international gates on Concourse A. These Use and Lease Agreements expire between 2008 and 2012.

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year (the "Majority in Interest") and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of \$40 million. For Fiscal Years 2003, 2004, 2005 and 2006, the maximum of \$40 million was credited to the Airline Revenue Credit Account. See also "FINANCIAL INFORMATION – Capital Fund."

The City may terminate an airline Use and Lease Agreement after a 30 day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30 day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so

long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 (in 1990 dollars) as discussed in "United Use and Lease Agreement" below.

### **United Use and Lease Agreement**

United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "Passenger Airlines Use and Lease Agreements" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. The United Use and Lease Agreement as described below includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed \$20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the \$20 threshold. The cost per enplaned passenger for 2005 was \$11.19 (in 1990 dollars) and has been forecast in the Report of the Airport Consultant to not exceed \$15.01 (in 1990 dollars) during the forecast period. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by \$4 million per year from 2004 through 2010, an aggregate amount of \$28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of \$50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional \$1.50 PFC, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport revenue bonds. The City met the \$4 million per year cost reduction goals through 2006. Because the net amount available for revenue sharing in 2004, 2005 and 2006 was in excess of \$55 million in each year, it has not been necessary to further reduce airline rates and charges. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated

baggage system are to continue to be charged to the airlines. See “FINANCIAL INFORMATION – Plan of Financing – Rentals, Fees and Charges for the Airport.” However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by \$4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

In the 2005 amendments to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: for 2006, 7.5 million; for 2007, 7.6 million; and for 2008 and subsequent years, 7.7 million. The United Group had 7.4 million revenue connecting passengers in 2005 and 7.9 million revenue connecting passengers in 2006. If United fails to meet this “Base Hub Commitment” in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City’s commitment to reduce rates and charges to United will decline by \$6.00, such amount to be set-off against United’s share of the Net Revenues credit described above. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Inc., Air Transport International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, as well as with several companies having only ground handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. Several other cargo carriers are operating at the Airport on a non-signatory basis.

In 2000, the City, for and on behalf of the Department, entered into a 30-year Master Lease with WorldPort LLC for the construction of up to seven buildings, as well as ramp areas, for air cargo support activities at the Airport. These facilities were to be owned by the City and subleased by WorldPort LLC to air cargo companies and other tenants. Only two of the seven buildings that were planned to be developed were completed by WorldPort LLC, and only one of the buildings has been leased. Special Facilities Bonds were issued by the City to finance construction of the WorldPort project, payable solely from facilities rentals to be received from WorldPort LLC and not from general Airport Revenues. It is expected that the special facilities bonds that remain outstanding for the WorldPort project will be redeemed on August 1, 2007. Following the redemption, the City intends to enter into negotiations with JP Morgan Chase Bank, the provider of the direct pay letter of credit for the bonds, for the City to buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes. See “FINANCIAL INFORMATION – Special Facilities Bonds.”

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be adversely affected. The Airport receives revenue from

cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

### **Other Building and Ground Leases**

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. The City also has leased a 12.4-acre site for 30 years, with a 10-year renewal option, to AMR Combs, which has financed and constructed general aviation facilities on the site and, in May 2007, the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – Terminal Complex," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – *Assumption or Rejection of Agreements.*"

### **Effect of Bankruptcy on Airline Agreements and Other Obligations**

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

### **Systems Leases**

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

### **Other Agreements**

The City has also entered into various agreements in addition to those described above that generate a significant portion of Airport Gross Revenues. The following is a brief description of some of these additional agreements, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

***Terminal Complex Concessions.*** Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. In 2006, revenues from terminal complex concessions constituted approximately 5.9% of Airport Gross Revenues.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has over 60 concession companies who operate from over 140 different locations in the terminal complex.



**Public Parking.** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces called “WallyPark.” In 2006, public parking revenues constituted approximately 18.0% of Airport Gross Revenues.

**Rental Cars.** The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. In 2006, rental car privilege fee revenues constituted approximately 5.6% of Airport Gross Revenues.

**Other.** Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2002 through 2006. See also “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005” and “Management’s Discussion and Analysis of Financial Performance” below.

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**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year				
	2002	2003	2004	2005	2006
Operating revenues:					
Facility rentals	\$204,867	\$207,540	\$210,461	\$203,800	\$197,353
Concession income	23,977	25,933	30,638	32,566	34,304
Parking income	77,619	80,381	88,411	97,919	110,535
Car rentals	31,551	33,530	33,780	37,175	41,641
Landing fees	86,865	88,473	88,741	94,695	92,390
Aviation fuel tax	10,644	12,104	15,402	16,996	12,714
Other sales and charges	8,398	9,133	10,232	11,341	11,872
Total operating revenues	443,921	457,093	477,665	494,491	500,810
Operating expenses:					
Personnel services	86,490	88,414	90,005	92,979	97,592
Contractual services	129,732	112,339	117,091	122,193	139,652
Maintenance, supplies and materials	12,654	11,160	14,117	15,956	18,903
Bad debt (revenue) expense <sup>1</sup>	9,608	--	--	--	--
Total operating expenses	238,484	211,913	221,214	231,129	256,147
Operating income before depreciation and amortization and asset impairment	205,437	245,180	256,451	263,363	244,662
Depreciation and amortization <sup>2</sup>	125,692	144,758	130,379	146,922	143,506
Impairment losses <sup>3</sup>	--	--	18,007	85,286	--
Operating income	79,745	100,422	108,065	31,154	101,157
Nonoperating revenues (expenses)					
Passenger facility charges <sup>4</sup>	62,730	64,057	62,040	84,000	93,510
Investment income	41,840	25,762	22,486	35,823	56,147
Interest expense	(208,267)	(213,762)	(221,296)	(205,142)	(207,385)
Grants	4,568	373	241	241	566
Other revenue (expense) <sup>5</sup>	(20,716)	(11,700)	(2,051)	(22,187)	(10,609)
Net operating revenues (expenses)	(119,845)	(135,271)	(138,581)	(107,265)	(67,772)
Change in net assets before capital contributions	(40,100)	(34,849)	(30,515)	(76,112)	33,385
Capital contributions:					
Capital grants <sup>6</sup>	84,140	26,029	42,083	31,547	29,188
Capital contributions <sup>6</sup>	--	6,625	--	--	--
Capital passenger facility charges <sup>4</sup>	7,013	7,888	20,122	--	--
Change in net assets	\$ 51,052	\$ 5,693	\$ 31,690	\$(44,564)	\$ 62,573

<sup>1</sup> This constitutes the net prepetition receivable of United that was recognized in 2002 and paid in 2003.

<sup>2</sup> Depreciation and amortization increased significantly in 2003 due in part to assets placed in service in 2003, including the Sixth Runway; decreased in 2004 due primarily to the partial write-off of the automated baggage system; and increased again in 2005 due primarily to the completion of an explosive detection system project implemented for the screening of checked baggage (the "EDS").

<sup>3</sup> In accordance with GASB No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, implemented by the City in 2004, the City concluded that sections of the automated baggage system were permanently impaired, being a significant, unexpected decline in the service utility of a capital asset, and removed them from its books, resulting in the impairment losses stated in the table in 2004 and 2005. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement" and Note 5 to the Fiscal Year 2006 and 2005 financial statements of the Airport System appended to this Official Statement.

<sup>4</sup> These amounts are net of the PFC collection fee retained by the airlines. The PFC revenues recorded as nonoperating revenues include the revenues of the \$3.00 portion of the PFC and a part of the revenues from the \$1.50 portion of the PFC not related to capital projects. The PFC revenues recorded as capital contributions constitute the balance of the revenues of the \$1.50 portion of the PFC that may be used for FAA-approved capital projects. For 2005 and 2006, all capital PFC revenue was reallocated to the payment of debt service related to the automated baggage system and, in 2006, the original cost of the Airport. See "Passenger Facility Charges" below.

<sup>5</sup> Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

<sup>6</sup> Capital contributions constitute amounts received pursuant to a Memorandum of Agreement and a Letter of Intent under which the Transportation Security Administration (the "TSA") reimbursed the City for a portion of the cost of the EDS. The amount received in 2003 was classified as capital contributions; the amounts received in 2004, 2005 and 2006 have been classified as capital grants. The final TSA federal grant payment was received in 2006.

Sources: Audited financial statements of the Airport System for Fiscal Years 2002-2006

## Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2002 through 2006. All figures presented below are approximate unless otherwise stated.

**2006 vs. 2005.** Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.0% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the EDS project in 2005, which was federally funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2006 compared to 2005 is included as part of the financial statements of the Airport System appearing as "APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005."

**2005 vs. 2004.** Operating revenues at the Airport were \$494.5 million, an increase of \$16.8 million (3.5%) for the year ending December 31, 2005, as compared to December 31, 2004. The increase in revenue was related primarily to the increase in passenger traffic, which led to an increase in concession, parking and car rental revenues, as well to an increase in landing fees. Passenger traffic increased 2.6% for the year ended December 31, 2005. Operating expenses, exclusive of depreciation, were \$231.1 million, an increase of \$9.9 million (4.5%) for the year ended December 31, 2005, as compared to December 31, 2004. The increase was attributable to an increase in personnel costs, electricity, natural gas rates, diesel fuel and gasoline costs and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which resulted from an increase in yields and more cash being invested long term. In addition, non-capital PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic, as well as no PFC's being expended on capital projects. Lastly, there was a decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$23.3 million in environmental costs associated with remediation of Stapleton. See "Stapleton" below.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the EDS project, which was federally funded. Also, in 2005 there was no capital PFC revenue, while in 2004 capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFC's revenues from the capital projects to the payment of debt service related to the automated baggage system.

In 2005, net assets decreased by \$44.6 million, compared to an increase of \$31.7 million in 2004. Income from operations decreased \$76.9 million (71.2%) due to an increase in operating expenses of \$9.9 million and an increase in depreciation and impairment loss of \$83.8 million as a result of the write down of a portion of the automated baggage system.

**2004 vs. 2003.** Operating revenues at the Airport in 2004 were \$477.7 million, an increase of 4.5% as compared to 2003. The increase in revenues was related primarily to an increase in passenger traffic which led to an increase in facility rentals, concession and parking revenues. Operating expenses, exclusive of depreciation, increased by \$9.3 million (4.4%) to \$221.2 million in 2004 as compared to 2003, attributable to an increase in personnel, utility rates and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, increased by \$3.3 million to \$138.6 million in 2004. The increase was due primarily to an increase in interest expense of \$7.5 million (3.5%) as the result of issuance of new debt for capital projects. The decrease in investment income of \$3.3 million (13.0%) was due to an unrealized loss on investments and a decrease in yields. In addition, non-capital PFC revenues decreased \$2.0 million (3.1%). These were offset by a decrease in other expenses of \$9.6 million. The decrease was the result of the near completion of environmental and demolition costs associated with Stapleton.

In 2004 and 2003, capital grants totaled \$11.3 million and \$26.0 million, respectively, while capital PFCs totaled \$20.1 million and \$7.9 million, respectively. The increase in capital PFCs was due to the increase in passenger traffic and reallocation of PFCs from operating to capital. Other capital contributions of \$30.8 million and \$6.6 million were received in 2004 and 2003, respectively, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project.

In 2004, net assets increased by \$31.7 million, compared to an increase of \$5.7 million in 2003. Income from operations increased \$7.6 million (7.6%) due to an increase in operating revenues of \$20.6 million, offset by an increase in operating expenses of \$9.3 million and an increase in depreciation of \$3.6 million as a result of the write-off of a portion of the automated baggage system.

**2003 vs. 2002.** Operating revenues at the Airport in 2003 were \$457.1 million, an increase of 3.0% as compared to 2002. The increase in revenue was primarily related to the increase in passenger traffic, parking revenues and landing fee rates. Operating expenses, exclusive of depreciation, decreased by \$26.6 million (11.1%) in 2003 as compared to 2002. The significant decrease was attributable to the recognition of the Adams County noise penalty settlement that was accrued for in 2002 of \$14.5 million compared to \$2.5 million in 2003, the payment of previously recognized bad debt related to United's prepetition receivable and other reductions resulting from budgetary control and fiscal restraint.

In 2003, net assets increased by \$5.7 million, compared to an increase of \$51.1 million in 2002. Income from operations increased \$20.7 million (25.9%), due primarily to the increase in operating revenues and a decrease in operating expenses, offset by an increase in depreciation and amortization of \$19.0 million.

Total nonoperating expenses, net, increased by \$15.4 million to \$135.3 million. The increase was due primarily to a decrease in investment income of \$16.1 million (38%) resulting from a decrease in yields. In 2003 there was a decrease of \$4.2 million (92%) in non-capital grants received from the federal government. The increase in PFCs of \$1.3 million (2.1%) was due to an increase in passenger traffic.

Interest expense increased by \$5.5 million (2.6%) as the result of the reclassification of deferred refunding from other expense to interest expense, offset by both lower interest rates realized from debt refunding and a decline in variable interest rates paid on several series of outstanding Senior Bonds and Subordinate Bonds.

In 2003 and 2002, capital grants totaled \$26.0 million and \$84.1 million, respectively, while capital PFCs totaled \$7.9 million and \$7.0 million, respectively. Other capital contributions of \$6.6 million were also received in 2003, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project. The decrease in capital grants and capital PFCs was due to the completion of the Sixth Runway that was heavily grant funded.

### **Senior Bonds**

*Outstanding Senior Bonds.* The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds and the related advance refunding and defeasance of the Refunded Bonds and the planned current refunding and defeasance of the outstanding Series 1997E Bonds. See also “Plan of Financing” below.

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**City and County of Denver, Colorado, Department of Aviation  
Senior Bonds**

<u>Issue</u>	<u>Principal Amount Outstanding</u>	
	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds</u>
Series 1991A Bonds <sup>1</sup>	\$ 18,795,000	\$ 18,795,000
Series 1991D Bonds <sup>1,2</sup>	117,400,000	117,400,000
Series 1992C Bonds <sup>2</sup>	40,080,000	40,080,000
Series 1992F Bonds <sup>3</sup>	26,200,000	26,200,000
Series 1992G Bonds <sup>3</sup>	21,800,000	21,800,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds <sup>4</sup>	415,705,000	62,220,000
Series 1998A Bonds	206,665,000	206,665,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds	267,735,000	267,735,000
Series 2000B Bonds <sup>3,5</sup>	200,000,000	200,000,000
Series 2000C Bonds <sup>3,5</sup>	100,000,000	100,000,000
Series 2001A Bonds	282,620,000	282,620,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	59,465,000	59,465,000
Series 2002A1 Bonds <sup>6</sup>	68,500,000	68,500,000
Series 2002A2 Bonds <sup>6</sup>	105,025,000	105,025,000
Series 2002A3 Bonds <sup>6</sup>	100,450,000	100,450,000
Series 2002C Bonds <sup>3</sup>	41,100,000	41,100,000
Series 2002E Bonds	182,855,000	182,855,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds <sup>4</sup>	125,000,000	91,460,000
Series 2004A Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2004B Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2005B1 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005B2 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005C1 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2005C2 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2006A Bonds <sup>5</sup>	279,585,000	279,585,000
Series 2006B Bonds <sup>5</sup>	170,005,000	170,005,000
Series 2007A Bonds	--	188,350,000
Series 2007B Bonds	--	24,250,000
Series 2007C Bonds	--	34,635,000
2007 Planned Bonds	--	586,830,000 <sup>7</sup>
	<u>\$3,669,785,000</u>	<u>\$4,116,825,000<sup>7</sup></u>

<sup>1</sup> A portion of Series 1991A Bonds and Series 1991D Bonds are capital appreciation bonds shown at their principal value at maturity.

<sup>2</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease \$54,880,000 of Series 1991D Bonds and Series 1992C Bonds. In 2006, the City used revenues from PFCs to establish an escrow to defease \$90 million of Senior Bonds. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2006 appended to this Official Statement.

<sup>3</sup> These constitute variable interest rate obligations that are additionally secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>4</sup> Certain of the Series 2003B Bonds will be advance refunded with the proceeds of the Series 2007C Bonds, and certain of the Series 1997E Bonds are planned to be current refunded with the proceeds of a series of the 2007 Planned Bonds. See "APPLICATION OF PROCEEDS" and "Plan of Financing."

<sup>5</sup> The Series 2000B Bonds, the Series 2000C Bonds and the 2006A Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligation*" below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement, effectively converting the floating rates of the Series 2000B Bonds and Series 2000C Bonds to fixed rates and converting the fixed rates of the Series 2006A Bonds to variable rates.

<sup>6</sup> These constitute auction rate bonds.

<sup>7</sup> Subject to change upon the marketing of the 2007 Planned Bonds.

Sources: The Department of Aviation and First Albany Capital Inc.

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

**Debt Service Requirements.** The following table sets forth the aggregate Debt Service Requirements for the Senior Bonds (1) prior to the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds, and (2) after the issuance of the Series 2007A-C Bonds and the defeasance of the Refunded Bonds.

**City and County of Denver, Colorado, Department of Aviation**  
**Senior Bonds Debt Service Requirements<sup>1,2,3</sup>**  
(Totals may not add due to rounding)

<u>Year</u>	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds</u>
2007	\$ 294,392,418	\$ 296,069,095
2008	283,818,445	294,314,145
2009	278,332,500	288,828,200
2010	281,328,413	291,824,113
2011	299,639,775	310,135,475
2012	299,861,638	310,357,338
2013	311,589,385	322,085,085
2014	299,684,463	310,180,163
2015	299,951,238	310,446,938
2016	300,424,390	311,005,090
2017	300,299,303	310,878,728
2018	283,650,113	294,202,613
2019	261,889,504	272,442,004
2020	258,118,512	268,671,012
2021	257,511,273	268,063,773
2022	295,771,396	306,323,896
2023	328,437,782	356,915,282
2024	340,922,598	375,763,848
2025	363,523,455	371,920,455
2026	43,261,250	78,103,250
2027	43,186,750	78,031,500
2028	43,108,500	77,949,750
2029	43,038,250	77,881,750
2030	42,962,000	76,914,750
2031	42,886,250	44,021,250
2032	42,812,000	68,197,000
2033	40,655,000	41,527,500
	<u>\$5,981,056,597</u>	<u>\$6,413,054,000</u>

<sup>1</sup> Includes the Debt Service Requirements for the economically defeased Senior Bonds. See "Outstanding Senior Bonds" above.

<sup>2</sup> The interest rate for variable rate bonds is assumed to be 4.00%.

<sup>3</sup> Interest on the Series 2000B and 2000C Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See "Subordinate Bonds and Other Obligations – Subordinate Hedge Facility Obligations" below.

Source: First Albany Capital Inc.

## Subordinate Bonds and Other Obligations

**Subordinate Bond Ordinance.** Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the “Subordinate Bond Ordinance”).

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds, Junior Lien Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to \$800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager’s certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

**Outstanding Subordinate Bonds.** The following table sets forth the Subordinate Bonds currently outstanding.

<b>City and County of Denver, Colorado</b>	
<b>Department of Aviation</b>	
<b>Outstanding Subordinate Bonds</b>	
<b><u>Issue</u></b> <sup>1,2</sup>	<b><u>Outstanding Principal Amount</u></b>
Series 2001C1 Subordinate Bonds	\$ 50,000,000
Series 2001C2 Subordinate Bonds	50,000,000
Series 2001C3 Subordinate Bonds	50,000,000
Series 2001C4 Subordinate Bonds	<u>50,000,000</u>
	<u>\$200,000,000</u>

<sup>1</sup> The outstanding Subordinate Bonds are Periodic Auction Reset Securities, or “PARS<sup>sm</sup>.” PARS<sup>sm</sup> is a service mark of Goldman, Sachs & Co.

<sup>2</sup> The outstanding Subordinate Bonds have been hedged with the 1999 Swap Agreements and 2002 Swap Agreements discussed below.

Sources: The Department of Aviation and First Albany Capital Inc.



***Subordinate Commercial Paper Notes.*** On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (defined herein as the Tax-Exempt Commercial Paper Notes), and its Airport System Subordinate Commercial Paper Notes, Series B, (Taxable) (collectively, the “Series A-B Commercial Paper Notes”), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of \$300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Commercial Paper Notes. The Series A-B Commercial Paper Notes are currently secured by a letter of credit issued severally by JPMorgan Chase Bank, National Association (as successor to JPMorgan Chase Bank) (62.893%) and Bayerische Landesbank (now Bayern LB), acting through its New York Branch, individually and as agent (37.107%), in the original stated amount of \$55 million, but which may be increased to a maximum of \$127.2 million. The Tax-Exempt Commercial Paper Notes are currently outstanding in the amount of \$30 million, which amount was issued in 2007 to fund the costs of certain Airport capital projects, including the West/Terminal Parking Project and the Concourse B Commuter Facility Project. The Tax-Exempt Commercial Paper Notes are to be current refunded with a portion of the net proceeds of the Series 2007A Bonds and the Series 2007B Bonds. See “CAPITAL PROGRAM” and “Plan of Financing” below.

***Subordinate Hedge Facility Obligations.*** In 1998, 1999, 2002, 2005 and 2006, 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 the outstanding Senior Bonds. Detailed information regarding these swap agreements is set forth in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement. See “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR THE FISCAL YEARS 2006 AND 2005.” The City has not entered into any additional Subordinate Hedge Facility Obligations in 2007.

### **Special Facilities Bonds**

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and recently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the “1992 Special Facilities Bonds”), United executed a 31-year combined special facilities and ground lease (the “1992 Lease”) for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of \$270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the “2007 Special Facilities Bonds”) issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the “Amended Lease”). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See “DENVER INTERNATIONAL AIRPORT – Other Facilities” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases.”

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its \$36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A, \$38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B, and \$3,105,000 Airport Development Revenue Bonds (Rental Car Projects), Taxable Series 1999C, currently outstanding in the aggregate principal amount of \$45,675,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport. In addition, two of the rental car companies executed nine-year Loan Agreements with the City to acquire shuttle vehicles.

In 2000, WorldPort LLC financed a portion of the cost of the WorldPort at DIA project with Special Facilities Bonds. These bonds were secured by a Master Lease between the City and WorldPort LLC and an irrevocable, direct pay letter of credit issued by JP Morgan Chase Bank. The bonds are payable solely from revenues of WorldPort LLC and not from general Airport Revenues. Of the original authorized \$53,780,000 Airport Special Facilities Revenue Bonds (WorldPort at DIA Project), Series 2000A, the principal amount currently outstanding is \$12,170,000. On June 26, 2007, a Notice to Redeem this outstanding amount was sent to HSBC Bank as Trustee. It is expected that the bonds will be fully redeemed on August 1, 2007, by JP Morgan Chase Bank, as the letter of credit provider for the bonds.

### **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, 2006, the Master Installment Purchase Agreements were outstanding in the total principal amount of \$88,985,485.

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.

### **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have prepared the Plan of Financing in anticipation of the issuance of the Series 2007A-C Bonds and the 2007 Planned Bonds. The Plan of Financing, which forms the basis for certain elements of the financial forecasts in the Report of the Airport Consultant, assumes: (1) the issuance of the Series 2007A-C Bonds to fund a portion of the costs of the 2007 Project, including the current refunding of the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects, capitalized interest relating to the Series 2007A Bonds and the 2007B Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to advance refund and defease the Refunded Bonds; (2) the issuance of 2007 Planned Bonds (a) in the approximate principal amount of \$225 million to fund a portion of the costs of

the 2007 Project and (b) in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds; and (3) additional Senior Bonds and Commercial Paper Notes between 2009 and 2012 for the purpose of funding certain projects in the 2008-2013 Capital Program. The issuance of such additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will be dependent upon various factors, including market conditions, the continued need for particular projects in the 2008-2013 Capital Program, the eventual scope and timing of particular Planned Projects and the financial feasibility of issuing additional Senior Bonds or Commercial Paper Notes at particular times. Consequently, there can be no assurance that any of the additional Senior Bonds and/or Commercial Paper Notes assumed in the Plan of Financing will be issued. See also “Subordinate Bonds and Other Obligations – *Subordinate Commercial Paper Notes – Subordinate Hedge Facility Obligations*” above, “CAPITAL PROGRAM” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Capital Fund**

The amount on deposit in the Capital Fund as of March 31, 2007, was approximately \$180.3 million. Amounts in the Capital Fund have been designated by the City as follows: (1) \$67.1 million for the Coverage Account (constituting Other Available Funds); (2) \$5.7 million to cover existing obligations and contingencies; and (3) \$107.5 million for any lawful Airport System purpose. See also “SECURITY AND SOURCES OF PAYMENT – Flow of Funds.”

### **Rentals, Fees and Charges for the Airport**

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatory to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally “AGREEMENTS FOR USE OF AIRPORT FACILITIES.”

### **Passenger Facility Charges**

**General.** Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. §40117 (the “PFC Enabling Act”). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected and remitted to \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See

also “AIRLINE BANKRUPTCY MATTERS – PFCs” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2004, 2005 and 2006 increased 14.2%, 2.2% and 11.3%, respectively, compared to the corresponding prior periods. See also “THE REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

The City’s authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through March 2007, the City had collected approximately \$850.4 million of PFC revenues. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”) and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City’s ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds.

***Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*** The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. To date, no Supplemental Ordinance has included PFC revenues in the definition of Gross Revenues. The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See “APPENDIX C – GLOSSARY OF TERMS” and “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds.”

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined “Committed Passenger Facility Charges” to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from \$3.00 of the \$4.50 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority: (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the “Maximum Committed Amounts”); and (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied in clause (1). The City has also irrevocably committed amounts on

deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through December 31, 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The PFC revenues forecast to be deposited in the PFC Debt Service Account are less than the Maximum Committed Amounts in each year of the forecast period. See “*Treatment of PFCs in the Report of the Airport Consultant*” below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current \$4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through December 31, 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds.

***Treatment of PFCs in the Report of the Airport Consultant.*** In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast to be less than the Maximum Committed Amounts in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the Additional \$1.50 PFC (*i.e.*, PFC revenues that do not constitute Committed Passenger Facility Charges) will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “*Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and the portion of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. The Report of the Airport Consultant assumes that future aviation fuel tax revenues will continue to be remitted to the City each year. State aviation fuel tax receipts remitted to the Airport in 2006 were approximately \$6.2 million.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2006 totaled approximately \$6.5 million.

### **Federal Grants and Other Funding**

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate

Bonds. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (the "AIP"). AIP grants include entitlement funds that are apportioned annually based upon enplaned passengers and discretionary funds that are available at the discretion of the FAA based upon a national priority system. In accordance with the laws and regulations relating to PFCs, because the City imposes a PFC at the rate of \$4.50, annual AIP entitlement grants available to the Airport are reduced by the amount of PFC revenues received during such year, with a maximum reduction of 75% of the amount of the available entitlement grants. See "Passenger Facility Charges" above.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate unless and until a reauthorization bill is passed. For purposes of the Report of the Airport Consultant, it is assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding or PFC collection authority will occur. Under the FAA's proposed reauthorization bill, large-hub airports, including the Airport, would no longer receive entitlement grants beginning in federal fiscal year 2010, but would continue to be eligible for discretionary grants.

## **Stapleton**

***Agreements Regarding Disposition.*** When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton's approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the "Redevelopment Plan"). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation ("SDC"), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period at land values set forth in a December 1999 appraisal (approximately \$123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has to date sold a total of approximately 1,330 acres of Stapleton property for a total of approximately \$44.33 million, and there are approximately 292 acres of pending sales in the amount of approximately \$9.6 million. An additional 437 acres of open space has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund.

The City allocated approximately \$120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the "Stapleton Airlines Agreement"), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of \$15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of \$85 million. This amount has been funded as follows: \$13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; \$30 million from Airport System Revenue Bonds; and \$41.9 million advanced from the Capital Fund. The debt service on these bonds is being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional \$20 million for such

additional remediation from the City's share of Airport Net Revenues. The City has paid \$10 million to date for such additional remediation, and does not expect to incur any additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

***Related Assumptions in the Report of the Airport Consultant.*** Proceeds from the sale of Stapleton are not included in the definition of Gross Revenues under the Senior Bond Ordinance, although the City used approximately \$15.7 million received from the sale of Stapleton assets to retire then outstanding Subordinate Bonds.

During the period covered by the Report of the Airport Consultant, no proceeds from the sale of Stapleton assets are assumed to be received by the Airport System, but it is assumed that all overhead and maintenance expenses associated with Stapleton will be paid by the SDC, and that the City will fund certain Stapleton disposition expenditures and will continue to amortize its investment in the Airfield Cost Center at the Airport over 25 years as discussed above.

### **Noise Agreement with Adams County**

The City and Adams County, Colorado, from which a portion of land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "Intergovernmental Agreement"), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

When calculated noise levels, based on a full year of data, exceed the Intergovernmental Agreement standards, the City and Adams County agreed to jointly petition the FAA to implement changes in flight procedures or Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition. If the City does not act within 90 days following the FAA's failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County \$500,000 for each annual Class II violation that occurs at any grid point (when individual grid point values are exceeded by at least two decibels), or the noise contour restriction is exceeded.

Since the opening of the Airport, twelve annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2006, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time the potential Class II violations have decreased to the extent that the annual noise reports for calendar years ending December 31, 2005 and 2006 reflected only one potential Class II violation for each year (maximum potential liability of \$500,000 per year) and that the noise contour restriction in the Intergovernmental Agreement had not been exceeded in either year. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. In the City's judgment, it is likely

that noise levels at a limited number of grid points may continue to exceed the levels established under the Intergovernmental Agreement.

### **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in “Investment Securities” as defined therein. See “APPENDIX C – GLOSSARY OF TERMS.”

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers’ acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

### **Property and Casualty Insurance**

The City maintains property insurance for most of the City’s real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. Airport real and personal property is insured based on a total loss limit of \$1 billion, subject to a \$250,000 per occurrence deductible, on a reported value of approximately \$2.9 billion. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sub-limits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$70.9 million. Terrorism and non-certified acts of terrorism are included under the Airport’s property insurance at a sub-limit of \$1 million per occurrence and \$5 million in the aggregate. As an additional cost savings initiative, Airport management has determined that it is not cost-effective to maintain property insurance on the Airport’s runways and roadways, which are valued at approximately \$1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A \$50 million per occurrence liability limit is currently provided with various aviation specific sub-limits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of \$450 million per occurrence in excess of the \$50 million primary layer. Prior to the events of September 11, 2001, war risk/terrorism insurance was provided as a free rider to the Airport’s general liability insurance policy. After such events the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Airport, although not in meaningful amounts and at a cost that Airport management has determined to be prohibitive.



## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of Article X, Section 20 of the State Constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. “Enterprises” are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **AIRLINE BANKRUPTCY MATTERS**

Since 2001, several airlines with operations at the Airport, including United, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007A-C Bonds. The following is a discussion of various impacts to the Airport of an airline bankruptcy.

### **Assumption or Rejection of Agreements**

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages, the amount of which in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. However, the amount ultimately received in the event of a rejection of a Use and Lease Agreement or other agreement could be considerably less than the maximum claim amounts allowed under the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country (such as Air Canada as described above), the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

## **Prepetition Obligations**

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

## **PFCs**

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections, however, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

## **REPORT OF THE AIRPORT CONSULTANT**

Jacobs Consultancy Inc., as the Airport Consultant, prepared the Report of the Airport Consultant, dated July 25, 2007, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2007 through 2013. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were prepared taking into account analyses of (1) historical long-term trends in passenger traffic growth at the Airport, (2) short-term monthly passenger traffic trends at the Airport, (3) historical and forecast economic indicators for the Denver metropolitan area and (4) forecasts developed by the FAA. It was assumed that airline traffic at the Airport will increase as a function of both growth in the population and the economy of the Denver metropolitan area,

continued airline competition and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant.”

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2007A Bonds, the Series 2007B Bonds and the Planned Series 2007D-E Bonds and additional Airport System Revenue Bonds and Commercial Paper Notes that may be issued during the forecast period to fund Planned Projects in the Airport’s current capital program. Based on the Plan of Financing, the Report of the Airport Consultant assumes that all of such additional Airport System Revenue Bonds will be Senior Bonds. See “THE SERIES 2007A-C BONDS – Security and Sources of Payment – *Additional Parity Bonds*.” The forecasts do not reflect any Airport System Revenue Bonds the City may issue for (1) Demand Responsive Projects at the Airport, or (2) refundings of outstanding Airport System Revenue Bonds in or after 2007. See “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.” In addition, the estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds and that are forecasted to be received during the forecast period plus other PFC revenues that the City intends to use to pay Debt Service Requirements during the forecast period. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

The following table summarizes the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds as presented in the Report of the Airport Consultant. Net Revenues, together with Other Available Funds, are forecast to be sufficient to meet the Rate Maintenance Covenant in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds, as well as historical debt service coverage figures, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” See also “THE SERIES 2007A-C BONDS – Historical Debt Service Coverage.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds and the 2007 Planned Bonds, and will not be revised to reflect differences between the principal amount and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds assumed in the Report of the Airport Consultant and the final principal amount and interest rates of the Series 2007A-C Bonds and the 2007 Planned Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A Bonds and the Series 2007B Bonds, and in connection with the later issuance of the Planned Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

**Net Revenues and Other Available Funds, Debt Service  
Requirements and Debt Service Coverage on Senior Bonds**  
(In thousands, except coverage ratios)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenues and Other Available Funds <sup>1</sup>	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements on Senior Bonds <sup>2</sup>	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Debt Service Coverage <sup>2</sup>	178%	173%	181%	185%	166%	170%	166%

<sup>1</sup> Other Available Funds include amounts forecast to be available in the Coverage Account of the Capital Fund to be applied to help meet the Rate Maintenance Covenant of the Senior Bond Ordinance.

<sup>2</sup> Excludes Debt Service Requirements forecast to be paid from PFC revenues. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

Sources: Report of the Airport Consultant and audited financial statements of the Airport System

Forecasts of revenues to be derived from airline landing fees, terminal rentals and other use charges are often expressed on a per enplaned passenger basis for the purpose of comparing airline costs at different airports. The following table shows the forecast amounts of revenues and average cost per enplaned passenger for all airlines as presented in the Report of the Airport Consultant.

**Cost Per Enplaned Passenger for All Airlines**  
(In thousands except cost per passenger)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net airline rentals, fees and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	24,602	25,351	25,936	26,332	26,730	27,068	27,293
Cost per passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

Source: Report of the Airport Consultant

For a more detailed discussion of forecast airline rates and charges and forecast Gross Revenues, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – EXHIBIT E – Airline Rentals, Fees and Charges.”

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Jacobs Consultancy Inc. as airport consultants.

**LITIGATION**

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

**FORWARD LOOKING STATEMENTS**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results

to differ materially from those contemplated in such forward looking statements. For a discussion of certain of such risks and possible variations in results, see “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” as well as “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **RATINGS**

Moody’s, S&P and Fitch have published ratings of “Aaa,” “AAA” and “AAA,” respectively, with respect to the Series 2007A-C Bonds based on the understanding that upon delivery of the Series 2007A-C Bonds, the MBIA Policies insuring the payment when due of principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds will be issued by MBIA, and that the Ambac Assurance Policy insuring the payment when due of principal of and interest on the Series 2007B Bonds will be issued by Ambac Assurance. See “BOND INSURANCE.”

Moody’s, S&P and Fitch have published underlying ratings with respect to the outstanding Senior Bonds of “A1,” “A+” and “A+,” respectively, in each case with a rating outlook of “stable.”

The City, MBIA and Ambac Assurance have furnished to these rating agencies the information contained in the Official Statement and certain other materials and information relating to the Series 2007A-C Bonds, the Airport System, MBIA and Ambac Assurance, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007A-C Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007A-C Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2007A-C Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007A-C Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007A-C Bonds.

## **SERIES 2007C ESCROW ACCOUNT; VERIFICATION OF MATHEMATICAL ACCURACY**

Portions of the net proceeds of the Series 2007C Bonds are to be deposited to separate irrevocable escrow accounts to be established with respect to each series of the Refunded Bonds pursuant to an Escrow Agreement to be entered into between the City, for and on behalf of the Department, and Zions

First National Bank, Denver, Colorado, as escrow agent, and utilized, together with other available Airport System moneys deposited therein and any earnings on such deposits, to advance refund, redeem and defease the Refunded Bonds.

Causey Demgen & Moore Inc., certified public accountants, will verify from the information provided to them the mathematical accuracy as of the date of issuance of the Series 2007C Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits to be held in escrow will be sufficient to pay, when due, the principal, interest and redemption premium, if any, with respect to the Refunded Bonds. No opinion will be expressed as to the assumptions provided to such firm, or as to the exemption from taxation of the interest on the Series 2007C Bonds. See also "APPLICATION OF PROCEEDS."

## **UNDERWRITING**

### **Series 2007A Bonds and Series 2007B Bonds**

The Series 2007A Bonds and the Series 2007B Bonds are being purchased from the City by the underwriters set forth on the related inside cover page hereof (the "Series 2007A-B Underwriters") as follows: for the Series 2007A Bonds, at a price equal to \$191,278,636.55, being the aggregate principal amount of the Series 2007A Bonds plus a reoffering premium of \$4,049,319.05 and less an underwriting discount of \$1,120,682.50; and for the Series 2007B Bonds, at a price equal to \$24,927,302.50, being the aggregate principal amount of the Series 2007B Bonds plus a reoffering premium of \$821,590.00 and less an underwriting discount of \$144,287.50. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Goldman, Sachs & Co., as representative of the Series 2007A-B Underwriters (the "Series 2007A-B Bond Purchase Agreement"), the Series 2007A-B Underwriters agree to accept delivery of and pay for all of the Series 2007A Bonds and the Series 2007B Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007A-B Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

### **Series 2007C Bonds**

The Series 2007C Bonds are being purchased from the City by the underwriters set forth on the related inside cover page hereof (the "Series 2007C Underwriters") at a price equal to \$35,793,477.95, being the aggregate principal amount of the Series 2007C Bonds plus a reoffering premium of \$1,409,701.70 and less an underwriting discount of \$251,223.75. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Citigroup Global Markets Inc., as representative of the Series 2007C Underwriters (the "Series 2007C Bond Purchase Agreement"), the Series 2007C Underwriters agree to accept delivery of and pay for all of the Series 2007C Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007C Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

## **CONTINUING DISCLOSURE**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, in order to provide certain continuing disclosure with respect to the Series 2007A-C Bonds in accordance with Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the

benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2007A-C Bonds are subject to the approval of Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado.

## **TAX MATTERS**

The following discussion is a summary of the opinions of Bond Counsel that are to be rendered on the tax-exempt status of interest on the Series 2007A-C Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2007A-C Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2007A-C Bonds, Hogan & Hartson L.L.P., Bond Counsel, and Bookhardt & O’Toole, Bond Counsel, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2007B Bonds and the Series 2007C Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation’s adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings include interest on the Series 2007B Bonds and the Series 2007C Bonds. An increase in a corporation’s alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2007A-C Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements

could cause the interest on the Series 2007A-C Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2007A-C Bonds.

The opinions of Bond Counsel will also provide to the effect that, under existing law and to the extent interest on any Series 2007A-C Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2007A-C Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2007A-C Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2007A-C Bond, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2007A-C Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2007A-C Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2007A-C Bond. Purchasers of Series 2007A-C Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2007A-C Bonds.

Other than the matters specifically referred to above, Bond Counsel express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007A-C Bonds. Prospective purchasers of the Series 2007A-C Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2007A-C Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007A-C Bonds or, in the case of financial institutions, that portion of a holder’s interest expense allocated to interest on the Series 2007A-C Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2007A-C Bonds; (3) interest on the Series 2007A-C Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2007A-C Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2007A-C Bonds.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2007A-C Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2007A-C Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2007A-C Bonds could adversely affect their value and liquidity.

Bond Counsel will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are not binding on the courts or the IRS; rather, such opinions represent Bond Counsel’s legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.



Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2007A-C Bonds, the exclusion of interest on the Series 2007A-C Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2007A-C Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences. For example, on May 21, 2007, the United States Supreme Court agreed to hear an appeal from a Kentucky state court which ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by the state and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions.

**Prospective purchasers of Series 2007A-C Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007A-C Bonds in light of their particular tax situation.**

### **EXPERTS**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2007A-C Bonds and in such capacity have prepared the Plan of Financing. Jacobs Consultancy Inc. has served as the Airport Consultant to the City with respect to the Series 2007A-C Bonds and in such capacity has prepared the Report of the Airport Consultant.

### **FINANCIAL STATEMENTS**

The financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005 are attached to this Official Statement as “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of APPENDIX B was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

### **MISCELLANEOUS**

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007A-C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

**CITY AND COUNTY OF DENVER, COLORADO**

By /s/ Turner West  
Manager of Aviation

By /s/ Claude Pumilia  
Manager of Revenue

\* \* \*

**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**

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Appendix A

**REPORT OF THE AIRPORT CONSULTANT**

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007

Prepared for

City and County of Denver  
Denver, Colorado

Prepared by

Jacobs Consultancy  
Burlingame, California

July 25, 2007

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555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

July 25, 2007

Mr. Turner West  
Manager of Aviation  
Department of Aviation  
City and County of Denver  
Denver International Airport  
Room 9860, Airport Office Building  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant, City and County of Denver,  
Colorado, for and on behalf of its Department of Aviation, Airport  
System Revenue Bonds, Series 2007

Dear Mr. West:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Airport System Revenue Bonds, Series 2007 (the 2007 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport and the site of the former air carrier airport (Stapleton International Airport) serving the region, which is also owned by the City, constitute the Airport System.

The 2007 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance) with a first lien on the Net Revenues\* of the Airport System. (Capitalized terms in this report are used as defined in the General Bond Ordinance\*\* or the Airport use and lease agreements, discussed later.)

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (a) issuing additional Bonds, (b) establishing rates, fees, and charges as provided under the Rate Maintenance Covenant, and (c) paying

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\*Net Revenues equal Gross Revenues less Operation and Maintenance Expenses.

\*\*See Appendix D of the Official Statement.

Mr. Turner West  
July 25, 2007

Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

This feasibility report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2007 through 2013, referred to in this report as the forecast period\*, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance following the issuance of the 2007 Bonds.

## **2007 BONDS**

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to the Financial Consultants,\*\* the 2007C Bonds are to be issued at the time the 2007A-B Bonds are issued, which would be followed by issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the principal of outstanding Bonds. As such, any mention of the 2007 Bonds in this report refers to the 2007A-B Bonds and 2007D-E Bonds.

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\*Coincides with the last year of the Airport Capital Program (2013).

\*\*First Albany Capital and Estrada Hinojosa & Company, Inc.



Mr. Turner West  
July 25, 2007

The City expects to issue the 2007A-B Bonds and the 2007D-E Bonds in the approximate principal amounts and for the uses indicated below.

Series	Principal to be issued (millions)	Uses of 2007A-B and 2007D-E Bonds (millions) (a)		
		Refund Outstanding Commercial Paper Notes	Reimburse Airport equity	Fund Airport Capital Program costs
2007A-B Bonds	\$224,016	\$30,000	\$40,000	\$130,170
2007D-E Bonds	<u>250,020</u>	<u>--</u>	<u>--</u>	<u>201,700</u>
Total (a)	<u>\$474,036</u>	<u>\$30,000</u>	<u>\$40,000</u>	<u>\$331,870</u>

(a) Issuance costs are not reflected above and, as such, the total principal amount to be issued does not equal the amounts to be used to refund the Commercial Paper Notes and to fund project costs.

Sources: First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants).

According to the Financial Consultants, the 2007A Bonds and the 2007D Bonds are to be issued as alternative minimum tax (AMT) Bonds, and the 2007B and the 2007E Bonds are to be issued as non-AMT Bonds.

The Airport Capital Program costs to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds are part of a broader City plan to expand and improve Airport facilities, as discussed later in this report.

The 2007A-B Bonds and the 2007D-E Bonds are considered “additional Bonds” under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to issuance of those Bonds. The City retained Jacobs Consultancy as the Airport Consultant and compliance with the additional Bonds test for the 2007A-B Bonds has been demonstrated, as provided in a separate letter to the City for those Bonds. The additional Bonds test for the 2007D-E Bonds is to be undertaken and the results are to be provided to the City in connection with the proposed issuance of those Bonds.

## **AIRPORT CAPITAL PROGRAM**

The Airport Capital Program includes projects to expand, maintain, and reconstruct Airport facilities in 2007, as well as the 6-year period from 2008 through 2013.

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From 2007 through 2013, the Department expects to invest approximately \$1.22 billion in Airport facilities from the net proceeds of the 2007A-B Bonds, the 2007D-E Bonds, and additional Bonds (the Future Planned Bonds\*) the City expects to issue during the forecast period to fund projects from 2008 through 2013, as well as certain other sources of funds.

As certain projects in the 2007-2013 Capital Program are ready for their intended use, certain assumptions have been incorporated into the financial forecasts presented in this report regarding additional (a) Gross Revenues from airline rentals, fees, and charges and/or other sources, (b) O&M Expenses, and (c) debt service associated with the 2007 Bonds and the Future Planned Bonds.

### **Project Costs to Be Funded with 2007A-B and 2007D-E Bond Proceeds**

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to include the following:

- Construct 10 new mainline gates and additional apron area by expanding Concourse C to the east
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C
- Extend Taxiway K in the north-south direction to the east of Concourse C
- Extend the east-west taxilanes to the north and south of Concourse C
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C
- Improve baggage systems to increase the efficiency of airline operations
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes
- Construct a new public parking structure adjacent to the Landside Terminal, which was previously funded with Commercial Paper Notes and Airport equity

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\*The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.

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According to the Department, the 2007 Project is expected to cost approximately \$401.9 million.

### **Future Planned Bonds**

The projects (i.e., the 2008-2013 Airport Capital Program) to be funded from the net proceeds of the Future Planned Bonds are expected to include, but are not limited to, the following:

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Continue improving the baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators
- Construct a FasTracks rail station on the south side of the Landside Terminal to provide rail service between Denver Union Station and the Airport
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the Landside Terminal to accommodate additional trains
- Expand the security screening checkpoint
- Construct future public parking structure and shuttle lot; improve Peña Boulevard; rehabilitate pavement in targeted roadway and parking areas

According to the Department, the 2008-2013 Airport Capital Program is estimated to cost approximately \$822.7 million.

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## **RATE MAINTENANCE COVENANT**

The Rate Maintenance Covenant of the General Bond Ordinance states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year,\* Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, “Other Available Funds” is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. Based on audited data for 2006 and unaudited data for the first 3 months of 2007, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City’s Coverage Account during those periods.

Under various approvals from the Federal Aviation Administration (FAA), the City has the authority to collect a \$4.50 passenger facility charge (PFC) up to \$3.3 billion in PFC revenues; the City collected approximately \$850.4 million of its total approval through March 31, 2007. Through an adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

In general, the irrevocable commitment equals the revenues received from \$3.00 of each \$4.50 PFC\*\* imposed by the City, which extends through December 31, 2011. Following the date of this report and prior to the issuance of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through December 31, 2013.

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\*The City’s Fiscal Year is the same as the calendar year.

\*\*Less the airline collection fee amount.

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The City expects that, during the forecast period, all of the revenues from the remaining \$1.50 PFC would be irrevocably committed to one of the following purposes:

- Payment of debt service on Senior Bonds
- Defeasance of the outstanding principal of certain Senior Bonds, which would reduce the level of debt service that would have otherwise been payable from Net Revenues

Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

## **AIRPORT USE AND LEASE AGREEMENTS**

In 2006, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City constituted approximately 53.7% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources represented the remaining 46.3% of 2006 Gross Revenues.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.
- The annual recalculation of airline rentals, fees, and charges.
- The distribution of 50% of Net Revenues remaining at the end of the year\* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of \$40 million.
- An increase in rentals, fees, and charges at the Airport such that Net Revenues, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance.

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\*Only after all other requirements of the General Bond Ordinance have been satisfied.

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The City has executed Airport use and lease agreements, which include leased gates, with the passenger Signatory Airlines listed below. Of the 95 gates at the Airport, 87 are leased by the following airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1)	Midwest Airlines (1)
Alaska Airlines (1)	Northwest Airlines (3)
American Airlines (3)	Southwest Airlines (5)
Continental Airlines (3)	United Airlines (43)
Delta Air Lines (3)	US Airways (3) (b)
Frontier Airlines (21) (a)	

- 
- (a) Frontier leases 15 gates and an agreement amendment is pending for an additional 6 gates. Also, Frontier is expected to use or lease two gates on Concourse C, which are not included in the totals above.
- (b) The parent companies of America West Airlines and US Airways merged in September 2005.

The City also has Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain airlines listed above. In addition, the City has Airport use and lease agreements with five foreign-flag passenger airlines, and six all-cargo airlines.

Most of the passenger and cargo airline use and lease agreements at the Airport are scheduled to expire during the forecast period (in 2010). As of the date of this report, the City intends to negotiate similar agreements with lease terms of 5 years and substantially similar business terms.

United Airlines operates a major connecting hub at the Airport under an Airport use and lease agreement with the City that expires in 2025. The United's operations at the Airport include service by United mainline, Ted (a low-fare unit of United), and the United Express regional airline partners (collectively, the United Airlines Group). In 2006 and the first 3 months of 2007, the United Airlines Group enplaned 56.4% and 56.0%, respectively, of all passengers enplaned at the Airport.

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## **SCOPE OF REPORT**

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The Airport Capital Program from 2007 through 2013, giving particular attention to major projects in the Capital Program and when those projects are expected to be completed and ready for their intended use.
- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed 2007 Bonds and the Future Planned Bonds.
- Historical relationships among Gross Revenues, O&M Expenses, airline traffic, and other factors that may affect future Gross Revenues and O&M Expenses.
- Audited financial results for the Airport System in 2006, the City's current estimate of O&M Expenses for 2007, and the City's preliminary budget of O&M Expenses for 2008.
- The City's policies and contractual agreements relating to the use and lease of the Airport; the calculation and adjustment of airline rentals, fees, and charges; the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.
- Certain cost reduction goals in the United Airport use and lease agreement, as amended.
- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance, and the proposed terms of the PFC Supplemental Bond Ordinance to be adopted by the City following the date of this report.

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We also identified key factors upon which the future financial results of the Airport System may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of the attachment to this letter and summarized herein.

**FORECAST DEBT SERVICE COVERAGE**

Exhibit H (as mentioned above, all financial exhibits are provided at the end of the attachment) and the table on the following page summarize forecasts of Net Revenues and Other Available Funds, Debt Service Requirements, and debt service coverage, taking into consideration.

- The estimated debt service on the proposed 2007A-B Bonds and the 2007D-E Bonds and the Future Planned Bonds
- Additional Gross Revenues and O&M Expenses resulting from the completion of projects in the 2007-2013 Airport Capital Program

Exhibit C presents the estimated debt service on the 2007 Bonds and the Future Planned Bonds. As stated earlier, the forecasts do not reflect any Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

<b>DEBT SERVICE COVERAGE CALCULATION INCLUDING THE FUTURE PLANNED BONDS</b>							
(in thousands, except coverage)							
	Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net Revenues and Other Available Funds	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements (a)							
Senior Bonds	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>
Total	\$232,228	\$233,705	\$226,670	\$229,044	\$277,068	\$275,196	\$292,136
Debt service coverage							
Senior Bonds	178%	173%	181%	185%	166%	170%	166%
All Bonds	169%	164%	172%	175%	159%	162%	159%

(a) The Financial Consultants.



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Estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include both the revenues from \$3.00 of the PFC that are required to be deposited in the PFC Debt Service Account plus all of the revenues from the \$1.50 PFC that the City intends to credit to the PFC Debt Service Account to pay Debt Service Requirements or use to defease certain Senior Bonds during the forecast period, as discussed earlier. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

The calculation of debt service coverage indicates compliance with the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period.

**AIRLINE COST PER ENPLANED PASSENGER**

As shown in Exhibit E, airline rentals, fees, and charges include Terminal Complex rentals, landing fees, and other fees and charges. These airline payments (costs) are expressed on a per enplaned passenger basis, as presented in the following table.

<b>AVERAGE COST PER ENPLANED PASSENGER FOR ALL AIRLINES</b>							
(in thousands, except cost per enplaned passenger)							
	Estimated 2007	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net passenger airline rentals, fees, and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	<u>24,602</u>	<u>25,351</u>	<u>25,936</u>	<u>26,332</u>	<u>26,730</u>	<u>27,068</u>	<u>27,293</u>
Cost per enplaned passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

The average cost per enplaned passenger, as shown above, is forecast to be approximately \$12.63 between 2007 and 2013, compared to costs per enplaned passenger at the Airport from 1996 (the first full year of Airport operations) through 2006, which ranged between \$11.41 and \$16.07.

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**ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS**


The accompanying financial forecasts are based on information and assumptions that were either provided by, or reviewed with and agreed to by, Airport management. Accordingly, the forecasts reflect management’s expected course of action during the forecast period and, in management’s judgment, present fairly the expected financial results of the Airport System.

The key factors and assumptions that are significant to the forecasts are set forth in the attachment, “Background, Assumptions, and Rationale for the Financial Forecasts.” The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the assumptions underlying the financial forecasts provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

\* \* \* \* \*

We appreciate the opportunity to serve as the City’s Airport Consultant in connection with this proposed financing.

Respectfully submitted,  
  
JACOBS CONSULTANCY

Attachment

**BACKGROUND, ASSUMPTIONS, AND RATIONALE  
FOR THE FINANCIAL FORECASTS**

City and County of Denver, Colorado

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## **AIRLINE TRAFFIC ANALYSIS**

### **AIRPORT FACILITIES**

Denver International Airport occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six runways and a related system of taxiways and aircraft aprons. Four of the runways are oriented north-south and two are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal and three airside concourses (A, B, and C). The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Landside Terminal, surface parking lots, and a remote shuttle bus lot. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and Concourses A, B, and C via an underground automated guideway transit system (AGTS). In addition, a pedestrian passenger bridge provides access to Concourse A. Concourses A, B, and C provide 95 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 24 are leased by Continental Airlines and Frontier Airlines. Concourse B has 43 gates, all of which are leased by United Airlines. Concourse C has 22 gates, 20 of which are leased by Alaska Airlines, America West Airlines/US Airways, American Airlines, Delta Air Lines, Midwest Airlines, Northwest Airlines, and Southwest Airlines; 2 gates were added in 2006.

As discussed later in this report, the City intends to expand the number of Concourse C gates, expand the public parking facilities, and make various improvements and upgrades to the Landside Terminal.

### **AIRPORT ROLE**

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned), the primary commercial service airport for the State of Colorado, and a hub for United and Frontier.

The top-five ranking of the Airport among the busiest domestic airports in the United States based on total passengers reflects the Airport's (1) central geographic location, (2) large origin-destination passenger base, and (3) role as a hub for United and Frontier.

### Central Geographic Location

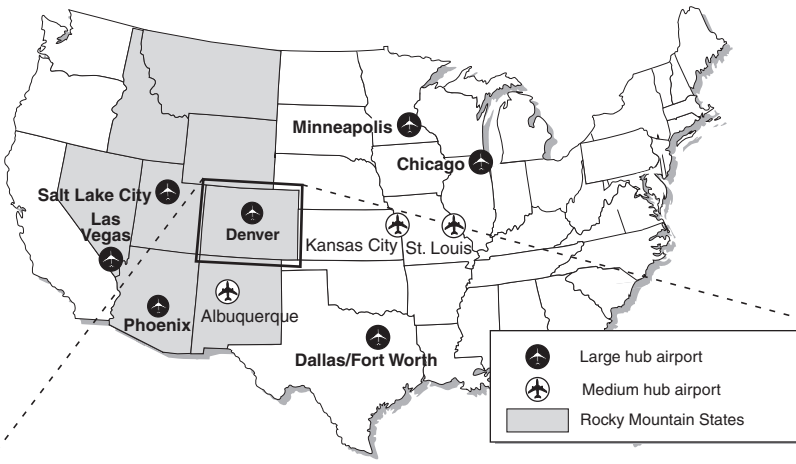
Located near the geographic center of the United States mainland, Denver has long been a major air transportation hub in the route system of United Airlines and other airlines, including Continental Airlines in the past and Frontier Airlines more recently. Denver's natural geographic advantage as a connecting hub location is enhanced by the capabilities of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. Figure 1 shows the central geographic location of the Denver hub compared with other U.S. hub airports.

### Fifth Busiest U.S. Airport




According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2006, as shown in Table 1. The seven largest domestic passenger airlines all serve the Airport, providing service to 159 destinations, including 138 within the continental United States, 1 in Alaska, 3 in Hawaii, and 17 international destinations. All of the large domestic all-cargo airlines provide regular service at the Airport.

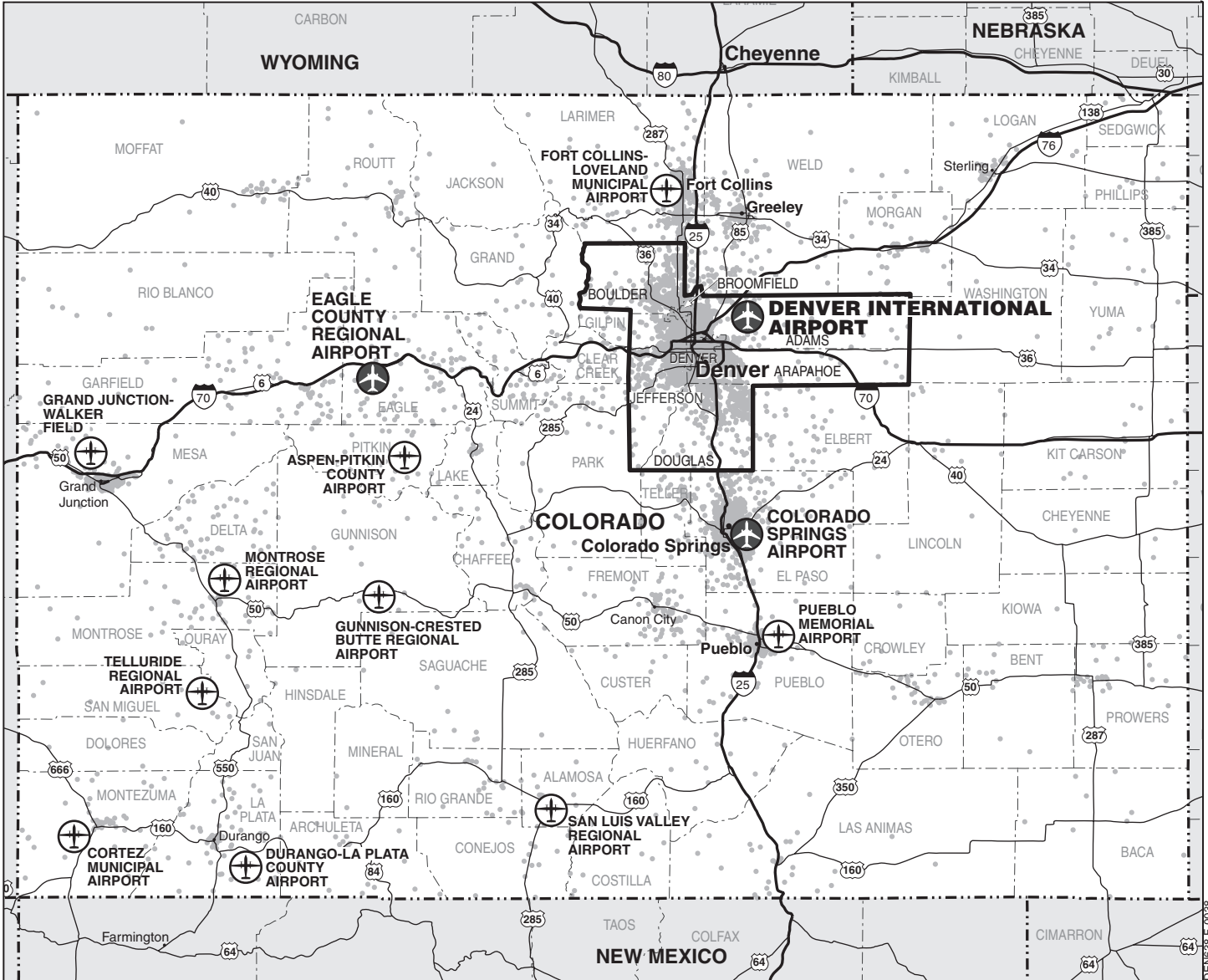
Rank 2006	City (airport)	Total passengers (millions) (a)					Average annual increase 2002-2006
		2002	2003	2004	2005	2006	
1	Atlanta (Hartsfield-Jackson)	76.9	79.1	83.6	85.9	84.8	2.5%
2	Chicago (O'Hare)	66.6	69.4	75.5	76.8	77.0	3.7
3	Los Angeles (International)	56.2	55.0	60.7	61.5	61.0	2.1
4	Dallas/Fort Worth	52.8	53.2	59.4	59.1	60.2	3.3
<b>5</b>	<b>Denver</b>	<b>35.7</b>	<b>37.5</b>	<b>42.4</b>	<b>43.3</b>	<b>47.3</b>	<b>7.3</b>
6	Las Vegas (McCarran)	35.0	36.3	39.5	44.0	46.2	7.2
7	New York (John F. Kennedy)	29.9	31.7	37.5	41.9	43.8	10.0
8	Houston (Bush Intercontinental)	33.9	34.1	36.5	39.7	42.6	5.9
9	Phoenix (Sky Harbor)	35.5	37.4	41.4	41.2	41.4	3.9
10	New York (Newark Liberty)	29.2	29.4	31.9	34.0	36.7	5.9
	Average for airports listed						3.7%

(a) Enplaned plus deplaned passengers.  
Source: Airports Council International, *Worldwide Airport Traffic Report*, for years noted.



Road miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	868
Vail/Eagle	100

-  Large hub airport
-  Medium hub airport
-  Rocky Mountain States



**LEGEND**






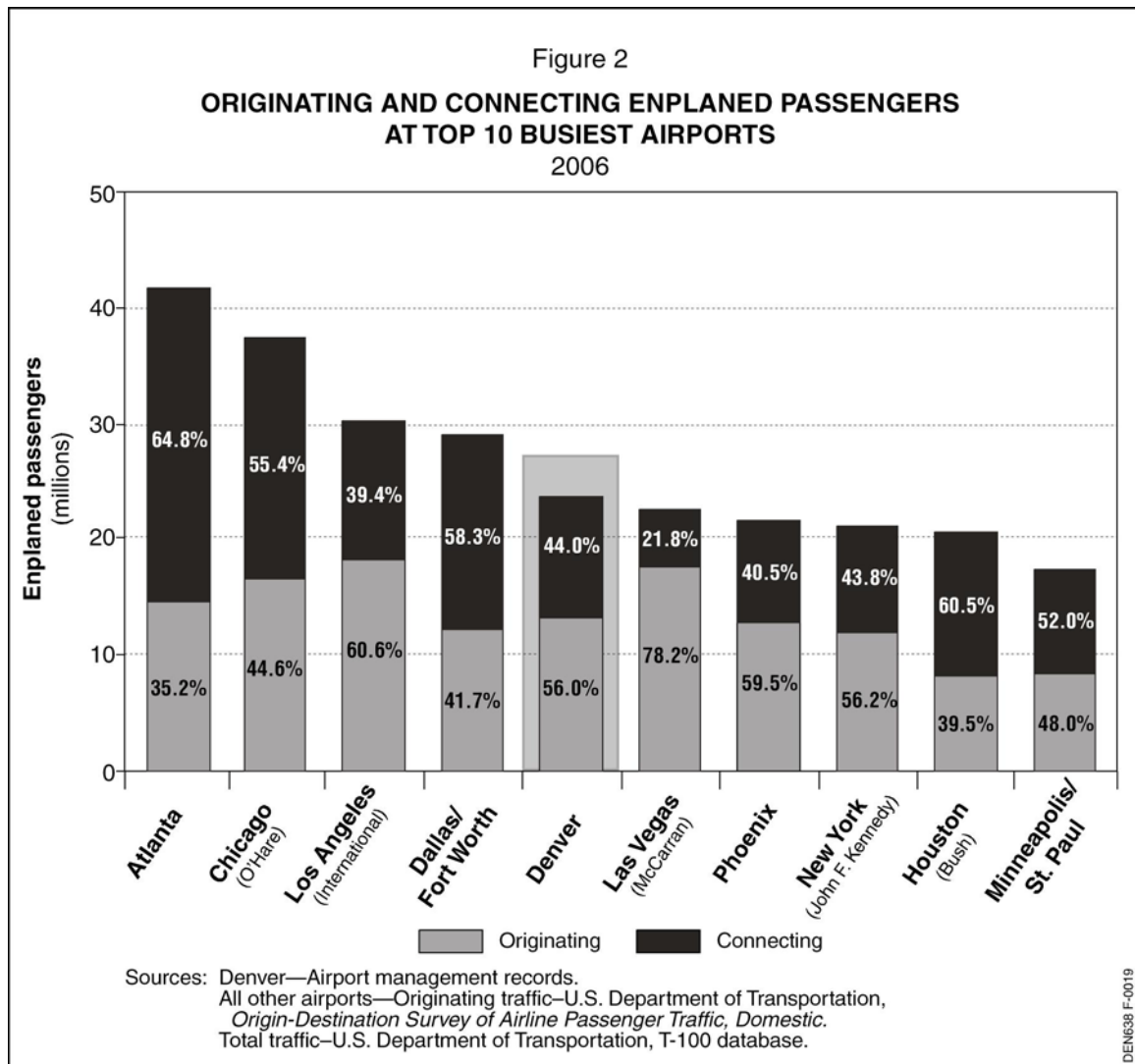
-  Primary service region
-  County boundary
-  Passenger air carrier service
-  Commuter service airport
-  Population density: 1 dot equals 500 people

Figure 1  
**DENVER AIRPORT SERVICE REGION**  
 Denver International Airport  
 July 2007



In 2006, approximately 44% of the approximately 23.7 million passengers enplaned at the Airport, or about 10.4 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports, in terms of enplaned passengers, the Airport has the fifth largest share of originating passengers (56%), which reflects the strength of the Denver market and its role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.



### Large Origin-Destination Passenger Base

The Airport's large origin-destination passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier. This large base of local passengers allows United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections. The flights of 13.2 million passengers originated in Denver in 2006 (i.e., these originating passengers did not connect from another

flight). In 2006, the Airport ranked fifth in the nation in numbers of originating passengers.

### Hub for United and Frontier Airlines

As stated earlier, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2006 reflect the Airport’s central geographic location, with the western United States (Rocky Mountain and Pacific states) accounting for 49% of connecting passengers and the eastern United States (Northeast, Midwest, and South states) accounting for 46% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United’s shares of connecting passengers parallel those for the Airport as a whole, while Frontier’s shares differ for some regions as a result of its smaller route network. As shown in Table 2, the Airport accounts for the sixth highest number of daily scheduled seats at U.S. connecting hub airports in August 2007.

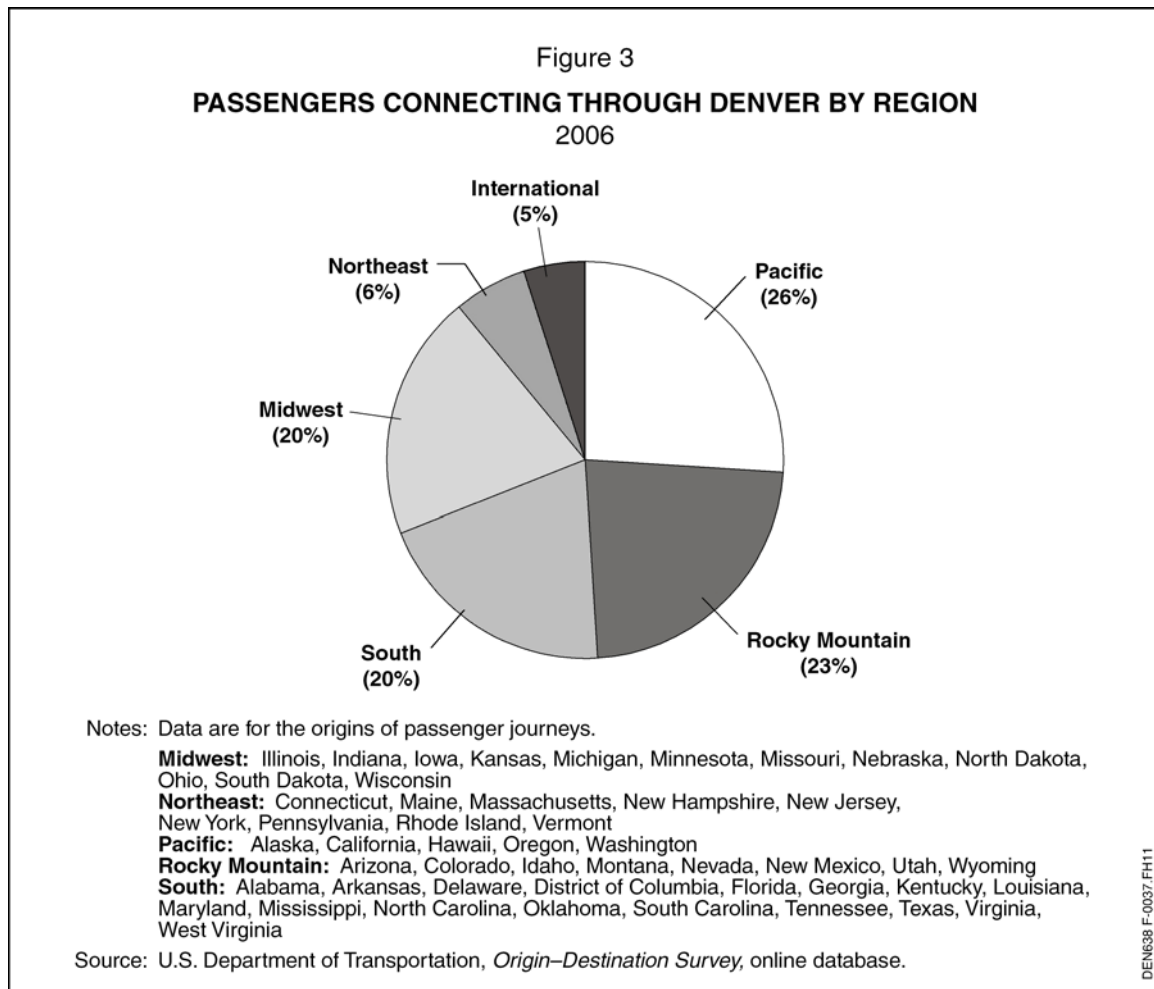


Table 2  
**SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS**  
 August 2007

City (airport)	Average daily scheduled seats			Busiest airline(s)		
	International	Domestic	Total	Airline (a)	Average daily scheduled seats	Airline share of airport total
Atlanta (Hartsfield-Jackson)	17,509	144,511	162,020	Delta	115,416	71.2%
Chicago (O'Hare)	22,613	113,883	136,496	AirTran	32,422	20.0
				United	64,679	47.4
Los Angeles (International)	32,217	82,952	115,169	American	48,779	35.7
				United	22,058	19.2
Dallas/Fort Worth	9,813	95,868	105,681	American	89,212	84.4
New York (Kennedy)	43,129	47,561	90,689	JetBlue	24,560	27.1
				Delta	19,180	21.1
<b>Denver</b>	<b>3,722</b>	<b>85,537</b>	<b>89,259</b>	<b>United</b>	<b>45,422</b>	<b>50.9</b>
				<b>Frontier</b>	<b>20,804</b>	<b>23.3</b>
Las Vegas (McCarran)	3,627	74,746	78,373	Southwest	30,208	38.5
Phoenix (Sky Harbor)	3,000	74,075	77,075	US Airways	35,542	46.1
Houston (Bush Intercontinental)	14,692	60,758	75,450	Continental	65,432	86.7
New York (Newark Liberty)	21,403	46,754	68,157	Continental	46,996	69.0
Detroit (Metropolitan)	7,301	57,400	64,700	Northwest	48,835	75.5
San Francisco	15,368	49,123	64,491	United	30,050	46.6
Philadelphia	8,109	55,268	63,377	US Airways	39,966	63.1
Orlando	3,441	58,920	62,361	Southwest	15,163	24.3
Minneapolis/St. Paul	4,146	58,059	62,205	Northwest	48,648	78.2
Charlotte	3,658	57,715	61,373	US Airways	53,122	86.6
Seattle-Tacoma	4,861	55,815	60,676	Alaska	29,830	49.2
Miami	29,351	28,645	57,995	American	39,915	68.8
Boston	8,274	46,685	54,959	US Airways	9,734	17.7
New York (LaGuardia)	2,631	48,981	51,612	Delta	12,060	23.4
Washington, D.C. (Dulles)	11,610	33,138	44,749	United	26,810	59.9
Baltimore/Washington	1,064	41,528	42,592	Southwest	23,225	54.5
Salt Lake City	1,075	39,014	40,089	Delta	28,807	71.9
Washington, D.C. (Reagan National)	776	36,809	37,584	US Airways	16,344	43.5
Chicago (Midway)	198	37,170	37,368	Southwest	28,571	76.5
Honolulu	6,638	30,261	36,899	Hawaiian	11,202	30.4
San Diego	502	34,218	34,721	Southwest	12,489	36.0
Tampa	347	32,231	32,578	Southwest	10,832	33.2
Cincinnati/Northern Kentucky	1,548	29,175	30,722	Delta	27,536	89.6

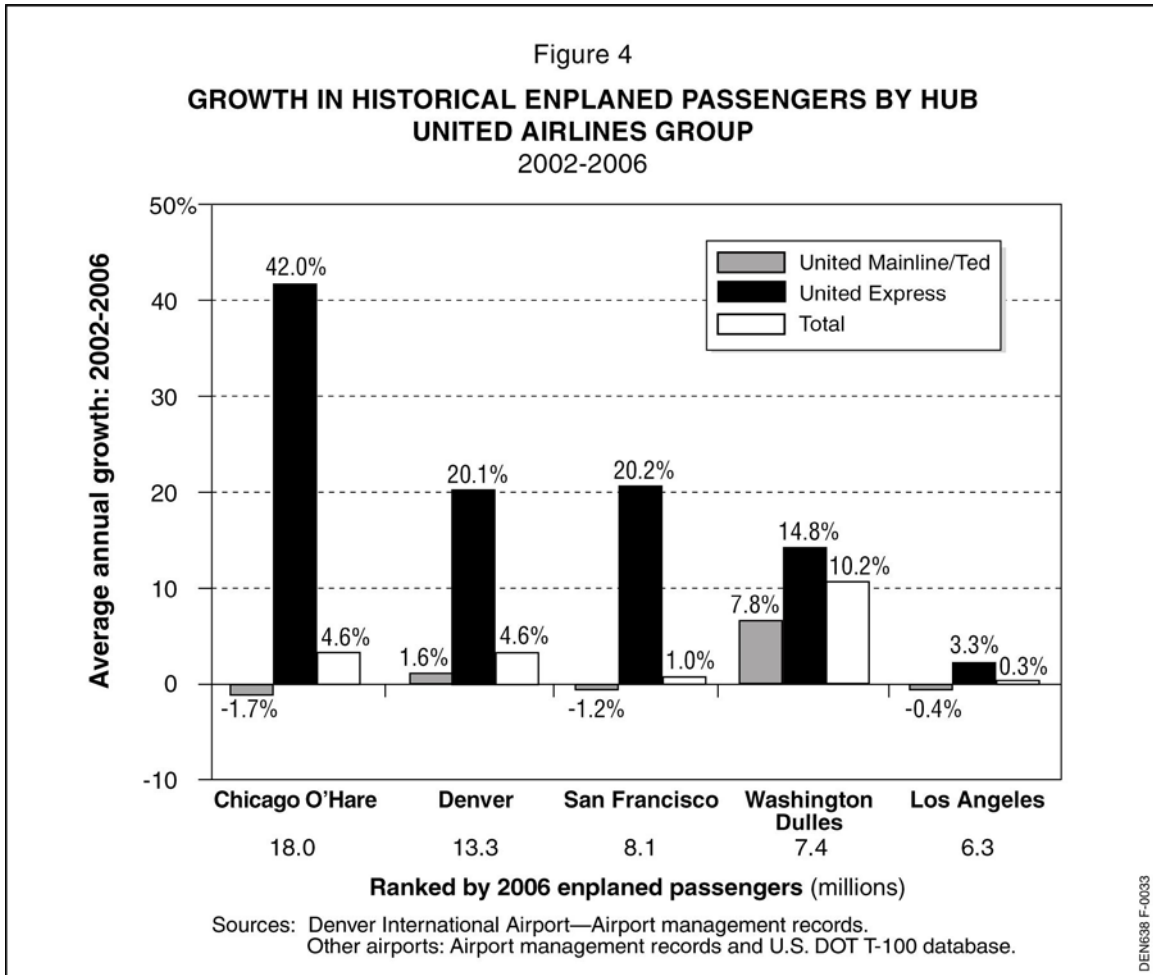
Note: Rows may not add to totals shown because of rounding.

(a) Including regional airline affiliates.

Source: Official Airline Guides, Inc., online database for August 2007.



**The Airport's Role in United's System.** The United Airlines Group, which includes United mainline, United Express—the regional/commuter airline affiliates operating as United Express, and Ted—United's low-fare airline, accounted for 56% of the passengers enplaned at the Airport in 2006. From 2002 to 2006, the number of enplaned passengers at Denver and Chicago O'Hare international airports, United's two largest hubs, increased an average of 4.6% per year as the result of increases in the number of passengers enplaned by United Express, as shown on Figure 4. The



increasing use of regional airline affiliates is also evident in the growth in the number of enplaned passengers at United's other hubs and is part of an overall airline industry trend to outsource short-haul and low-density routes to regional airline partners in order to optimize airline revenues. United's plans to optimize revenue performance include a reduction in its 2007 mainline domestic capacity (to meet increased international passenger demand) and a 4% to 5% increase in the systemwide capacity of its regional/commuter airline affiliates\*. It is expected that

\*United Airlines Group, press release dated May 17, 2007, as reported at its corporate web site.

United’s revenue optimization strategies will vary each year, but the large number of regional airline affiliates at United’s hubs—five United affiliates serve Denver—underlines the airline’s continued plans to use United Express carriers and the continued role and development of the Airport as a connecting hub in United’s system.

In addition to the revenue enhancing advantages of using regional affiliates in short-haul markets, the increased use of regional affiliates also allows United to compete with low cost and other airlines in terms of service frequencies. As shown on Figure 5, United’s regional affiliates provide nearly as many nonstop daily departures as United’s mainline and Ted operations at the Airport. Similarly, at Chicago O’Hare International Airport, the regional affiliates operate more daily nonstop departures than United mainline.

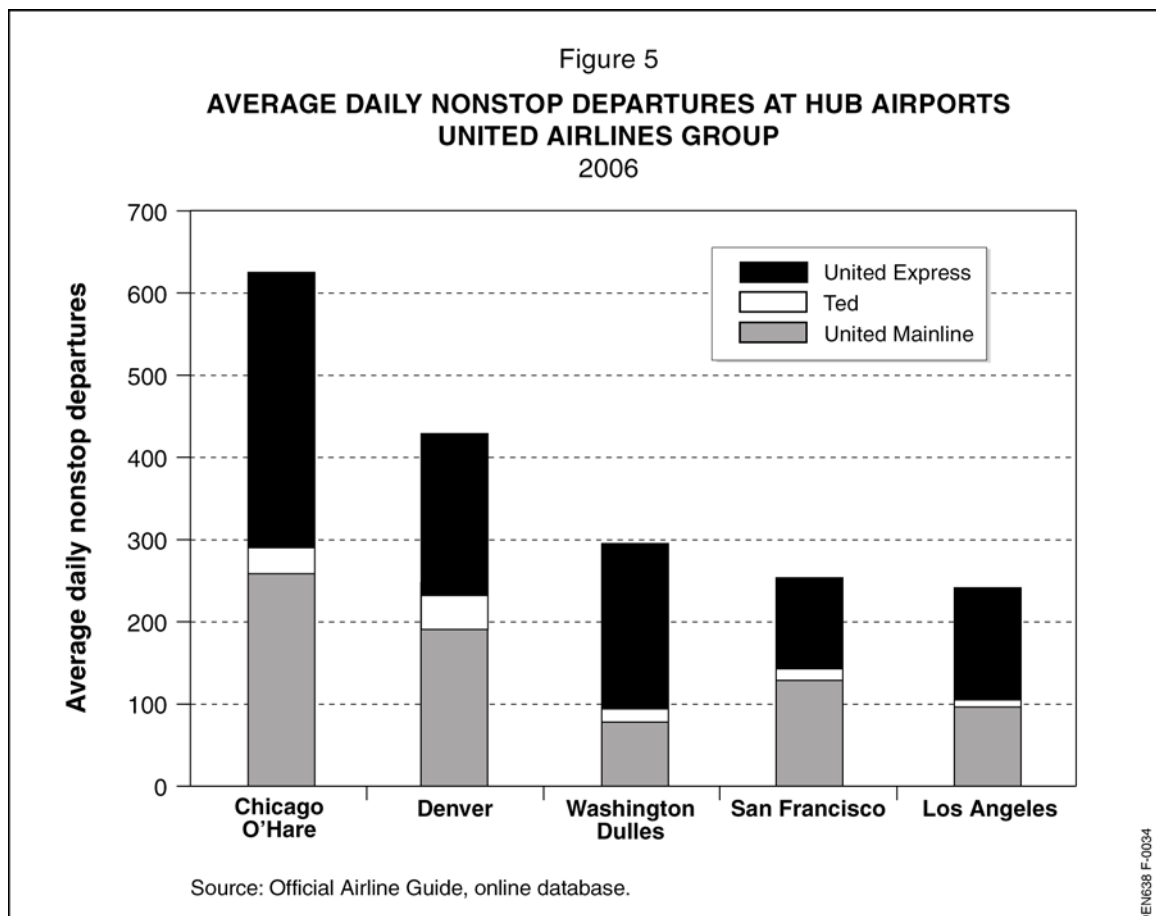


Table 3 presents trends in the numbers of passengers enplaned by United Airlines Group at the Airport in 1995 and 2000 through the first 3 months of 2007. Between 1995, when the Airport opened, and 2000—the year prior to the terrorist attacks on September 11, 2001, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2006, United’s number of connecting passengers at the Airport fluctuated, reflecting

Table 3  
**HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP**  
 Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	5,215,773	--%	6,114,051	--%	11,329,824	--%	54.0%
2000	5,422,369	0.8%	7,915,705	5.3%	13,338,074	3.3%	59.3
2001	4,824,409	(11.0)	7,240,233	(8.5)	12,064,642	(9.5)	60.0
2002	3,907,030	(19.0)	7,255,448	0.2	11,162,478	(7.5)	65.0
2003	3,991,803	2.2	7,303,606	0.7	11,295,409	1.2	64.7
2004	4,489,565	12.5	7,989,301	9.4	12,478,866	10.5	64.0
2005	4,830,836	7.6	7,409,702	(7.3)	12,240,538	(1.9)	60.5
2006	5,461,372	13.1	7,885,944	6.4	13,347,316	9.0	59.1
January – March							
2006	1,351,520	--%	1,816,706	--%	3,168,226	--%	57.3
2007	1,404,425	3.9	1,860,703	2.4	3,265,128	3.1	57.0
Average annual increase (decrease)							
1995-2000		0.8%		5.3%		3.3%	
2000-2006		0.1		(0.1)		0.0	

Source: Airport management records.

the national recovery from the 2001 events, United’s emergence from Chapter 11 bankruptcy protection, and United’s efforts to balance mainline domestic capacity and optimize its revenue performance. Overall, the total number of passengers enplaned by United at the Airport in 2006 approximately equaled the number enplaned in 2000.

Table 4 presents a comparison of connecting passenger trends for the United Airlines Group at the Airport and at United’s other hub airports from 2002 through 2006. As shown, United Airline Group’s number of connecting passengers at the Airport increased an average of 2.1% per year between 2002 and 2006, faster than at its Los Angeles and San Francisco hubs but slower than at its Chicago and Washington, D.C. (Dulles) hubs. The strong growth in United Airline Group’s numbers of connecting passengers at Washington Dulles International Airport—an average of 11.9% per year—reflects the continued development of United’s domestic and international hub operations.

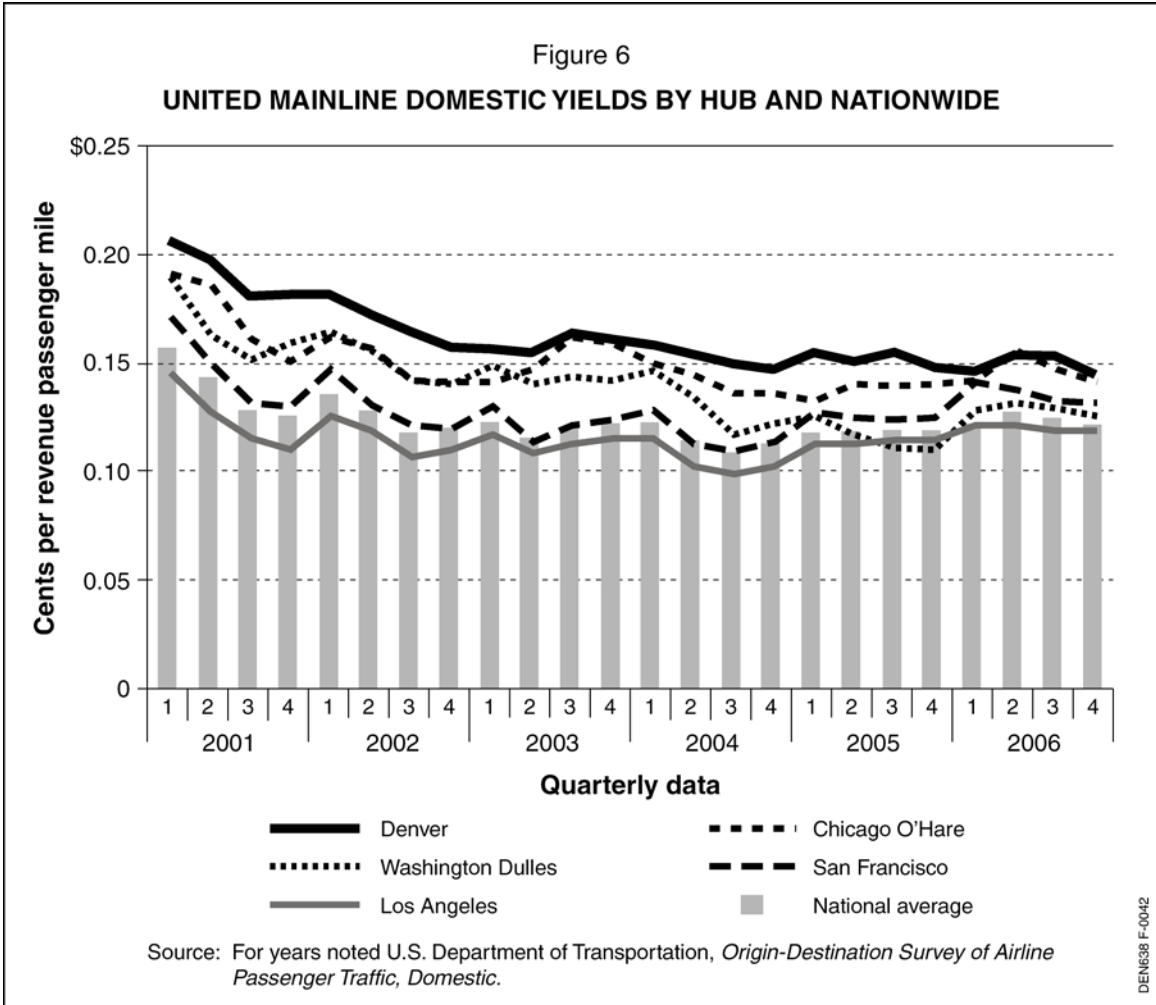
Table 4

**CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP**

United Airlines Group Hub	2006		Average annual increase (decrease) 2002-2006
	Connecting passengers (millions)	Percent of enplaned passengers	
Chicago O'Hare International Airport	11.5	62%	2.5%
<b>Denver International Airport</b>	<b>7.9</b>	<b>59</b>	<b>2.1</b>
Washington Dulles International Airport	3.8	53	11.9
San Francisco International Airport	3.8	45	1.4
Los Angeles International Airport	2.8	42	(0.3)

Sources: Denver International Airport: Airport management records.  
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database.

Figure 6 summarizes comparative United mainline yields (cents per revenue passenger mile) at United's hub airports. As shown, United has generally realized the highest yield at Denver International Airport compared with its yields at its other hub airports since 2001, suggesting that the Airport has a more attractive market relative to the other airports shown. The relatively high historical average yields for United at the Airport (approximately 15% higher than the national average in 2006) are attributable, in part, to the shorter average itinerary length of United flights from the Airport (approximately 5% shorter than United's system average) and, in part, to the status of the Airport as a connecting hub, with United dominating service in many travel markets. Since 2001, average yields for United at the Airport has decreased as the share of low cost carriers have increased, resulting in decreased yields in many markets.



**The Airport's Role in Frontier's System.** The Airport is the only hub in Frontier Airlines' system and accounts for nearly half of its scheduled departing seats. Because Frontier operates only one hub, no airport, other than Denver International Airport, accounts for more than 5% of the airline's total system seats. As a result, Frontier is sensitive to changes in the Denver market, including service and fare competition on its Denver routes. Frontier is also susceptible to adverse weather conditions and other traffic delays in the Rocky Mountain region that may affect it more than other airlines that may be better able to spread the traffic risks over larger route networks. Table 5 presents passenger trends for Frontier and Frontier JetExpress and, in particular, the growth in Frontier's connecting activity at the Airport.

Table 5  
**HISTORICAL ENPLANED PASSENGERS—  
FRONTIER AIRLINES AND FRONTIER JETEXPRESS**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	34.4%	339,122	65.6%	1,526,719	38.7%	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
January – March							
2006	660,421	--%	455,521	--%	1,115,942	--%	40.8%
2007	755,090	14.3	426,213	(6.4)	1,181,303	5.9	36.1
Average annual increase							
1995-2000		34.4%		65.6%		38.7%	
2000-2006		15.3		35.7		21.5	

Source: Airport management records.

From 1995 to 2000, the number of passengers enplaned by Frontier at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the number of passengers enplaned by Frontier has continued to grow—an average increase of 21.5% per year between 2000 and 2006—with connecting passengers accounting for an increasing share of the total (43.2% in 2006). From 2005 to 2006, during the first year of Southwest service at the Airport, the growth in the number of passengers enplaned by Frontier slowed, reflecting the fare and service competition from Southwest beginning in 2006. Frontier’s originating passenger traffic increased 22.3% between 2005 and 2006 as the airline responded to Southwest’s service by decreasing fares; the number of passengers connecting on Frontier through Denver increased, but at a much slower rate than in previous years, as Southwest attracted passengers connecting through Denver to other airports in Southwest’s route system.

The domestic yields for Frontier Airlines (excluding Frontier JetExpress) at the Airport have remained lower than those for United. Since 2002, the differences between Frontier and United yields have varied—from 10% to 16% in any given year. In 2006, the domestic yield for Frontier was 13.7 cents per revenue-passenger-mile, compared with 15.0 cents for United and 12.8 cents in the nation.

Frontier has announced its intention to expand its Denver hub operation and increase connecting traffic by adding other high volume markets to its current route system, introducing and expanding Lynx Aviation, a new subsidiary, and entering into code-sharing agreements and other relationships with other airlines. In September 2006, Frontier formed Lynx Aviation to serve under-served markets in Colorado and in the Rocky Mountain region. Lynx Aviation plans to purchase 10 Q400 turboprop aircraft, each with a seating capacity of 74, to be operated under a separate operating certificate (with the option to purchase 10 additional aircraft). In January 2007, Lynx Aviation submitted its application to provide scheduled air transportation to the U.S. Department of Transportation and obtained conditional approval to sell tickets on June 30, 2007. Lynx Aviation is seeking final approval from the FAA to begin revenue service operations in September 2007, with initial service to three new cities from Denver—Wichita, Rapid City, and Sioux City.

### **Primary Commercial Service Airport in Colorado**

Of the 13 commercial service airports in Colorado, Denver International Airport is the primary commercial service airport, accounting for more than 90% of the passengers enplaned in the State, as shown earlier on Figure 1 and in Table 6. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2006. Approximately 1.0 million passengers were enplaned and 50 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2006, compared to 23.7 million passengers enplaned and 784 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 6  
**COLORADO COMMERCIAL SERVICE AIRPORTS**  
 2006

Colorado airport	Aircraft type providing service to Denver	Enplaned passengers
<b>Denver International</b>	--	<b>23,665,312</b>
Colorado Springs	Large jet/regional jet/turboprop	1,010,308
Eagle County Regional	Large jet/turboprop	216,789
Aspen-Pitkin County	Regional jet/turboprop	200,816
Grand Junction-Walker Field	Regional jet/turboprop	162,877
Durango-La Plata County	Regional jet/turboprop	113,577
Montrose Regional	Turboprop	82,312
Gunnison-Crested Butte Regional	Turboprop	48,065
Fort Collins-Loveland Municipal	None (a)	32,831
Telluride Regional	Turboprop	16,336
San Luis Valley Regional	Turboprop	7,295
Cortez Municipal	Turboprop	9,266
Pueblo Memorial	Turboprop	<u>7,413</u>
Total Colorado airports		25,573,197

(a) Only service provided at this airport is by Allegiant Air to Las Vegas.

Sources: U.S. Department of Transportation, T-100 database domestic; Denver International Airport records, Official Airline Guides, Inc., online database.

### Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. The population densities for the State of Colorado underline the importance of this region, as shown earlier on Figure 1. The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties, as defined by the Metro Denver Economic Development Corporation, a not-for-profit affiliate of the Denver Metro Chamber of Commerce.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as its extensive airline service, have



helped attract the regional and national headquarters of businesses and government agencies to the region.

The following sections present a review of (1) the economic basis for passenger demand, including socioeconomic, local industry, and other factors that contribute to passenger demand at the Airport, (2) the components of passenger demand, including originating and connecting passengers, (3) a review of air cargo activity at the Airport, (4) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (5) forecasts of airline traffic at the Airport through 2013, including enplaned passengers and aircraft landed weight.

## **ECONOMIC BASIS FOR PASSENGER DEMAND**

The Denver Metropolitan Area is the largest business center in, and the transportation hub for, the State of Colorado and the multistate Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2006, the Denver Metropolitan Area accounted for over 55% of Colorado's population and 60% of its employment.

### **Population, Employment, and Per Capita Personal Income**

Figure 7 summarizes historical economic indicators—population, nonagricultural employment, and per capita income—for the Denver Metropolitan Area, the State of Colorado, and the nation from 1995 through 2006. Both the Denver Metropolitan Area and the State of Colorado have experienced significantly higher economic growth than the nation: much of the economic growth in the State was generated in the Denver Metropolitan Area.

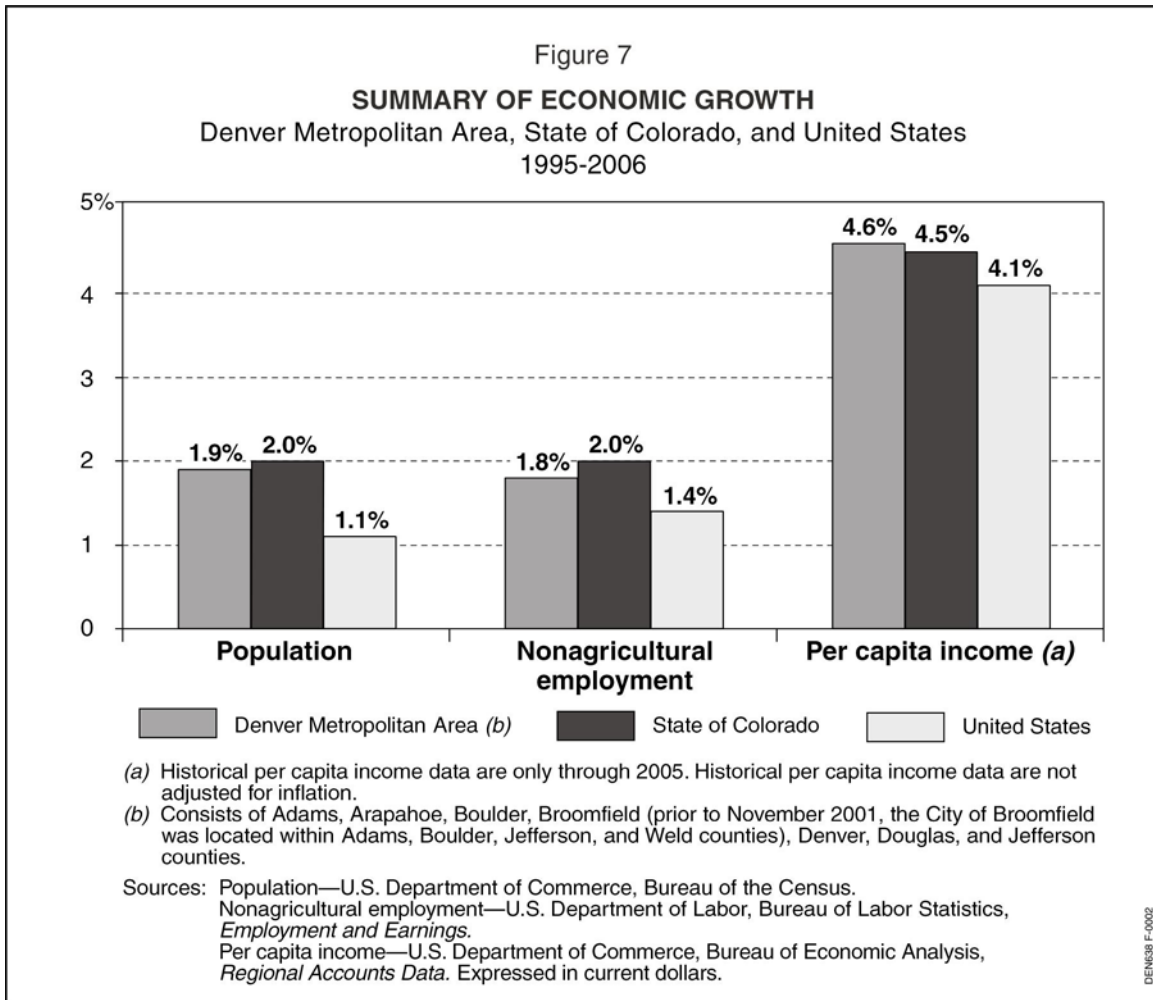


Table 7 presents data on historical and projected economic indicators—population, nonagricultural employment, and per capita personal income—for the Denver Metropolitan Area, the State of Colorado, and the nation. The economic indicators for the Denver Metropolitan Area and the State of Colorado were projected by the Colorado Department of Local Affairs, State Demography Office, the primary State agency for population and demographic information. Population data were projected in association with the Center for Business and Economic Forecasting, a private research firm specializing in Colorado regional economic forecasting, and reflect the interrelationships between demographic and economic change in the State. The economic indicators for the nation are projected by the National Planning Association (NPA), Data Services, Inc.\*

From 1995 to 2006, population in the Denver Metropolitan Area increased an average of 1.9% per year, with slower growth during the last 6 years as the result of decreases in net in-migration and slower economic growth. However, population

\*The National Planning Association is a nationally recognized private firm that analyzes and projects trends by county in the United States.

Table 7  
**HISTORICAL AND PROJECTED SOCIOECONOMIC DATA**  
 Denver Metropolitan Area, State of Colorado, and United States  
 1995-2013

	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita income (c)		
	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1995	2,133	3,827	266,278	1,127	1,834	117,298	\$27,319	\$24,226	\$23,076
2000	2,416	4,327	282,193	1,365	2,214	131,785	37,715	33,371	29,845
2001	2,470	4,427	285,108	1,374	2,227	131,826	39,150	34,493	30,574
2002	2,501	4,498	287,985	1,328	2,184	130,341	39,152	34,027	30,810
2003	2,525	4,548	290,850	1,300	2,153	129,999	39,595	34,528	31,484
2004	2,553	4,602	293,657	1,299	2,180	131,435	41,363	36,113	33,050
2005	2,587	4,665	296,410	1,331	2,226	133,463	42,870	37,510	34,471
2006	2,637	4,753	299,398	1,378	2,279	136,174	n.a.	n.a.	n.a.
Projected, 2013	2,901 (e)	5,357 (e)	317,202(d)	1,582 (e)	2,672 (e)	148,952(d)	\$61,000 (e)	\$56,000 (e)	\$47,000(d)
Average annual percent increase									
Historical									
1995-2000	2.5%	2.5%	1.2%	3.9%	3.8%	2.4%	6.7%	6.6%	5.3%
2000-2006	1.5	1.6	1.0	0.2	0.5	0.5	2.6 (f)	2.4 (f)	2.9 (f)
1995-2006	1.9	2.0	1.1	1.8	2.0	1.4	4.6 (f)	4.5 (f)	4.1 (f)
2005-2006	1.9	1.9	1.0	3.5	2.4	2.0	n.a.	n.a.	n.a.
Projected									
2006-2013	1.4	1.7	0.8	2.0	2.3	1.3	4.5	5.1	4.0

Note: The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Denver, Douglas, and Jefferson counties.

n.a. = Not available.

(a) Historical data from U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov).

(b) Historical data from U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

(c) Historical data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, [www.bea.gov](http://www.bea.gov). Expressed in current dollars.

(d) National Planning Association, Data Services, Inc., *Key Indicators of County Growth, 1970-2025*, 2006 edition, except as noted. Extrapolated by Jacobs Consultancy using the NPA growth rates for 2006 through 2013, except for per capita income, which is projected for 2005 through 2013.

(e) Colorado Division of Local Government, State Demography Office, *The Population Projections Program*, online database, <http://dola.colorado.gov>, as of June 2007. Per capita income is projected for 2005 through 2013.

(f) Represents the percent change through 2005.

growth in the Denver Metropolitan Area outpaced growth in the nation between 1995 and 2006 and is projected to increase an average of 1.4% per year between 2006 and 2013, slower than that in the State (an average of 1.7% per year) and faster than the national average (0.8% per year).

Between 1995 and 2006, nonagricultural employment in the Denver Metropolitan Area increased an average of 1.8% per year, with slower growth during the last 6 years, similar to the trends in population. Nonagricultural employment in Colorado and the nation increased an average of 2.0% and 1.4% per year, respectively, between 1995 and 2006.

Table 8 lists the 20 largest private employers in the Denver Metropolitan Area based on data compiled by Development Research Partners for March 2007.

Table 8			
<b>20 LARGEST PRIVATE EMPLOYERS</b>			
Denver Metropolitan Area			
Rank	Company	Description	Employment (a)
1	King Soopers Inc.	Grocery stores	10,700
2	Wal-Mart	General merchandise	10,000
3	Qwest Communications	Telecommunications	9,400
4	Lockheed Martin Corporation	Aerospace and defense-related	8,200
5	HealthONE	Health care	7,700
6	Safeway Inc.	Grocery stores	6,700
7	Exempla Healthcare	Health care	6,100
8	University of Denver	University	5,900
9	IBM Corporation	Computer systems	5,500
10	Centura Health	Health care	5,200
11	EchoStar Communications	Satellite television	5,000
12	United Airlines	Airline	5,000
13	Kaiser Permanente	Health care	4,800
14	Denver Health & Hospital Authority	Health care	4,500
15	Frontier Airlines	Airline	4,100
16	Ball Corporation	Aerospace, containers	3,800
17	Sun Microsystems	Information technology	3,800
18	Great-West Life & Annuity Insurance Co.	Insurance	3,800
19	University of Colorado Hospital	Health care	3,500
20	United Parcel Service	Parcel delivery	3,500

(a) Rounded to the nearest hundred.

Source: Compiled from various business lists and resources by Development Research Partners Inc., March 2007.

In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Figure 8 shows a comparison of unemployment rates for the Denver Metropolitan Area and the nation in 2000 through 2006.

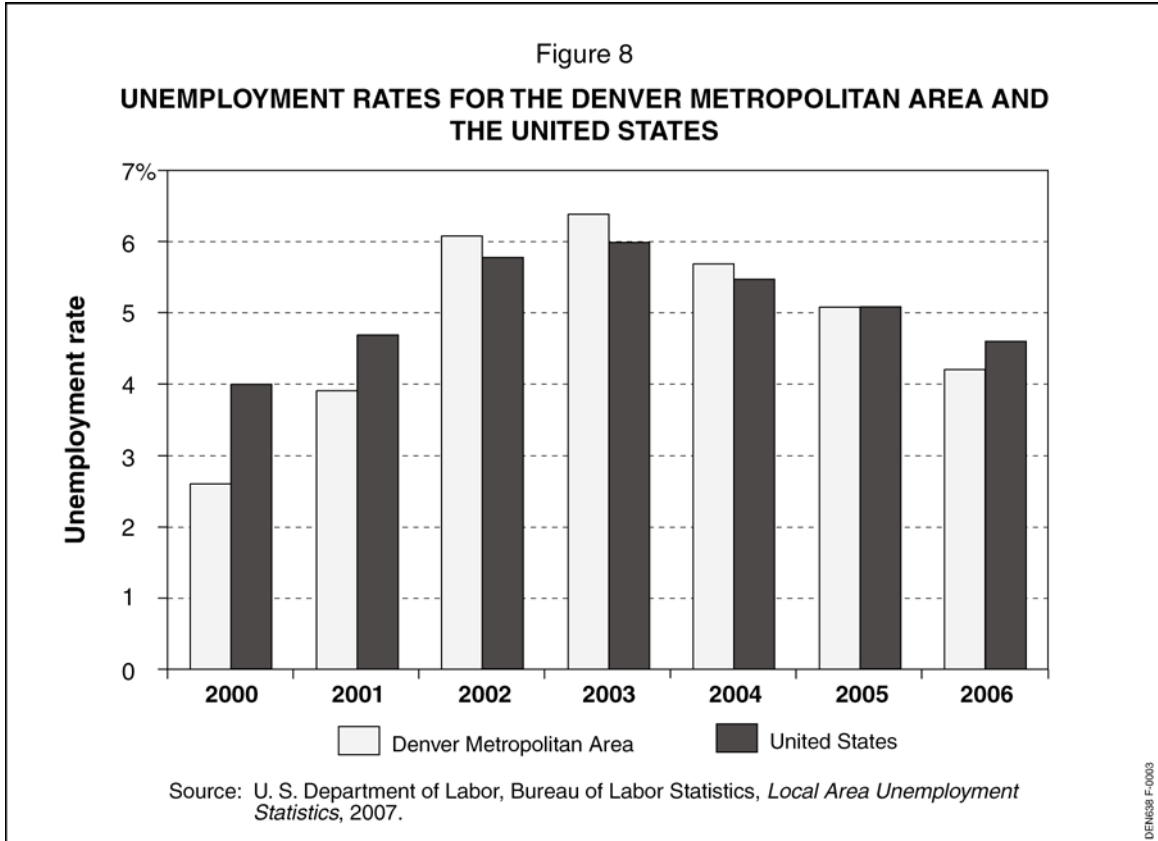
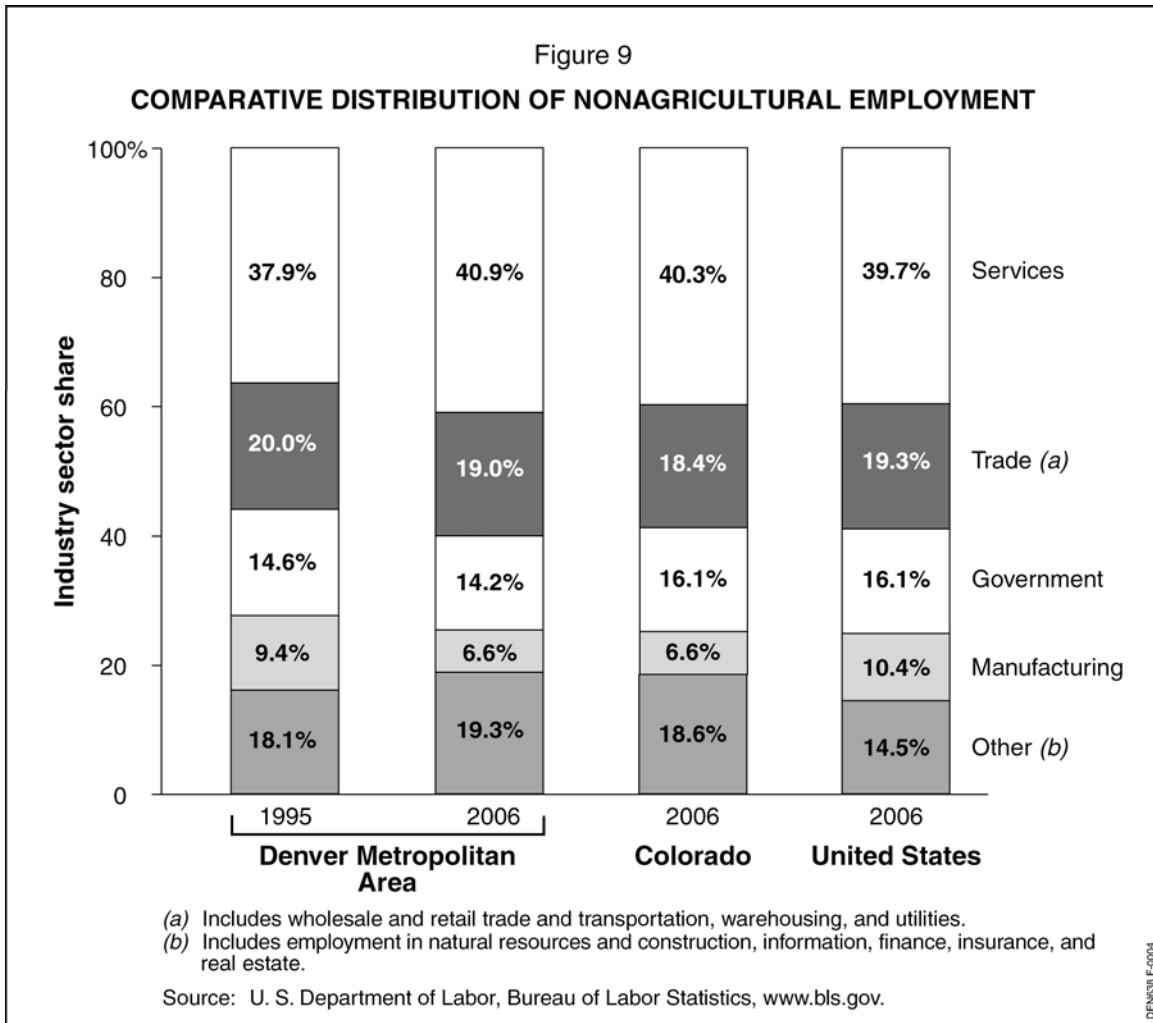
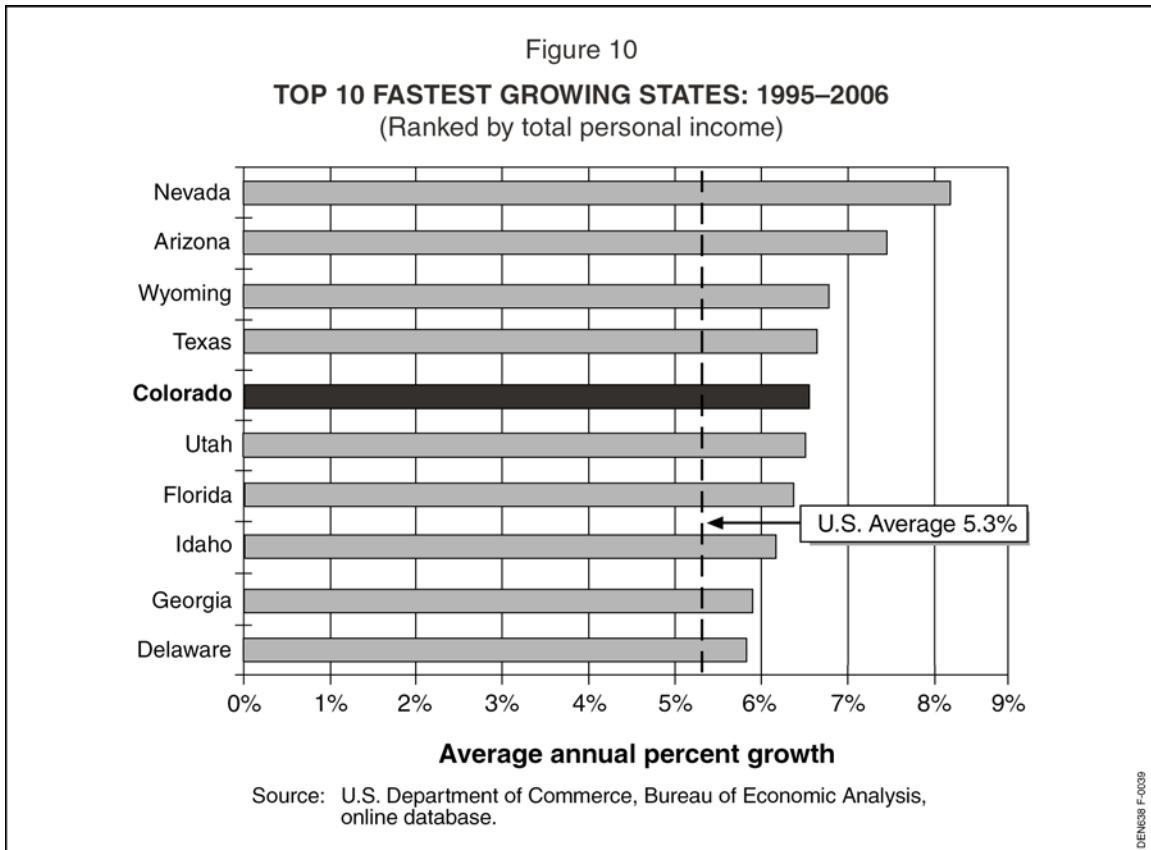


Figure 9 presents a comparison of historical nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and 2006, and for Colorado and the United States in 2006.



Both the Denver Metropolitan Area and Colorado have experienced strong growth in per capita income since 1995—average increases of 4.6% and 4.5%, respectively, between 1995 and 2006. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the State of Colorado was the fifth fastest growing state in the nation in terms of total personal income between 1995 and 2006, as shown on Figure 10. Six of the eight Rocky Mountain region states rank in the top 10.



## Denver Industry Clusters

The Metro Denver Economic Development Corporation (EDC), in association with Development Research Partners, recently conducted a study of Denver’s primary industry clusters, i.e., geographic concentrations of interconnected companies and institutions in a particular field. To further diversify the economic base and grow the overall economy, the EDC identified nine active industry clusters key to the region’s economic strength. For purposes of this discussion, information technology for hardware and for software (two clusters) are combined. (Average salary data by industry cluster are presented for 2005, the most recent year for which such data are available.)

**Aerospace.** The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. According to the EDC, Colorado’s aerospace industry employed 54,000 workers in 2006, including 24,700 private employees and 29,300 military personnel, and accounts for the second strongest private aerospace employment concentration in the country. Total Colorado aerospace employment increased an average of 3.8% per year between 2001 and 2006, compared with a 2.0% per year increase nationally. Colorado is home to four military commands, six major space contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin, Ball Aerospace, Boeing, Raytheon, Northrop Grumman, and

ITT Industries, in addition to more than 300 aerospace companies and suppliers. About 71% of aerospace companies are located in the seven-county Denver Metropolitan Area, according to the EDC. The average salary for an aerospace worker in Colorado in 2005 was \$96,400 compared to the national average of \$77,700.

**Aviation.** The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services. According to the EDC, about 207 aviation companies were located in the Denver Metropolitan Area in 2006, most of which are involved with scheduled air transportation. Between 2001 and 2006, the aviation industry cluster in the Denver Metropolitan Area experienced an average decrease of 1.9% per year in employment, compared with an average decrease of 8.8% per year nationally, reflecting the effects of the 2001 terrorist attacks. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,200 workers directly employed by air transportation companies in the Denver Metropolitan Area. The 2005 average annual salary for aviation employees in the Denver Metropolitan Area was \$42,300 compared to the national average of \$45,300.

**Bioscience.** The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Denver Metropolitan Area has 4,700 biotechnology and pharmaceuticals workers plus 7,300 medical device and instrument production workers, for a total of more than 12,000 total direct bioscience workers. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the \$4.7 billion Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community.

After decreasing in 2002 and 2003, employment in pharmaceuticals and biotechnology increased in 2004 through 2006. From 2001 to 2006, pharmaceuticals and biotechnology employment in the Denver Metropolitan Area increased an average of 1.2% per year, compared with an average decrease of 2.4% per year nationally. About 79% of Colorado's pharmaceuticals and biotechnology industry is located in the Denver Metropolitan Area. In 2005, the average annual salary for a pharmaceuticals and biotechnology worker was \$81,000 in the Denver Metropolitan Area compared to the national average of \$87,300.

Employment in the Denver Metropolitan Area medical device and instruments sector has fluctuated between growth and decline, resulting in a slight 5-year average growth of 0.3% per year, compared with an average increase of 0.1% per year nationally. About 78% of Colorado's medical device and instruments industry is located in the Denver Metropolitan Area. The 2005 average annual salary for a



medical device and instruments worker was \$55,800 in the Denver Metropolitan Area compared to the national average of \$51,500.

**Energy.** The energy industry cluster in the Denver Metropolitan Area included about 22,900 employees in three energy sub-sectors in 2006: (1) fossil energy, (2) renewable energy, and (3) energy research. According to the EDC, the 1,019 companies in the fossil energy industry cluster directly employed 11,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,000 compared to the national average of \$71,200. Employment in fossil energy in the Denver Metropolitan Area declined an average of 3.2% per year between 2001 and 2006—reflecting the reorganization of local utility companies—compared to a 3.6% decline nationally. The 91 companies in the renewable energy industry cluster directly employed 5,600 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$42,000 compared to the national average of \$41,300. Denver Metropolitan Area employment in renewable energy declined an average of 3.1% per year between 2001 and 2006, compared a 4.0% decline nationally. Most companies in the renewable energy industry cluster are public organizations involved in air quality, water quality, and solid waste management. The 803 companies in the energy research sector directly employ 6,300 people in the Denver Metropolitan Area with an average annual 2005 salary of \$65,400 compared to the national average of \$61,200. Employment in the energy research sector in the Denver Metropolitan Area increased an average of 1.7% per year between 2001 and 2006, compared with a 0.1% increase nationally. The majority of energy research companies are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

**Financial Services.** The financial services industry cluster employed a total of 90,000 people in 2006 and is divided into three subsectors: (1) banking and finance, (2) investments, and (3) insurance. The 3,474 companies in the banking and finance sector directly employed 41,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$56,500 compared to the national average of \$54,900. Banking and finance employment in the Denver the Denver Metropolitan Area increased an average of 3.8% from 2001 to 2006, compared with an average decrease of 0.9% per year nationally. The 2,815 companies in the investments sector directly employed 22,900 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$112,700 compared to the national average of \$151,800. Denver Metropolitan Area employment in the investments sector increased an average of 0.9% between 2001 and 2006, compared with a 1.2% per year decline nationally. The insurance industry sector directly employed 26,300 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,200 compared with the national average of \$68,700. Insurance employment in the Denver Metropolitan Area decreased an average of 0.2% per year between 2001 and 2006, compared with a 4.0% per year decline nationally.

**Information Technology (Hardware and Software).** As mentioned earlier, there are two information technology industry clusters: hardware and software. The 288 companies in the hardware industry cluster directly employed 9,700 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$74,500 compared with \$63,700 nationally. According to the EDC, hardware manufacturing companies continue to relocate overseas, resulting in several consecutive years of employment decline. As a result, employment in the hardware industry cluster in the Denver Metropolitan Area decreased an average of 8.5% per year from 2001 to 2006, compared with a 7.1% per year decrease nationally. The 3,434 companies in the software cluster directly employed 44,100 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$82,300 compared with \$79,100 nationally. After decreasing each year following the dot-com downturn (representing an average decrease of 19.8% per year between 2001 and 2006), software employment in the Denver Metropolitan Area increased in 2006.

**Beverage Production.** With 5,500 employees involved in the production of beer and other beverages, the Denver Metropolitan Area has the fourth highest beverage industry employment concentration out of the 50 largest metropolitan areas, according to the EDC. The 2005 average annual salary for beverage production employees in the Denver Metropolitan Area was \$70,400, compared with \$46,100 nationally. Employment in the beverage production industry cluster declined an average of 2.9% per year in the Denver Metropolitan Area from 2001 to 2006, compared with a 1.3% average annual increase nationally. Major beverage production companies in the Denver Metropolitan Area include Molson Coors Brewing Company, Allegro Coffee Company, Celestial Seasonings, and IZZE Beverage Company, among others.

**Broadcasting and Telecommunications.** The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2006, this industry cluster directly employed 43,400 people in the Denver Metropolitan Area, with an average annual salary of \$77,100 compared with \$65,200 nationally. According to the EDC, the telecommunications industry has declined since the dot-com downturn in 2000 and 2001. Employment in the broadcasting and telecommunications industry cluster in the Denver Metropolitan Area declined 5.7% per year from 2001 to 2006, compared with an average decrease of 6.0% per year nationally. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

## Visitors to Denver

Since 1991, the Denver Metro Convention and Visitors Bureau has commissioned an annual in-depth study of the Denver tourism market. This study has been prepared each year by Longwoods International, a research firm that studies North American travel patterns, and coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the Longwoods International study include:

- In 2006, slightly more than half (54%) of Denver's leisure visitors came from the West, consisting of the Mountain, West North Central, and West South Central census divisions. The Northeast contributed 6% of all visitors to Denver in 2006, down from 11% in 2005. Colorado in-state travel to Denver decreased from 15% in 2004 and 13% in 2005 to 12% in 2006.
- Eight out of ten Denver vacationers traveled 500 miles or more, twice the national average. As a result, Denver visitors plan their trips further in advance than most visitors do, and are more likely to fly.
- The number of people combining business and leisure trips increased substantially between 2004 and 2006. One out of three business travelers combined a leisure component on trips in 2006, an increase over the 22% in 2004 and the 31% in 2005 that combined business and leisure.

Table 9 presents a summary of the trends in visitor activity to the Denver Metropolitan Area in 1995 and 2000 through 2006, based on the Longwoods International study as well as the number of conventions and delegates reported by the Denver Metro Convention and Visitors Bureau.

**Business Travel.** In 2006, visitors traveling to Denver on business accounted for 22% of all overnight trips compared with 13% traveling to the State of Colorado, according to the Longwoods International study. Business travelers spent the largest amounts, generating \$96 per person per day, followed by "marketable" leisure visitors,\* who generated \$93 per person per day. Visitors staying with friends and relatives accounted for only \$43 per person per day.

The recent expansion of the Colorado Convention Center has resulted in significant growth in convention activity in Denver. From 2005 to 2006, following the opening of two new hotels, the number of convention delegates increased 17.4%.

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\*Visitors who are not visiting friends or relatives and would, therefore, travel to any destination, but chose to visit Denver.

Table 9  
**VISITOR ACTIVITY**  
 Denver Metropolitan Area

Year	Overnight trips to Denver (millions)			Denver conventions	
	Leisure	Business	Total	Number	Delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
Average annual increase (decrease)					
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2006	4.7	(0.6)	3.4	6.8	3.6
1995-2006	5.2	2.9	4.6	5.0	4.5
2005-2006	15.2	4.0	12.5	37.5	17.4

Source: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted and Denver Metro Convention and Visitors Bureau records.

**Leisure Travel.** Leisure visitors traveling to Denver accounted for most of the overnight trips (78%) and drove the growth trend in overall visitors. From 2005 to 2006, the number of leisure visitors increased 15.2%, reflecting, in part, the availability of new low-fare airline service at the Airport.

Colorado remained the country's top ski destination in 2006, with 23.1% of national overnight ski trips (up from 18.5% in 2005), with the next largest shares accounted for by California (16.1%) and Vermont (6.6%).

## Economic Outlook

As discussed earlier, the economy of the Denver Metropolitan Area, similar to the State and much of the United States, experienced a slowdown between 2000 and 2003. Local economists view the Denver region's economic growth in 2005 and 2006 as the beginning of a positive economic growth trend.

- **Population**—The Colorado Division of Local Government projects that the Denver region's population will increase 1.4% per year between 2006 and 2013, compared to 1.7% per year in the State and, as projected by the National Planning Association, 0.8% per year in the United States as a whole. The Denver Regional Council of Governments projects similar population growth for the Denver Metropolitan Area through 2013—an average increase of 1.5% per year.
- **Nonagricultural employment**—The Colorado Division of Local Government projects that the Denver region's nonagricultural employment will increase 2.0% per year between 2006 and 2013, compared to 2.3% per year in the State and, as projected by the National Planning Association, 1.3% per year in the nation.
- **Per capita income**—The Colorado Division of Local Government projects that per capita income in the Denver region will grow 4.5% per year between 2005 and 2013, compared to 5.1% per year in the State and 4.0% in the United States as a whole between 2005 and 2013.

Economic analysts at the Metro Denver Economic Development Corporation and Development Research Partners project that employment should remain on an upward trend in the region. The EDC's short-term outlook for the Denver Metropolitan Area is for employment growth in all industry sectors (except Information), a strong commercial real estate market, heightened tourism and convention activity, income growth, and increased net migration.\*

Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Denver industry clusters described earlier, (3) continued growth of the leisure and hospitality industry, (4) generally lower labor and living costs compared to those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

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\*Metro Denver Economic Development Corporation and Development Research Partners, *2007 Economic Forecast for Metro Denver*, January 25, 2007.

## PASSENGER DEMAND COMPONENTS

The primary components of passenger demand include (1) the airline service and passenger shares at the Airport, (2) the originating passenger base, and (3) connecting passenger activity and trends.

### Airline Passenger Service and Market Shares

**Airline Service.** Table 10 lists the passenger airlines scheduled to provide service at the Airport in August 2007. In addition, several all-cargo airlines, including ABX Air, Air Transport International, Ameriflight, Antonov Airlines, DHL, FedEx, Key Lime Air, Kitty Hawk Air Cargo, and UPS Air Cargo provide service at the Airport.

Table 10  
**SCHEDULED PASSENGER AIRLINES SERVING DENVER**  
August 2007

<i>Major/national</i>	<i>Regional/commuter</i>
AirTran Airways	Big Sky Airlines
Alaska Airlines	Comair (Delta Connection)
American Airlines	ExpressJet (Continental Express)
Continental Airlines	GoJet Airlines (United Express)
Delta Air Lines	Great Lakes Aviation
Frontier Airlines	Horizon Air (Alaska Airlines and Frontier JetExpress)
JetBlue Airways	Mesa Airlines (US Airways Express and United Express)
Midwest Airlines	Pinnacle Airlines (Northwest AirlinK)
Northwest Airlines	Republic Airlines (Frontier JetExpress)
Southwest Airlines	Shuttle America (United Express)
United Airlines	SkyWest Airlines (Delta Connection and United Express)
United/Ted	Trans States Airlines (American Connection and United Express)
US Airways	
<i>Charter</i>	<i>Foreign-flag</i>
Allegiant Air	Aeromexico
Casino Express Airlines	Air Canada
Champion Air	British Airways
Miami Air International	Lufthansa German Airlines
Sun Country Airlines	Mexicana de Aviacion

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Source: Airport management records.

**Enplaned Passenger Market Shares.** The market shares for the passenger airlines serving the Airport are shown on Figure 11 and in Table 11. During the first 3 months of 2007, the United Airlines Group had the largest market share of enplaned passengers (56.0%) at the Airport, followed by Frontier and its regional/commuter airline affiliate Frontier JetExpress (20.2%), Southwest (4.8%), and American (4.1%).

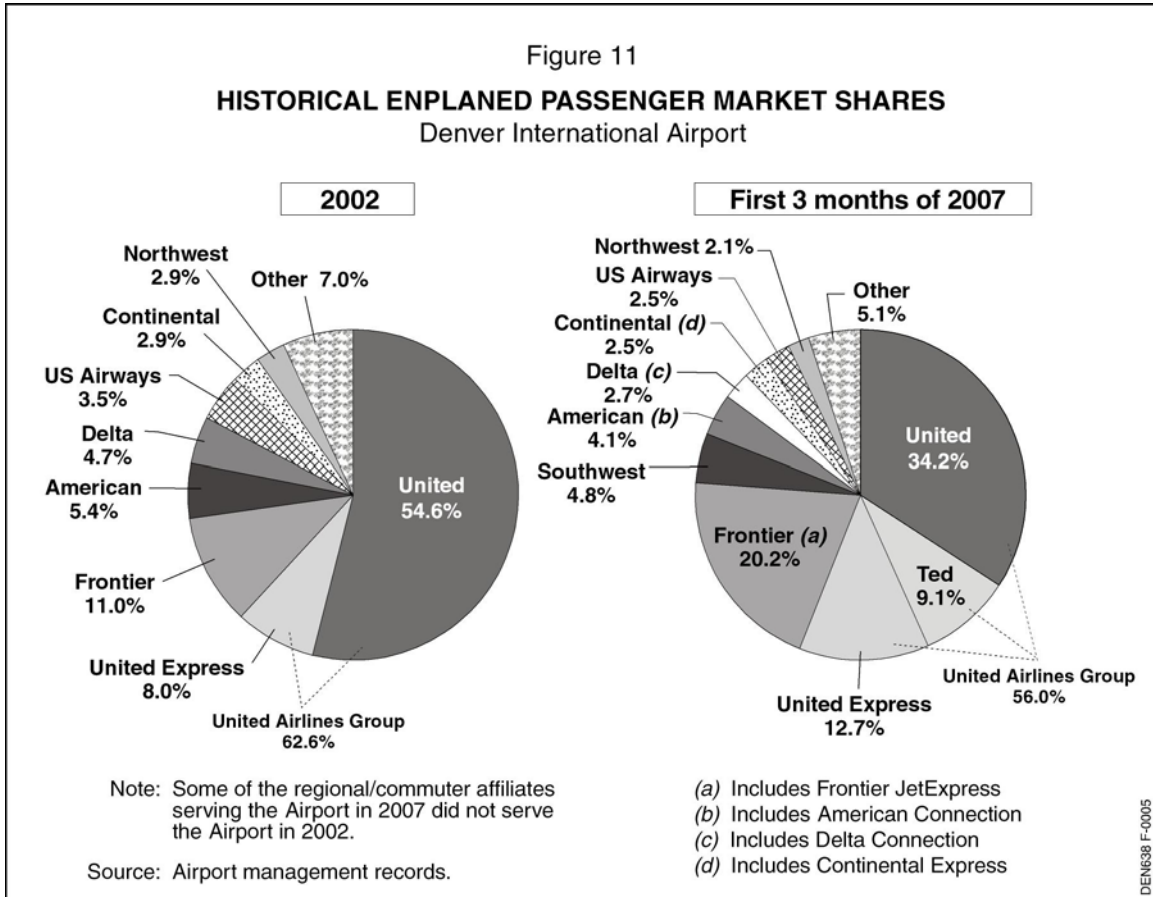


Table 11  
**HISTORICAL ENPLANED PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	9,731,974	9,574,689	8,802,367	7,774,627	8,364,574	1,994,194
Ted (a)	--	--	1,339,764	1,689,891	2,011,441	530,550
United Express (b)	<u>1,430,504</u>	<u>1,720,720</u>	<u>2,336,735</u>	<u>2,776,020</u>	<u>2,971,301</u>	<u>740,384</u>
	11,162,478	11,295,409	12,478,866	12,240,538	13,347,316	3,265,128
Frontier (c)	1,959,761	2,729,240	3,520,991	4,217,059	4,904,231	1,181,303
Southwest (d)	--	--	--	--	789,637	281,345
American (e)	968,895	885,771	795,882	886,533	973,233	240,290
Delta (e)	831,380	788,924	879,754	806,437	663,890	159,758
Continental (e)	524,913	517,149	505,784	534,696	553,301	142,920
US Airways (e, f)	634,877	716,813	797,093	821,455	654,457	143,613
Northwest	524,870	517,022	604,827	615,479	488,406	122,940
Other	<u>1,222,390</u>	<u>1,310,607</u>	<u>1,560,884</u>	<u>1,579,778</u>	<u>1,290,841</u>	<u>295,588</u>
	<u>6,667,086</u>	<u>7,465,526</u>	<u>8,665,215</u>	<u>9,461,437</u>	<u>10,317,996</u>	<u>2,567,757</u>
Total	17,829,564	18,760,935	21,144,081	21,701,975	23,665,312	5,832,885
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.2%
Ted (a)	--	--	6.3	7.8	8.5	9.1
United Express (b)	<u>8.0</u>	<u>9.2</u>	<u>11.1</u>	<u>12.8</u>	<u>12.6</u>	<u>12.7</u>
	62.6%	60.2%	59.0%	56.4%	56.4%	56.0%
Frontier (c)	10.9%	14.5%	16.7%	19.4%	20.7%	20.2%
Southwest (d)	--	--	--	--	3.3	4.8
American (e)	5.4	4.7	3.8	4.1	4.1	4.1
Delta (e)	4.7	4.2	4.2	3.7	2.8	2.7
Continental (e)	2.9	2.8	2.4	2.5	2.3	2.5
US Airways (e, f)	3.5	3.9	3.8	3.8	2.8	2.5
Northwest	2.9	2.8	2.8	2.8	2.1	2.1
Other	<u>7.1</u>	<u>6.9</u>	<u>7.3</u>	<u>7.3</u>	<u>5.5</u>	<u>5.1</u>
	<u>37.4%</u>	<u>39.8%</u>	<u>41.0%</u>	<u>43.6%</u>	<u>43.6%</u>	<u>44.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2006; SkyWest Airlines from 2002 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers on the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.



Consistent with its market share of enplaned passengers, United Airlines Group provides the most scheduled departing seats at the Airport and serves more destinations from the Airport than any other airline, including all of the top 20 origin-destination markets (additional information on these markets is shown later in Table 15). United Airlines is scheduled to provide more than twice as many scheduled departing seats as the second busiest airline serving the Airport, Frontier Airlines, in August 2007.

The share of Airport passengers enplaned by the United Airlines Group decreased from 62.6% in 2002 to 56.4% in 2006, primarily as a result of increased competition from other airlines serving the Airport, in particular Frontier Airlines, which serves the second largest number of destinations, including 19 of the Airport's top 20 origin-destination markets. Frontier Airlines increased its market share of Airport enplaned passengers from 10.9% in 2002 to 20.7% in 2006.

Southwest Airlines initiated service at the Airport in January 2006, and enplaned 4.8% of total Airport enplaned passengers in the first 3 months of 2007, up from 3.3% in 2006. In 2006, the United Airlines Group maintained its 2005 market share of enplaned passengers and Frontier Airlines (including Frontier JetExpress) increased its enplaned passenger market share, likely as a result of their competitive response to the new low-fare service offered by Southwest Airlines. Conversely, certain airlines, including Delta Air Lines, Northwest Airlines, and US Airways, had lower enplaned passenger market shares in 2006 compared with 2005, likely as a result of increased competition from other airlines.

Another significant trend at the Airport since 2002 has been the increased enplaned passenger market shares of the regional/commuter airlines. The combined market share of enplaned passengers for United Express and Frontier JetExpress (which initiated service in 2002) increased from 8.5% in 2002 to 14.6% in 2006. Since 1997, United Express has increased service at the Airport to replace United Airlines' service in certain smaller markets and to accommodate general increases in airline travel. According to Official Airline Guides, Inc., in August 2007, United will have marketing and code-sharing agreements with GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines, which operate at the Airport as United Express. Frontier Airlines uses Frontier JetExpress, operated by Horizon Air and Republic Airlines, to serve certain cities from the Airport.

Table 12  
**HISTORICAL ORIGINATING PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	3,600,830	3,542,634	3,415,506	3,349,934	3,613,737	925,469
Ted (a)	--	--	535,420	801,896	965,617	253,613
United Express (b)	<u>306,200</u>	<u>449,169</u>	<u>538,639</u>	<u>679,006</u>	<u>881,718</u>	<u>227,560</u>
	3,907,030	3,991,803	4,489,565	4,830,836	5,461,072	1,406,652
Frontier (c)	1,259,053	1,799,766	2,090,471	2,277,628	2,785,288	755,060
Southwest (d)	--	--	--	--	773,348	266,157
American (e)	968,278	882,078	795,882	886,533	973,233	240,290
Delta (e)	790,282	752,484	840,190	769,517	635,336	150,996
Continental (e)	515,153	505,450	495,376	524,207	537,394	137,551
US Airways (e, f)	634,877	709,741	789,463	769,854	617,333	135,994
Northwest (e)	524,870	517,022	604,827	624,114	488,406	122,940
Other	<u>1,044,735</u>	<u>1,107,126</u>	<u>1,289,442</u>	<u>1,301,133</u>	<u>977,876</u>	<u>221,926</u>
	<u>5,737,248</u>	<u>6,273,667</u>	<u>6,905,651</u>	<u>7,152,986</u>	<u>7,788,214</u>	<u>2,030,914</u>
Total	9,644,278	10,265,470	11,395,216	11,983,822	13,249,286	3,437,556
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	37.3%	34.5%	30.0%	28.0%	27.3%	26.9%
Ted (a)	--	--	4.7	6.7	7.3	7.4
United Express (b)	<u>3.2</u>	<u>4.4</u>	<u>4.7</u>	<u>5.7</u>	<u>6.6</u>	<u>6.6</u>
	40.5%	38.9%	39.4%	40.4%	41.2%	40.9%
Frontier (c)	13.1%	17.5%	18.3%	19.0%	21.0%	22.1%
Southwest (d)	--	--	--	--	5.8	7.7
American (e)	10.0	8.6	7.0	7.4	7.3	7.0
Delta (e)	8.2	7.3	7.4	6.4	4.8	4.4
Continental (e)	5.3	4.9	4.3	4.4	4.1	4.0
US Airways (e, f)	6.6	6.9	7.0	6.4	4.7	3.9
Northwest (e)	5.4	5.0	5.3	5.2	3.7	3.6
Other	<u>10.8</u>	<u>10.8</u>	<u>11.3</u>	<u>10.8</u>	<u>7.4</u>	<u>6.4</u>
	<u>59.5%</u>	<u>61.1%</u>	<u>60.6%</u>	<u>59.6%</u>	<u>58.8%</u>	<u>59.1%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.  
 (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2007; SkyWest Airlines from 2000 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.  
 (c) Includes Frontier JetExpress beginning in 2002.  
 (d) Initiated service at the Airport in January 2006.  
 (e) Includes the enplaned passengers of the airline's commuter affiliates.  
 (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

**Originating Passenger Market Shares.** Originating passengers account for more than half of all passengers enplaned at the Airport. The level of originating passengers is a function of the population, strong local economy, and the service provided by the airlines at the Airport. Since 2002, the United Airlines Group has accounted for approximately 40% of all originating passengers, with increasing shares by Ted and the United Express carriers, as shown in Table 12. The large numbers of originating passengers enplaned by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

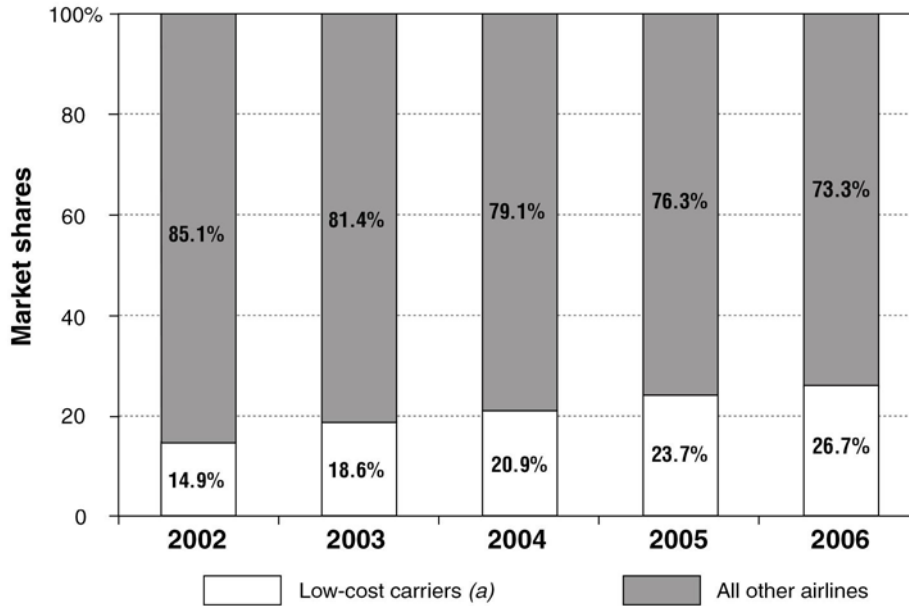
Frontier's share of originating passengers has increased since 2002 with the continued development of its service at the Airport. From 2002 to 2006, Frontier's numbers of originating passengers more than doubled, while its share of originating passengers increased from 13.1% to 21.0%.

**Low-Cost Carrier Market Shares.** A major trend at the Airport since 2001 has been the increased enplaned passenger market share of the low-cost carriers. As shown on Figure 12, the share of passengers enplaned by low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% in 2006. Frontier increased its share of enplaned passengers at the Airport from 10.9% in 2002 to 20.7% in 2006. This trend is similar to the national trend: the national market share of the low-cost carriers increased from 24% in 2002 to 27% in 2006 according to the U.S. Department of Transportation (DOT) T-100 database.

Although the U.S. DOT does not classify Ted as a low-cost carrier, it is marketed by United Airlines as a "low-fare" airline. Adding the market share of enplaned passengers on Ted to the market share of the low-cost carriers shown on Figure 12 would result in a low-cost/low-fare airline market share of about 35.2% in 2006.

Figure 12

**LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS**  
Denver International Airport



(a) Low-cost carriers include:

AirTran Airways

America West Airlines (b)

America West Express (b)

ATA Airlines (terminated service Jan. 2006)

Frontier Airlines

Frontier JetExpress

JetBlue Airways (initiated service January 2001)

Southwest Airlines (initiated service January 2006)

Spirit Airlines (operated between 2002 and 2004)

Vanguard Airlines (terminated service July 2002)

(b) In September 2005, America West Airlines and America West Express merged with US Airways. Data for America West Airlines and America West Express are reported separately from US Airways data and these airlines are considered to be low-cost carriers. Enplaned passengers on US Airways who did not fly on America West Airlines or America West Express are not included in the results shown above.

Source: Airport management records.

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## Enplaned Passengers

Table 13 summarizes historical enplaned passenger data for the Airport\* organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.9% per year between 1995 and 2006, and increased 4.7% during the first 3 months of 2007 compared with the same period of 2006. The number of originating and connecting passengers increased an average of 3.4% and 4.5%, respectively, between 1995 and 2006. In the first 3 months of 2007, the number of originating passengers increased 7.3% and the number of connecting passengers increased 1.3% compared with the same period of 2006.

\*Includes activity for Stapleton in January and February 1995.

Table 13  
**HISTORICAL ENPLANED PASSENGERS**  
 Denver Airport System

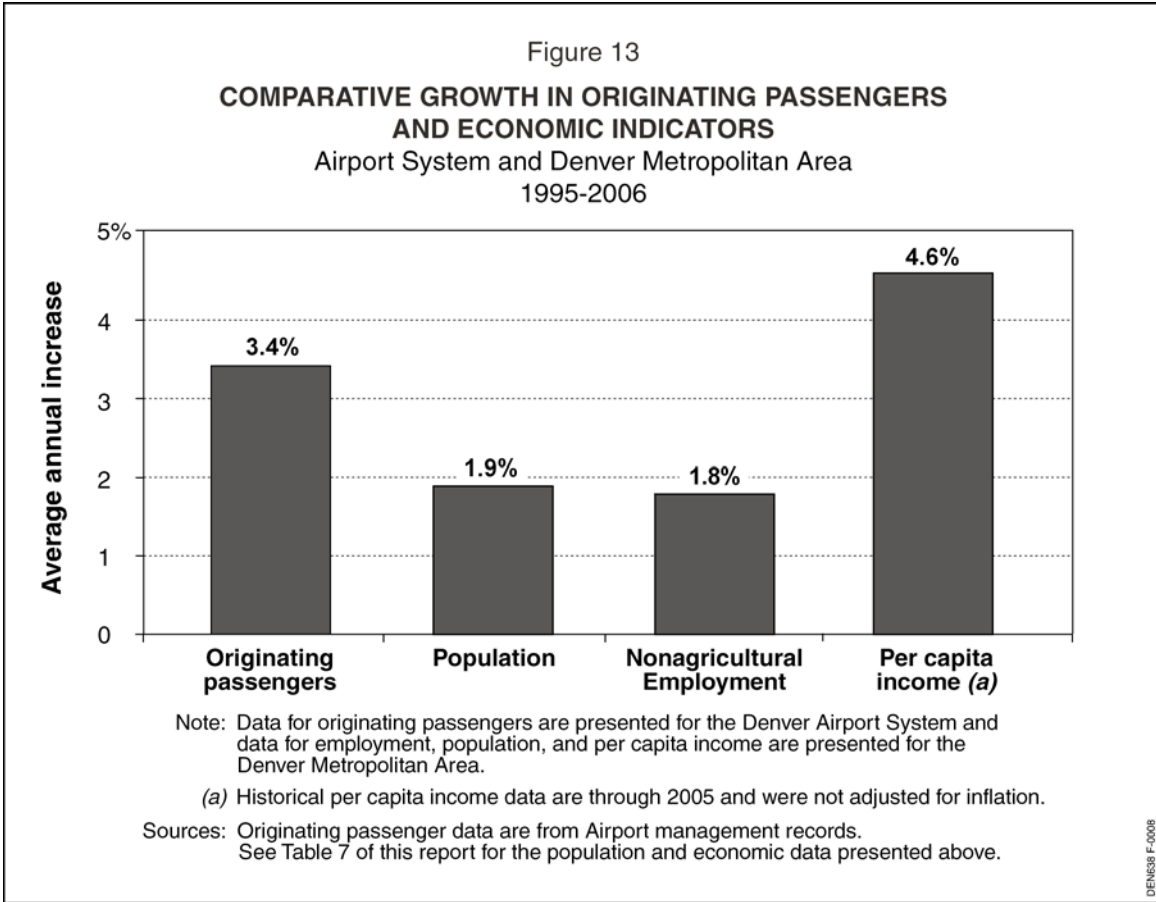
Year	Enplaned passengers			Annual percentage increase (decrease)	Originating passenger share of total
	Originating	Connecting	Total		
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	4.4	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
January – March					
2006	3,203,934	2,365,532	5,569,466	--	57.5
2007	3,437,556	2,395,329	5,832,885	4.7	58.9
Average annual increase					
1995-2000	3.7%	5.5%	4.4%		
2000-2006	3.2	3.6	3.4		
1995-2006	3.4	4.4	3.9		
January – March					
2006-2007	7.3	1.3	4.7		

Source: Airport management records.

### Originating Passengers

The increase in the number of originating passengers\* at the Airport since 1995 has largely resulted from overall population, employment, and income growth in the Denver Metropolitan Area, as discussed in the earlier section “Economic Basis for Passenger Demand.” Figure 13 presents the average annual increase in originating passengers at the Airport compared with the average annual increases in the population, nonagricultural employment, and per capita income in the Denver Metropolitan Area from 1995 through 2006 (per capita income through 2005). Between 1995 and 2006, the number of originating passengers increased an average of 3.4% per year—a higher rate than the average increase in population and

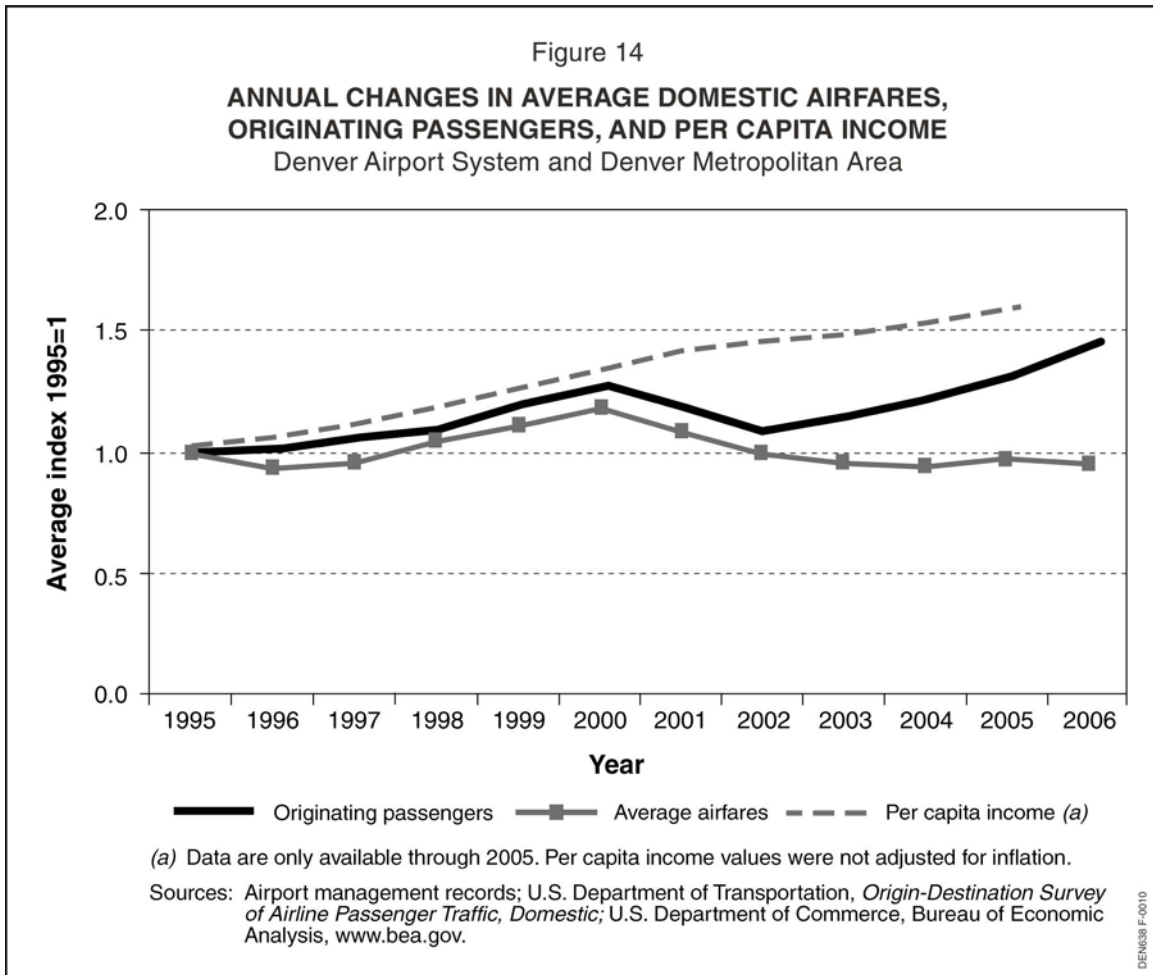
\*Originating passengers, which include residents and visitors, are those enplaned passengers whose flights originate at the Airport, and who are not connecting from another flight.



nonagricultural employment, 1.9% and 1.8%, respectively. The number of originating passengers increased an average of 8.9% per year between 2003 and 2006, which was significantly higher than the average annual increase in the number of originating passengers at the Airport between 1995 and 2006 (3.4%), as a result of, but not solely attributable to, lower airfares.

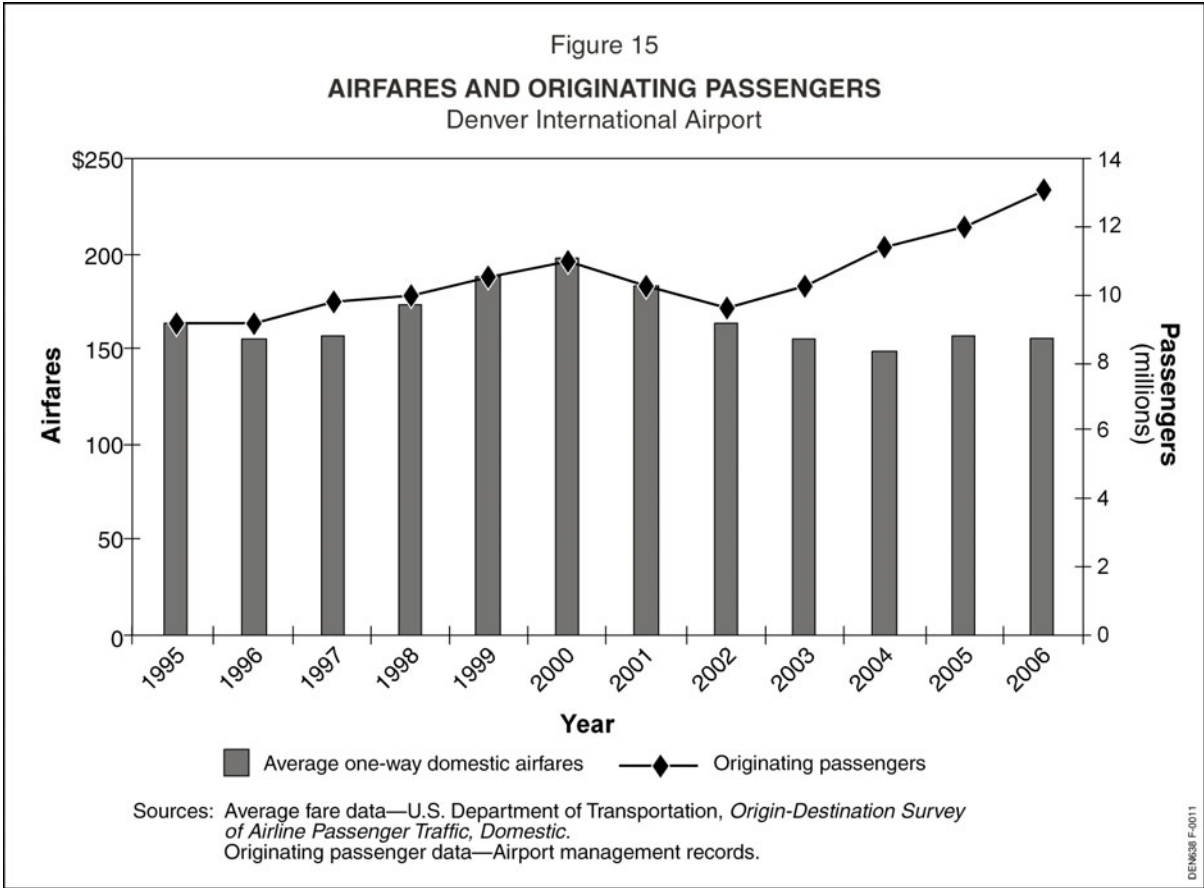
**Relationship between Originating Passengers, Airfares, and Per Capita Income.** Figure 14 shows the relationship between changes in the number of originating passengers, average domestic airfares, and per capita income between 1995 and 2006, using an index where 1995 equals 1.0 for all data. All dollar amounts in this report, such as per capita income and airfares, are in nominal values and were not adjusted for inflation. Observations on the relationships between originating passengers, airfares, and per capita income are provided below.

1. Between 1995 and 2000, the number of originating passengers increased in response to strong economic growth reflected in increasing per capita income, notwithstanding increases in average airfares.



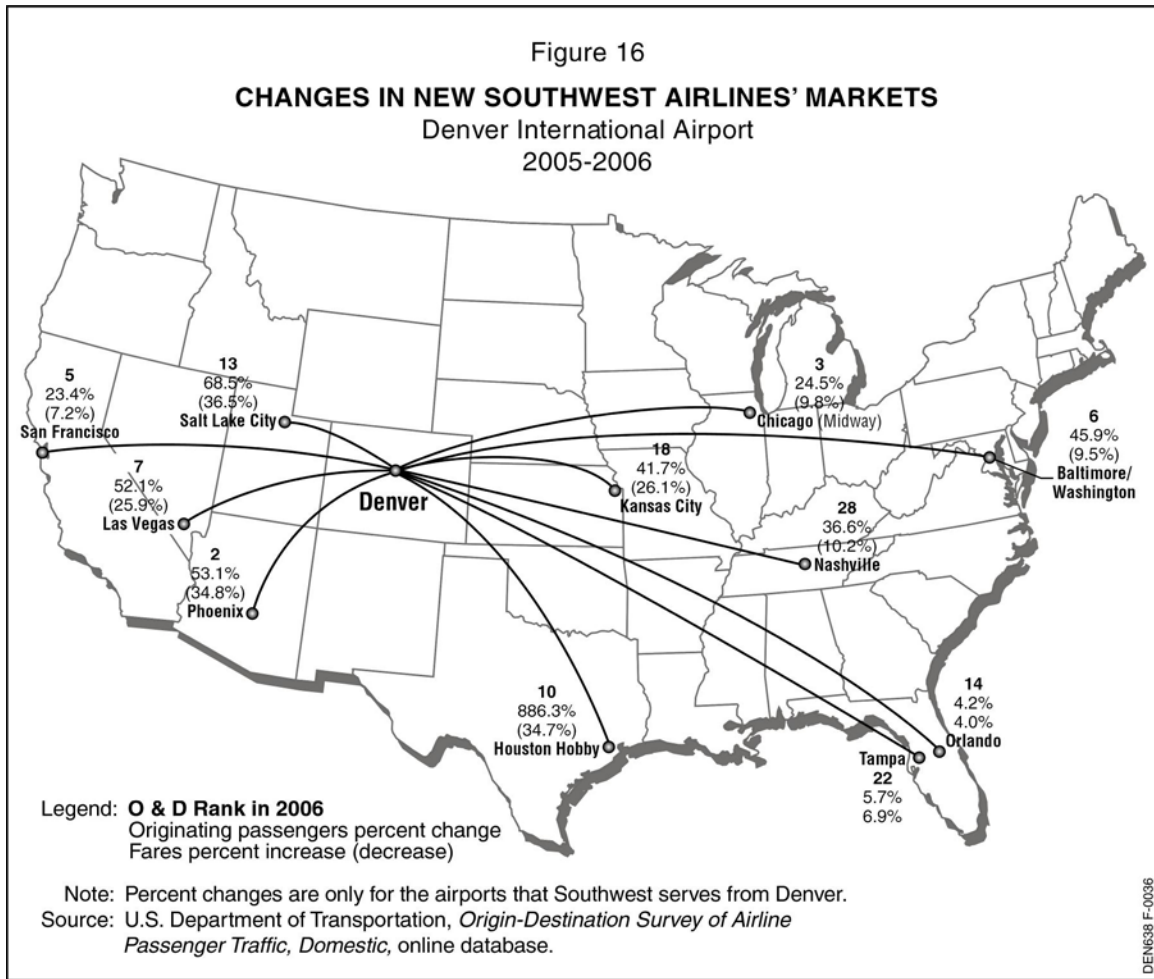
2. Between 2000 and 2002, the numbers of originating passengers decreased in response to the September 2001 terrorist attacks and slower economic growth, while per capita income levels moderated and average airfares decreased.
3. From 2002 to 2006, originating passenger traffic growth resumed, likely the result of the resumption of airline travel following the terrorist attacks in 2001, continued increases in per capita income, albeit at a slower rate, and slight decreases in average airfares.

**Airline Fares and Originating Passengers.** Figure 15 provides a specific comparison of changes in average domestic airfares and numbers of originating passengers at the Airport in 1995 through 2006. As stated earlier, the market share of the low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% (excluding Ted) in 2006, which is one reason for the decrease in airfares at the Airport over that period. In 2005, airline fares at the Airport increased slightly in response to the rising cost of jet fuel. This was followed by another slight decrease in 2006.



**Southwest Service at Denver.** From 1983 to 1986, Southwest served Stapleton with flights to Albuquerque and Phoenix. In January 2006, 20 years later, Southwest re-established service in Denver, with 13 daily departures from the Airport to 3 cities—Chicago (Midway), Las Vegas, and Phoenix. Since then, Southwest has added nonstop service to 8 additional destinations, for a total of 11 cities served from Denver in June 2007. As shown on Figure 16, the central geographical location of Denver provides Southwest with point-to-point access to all of the 63 airports it serves.

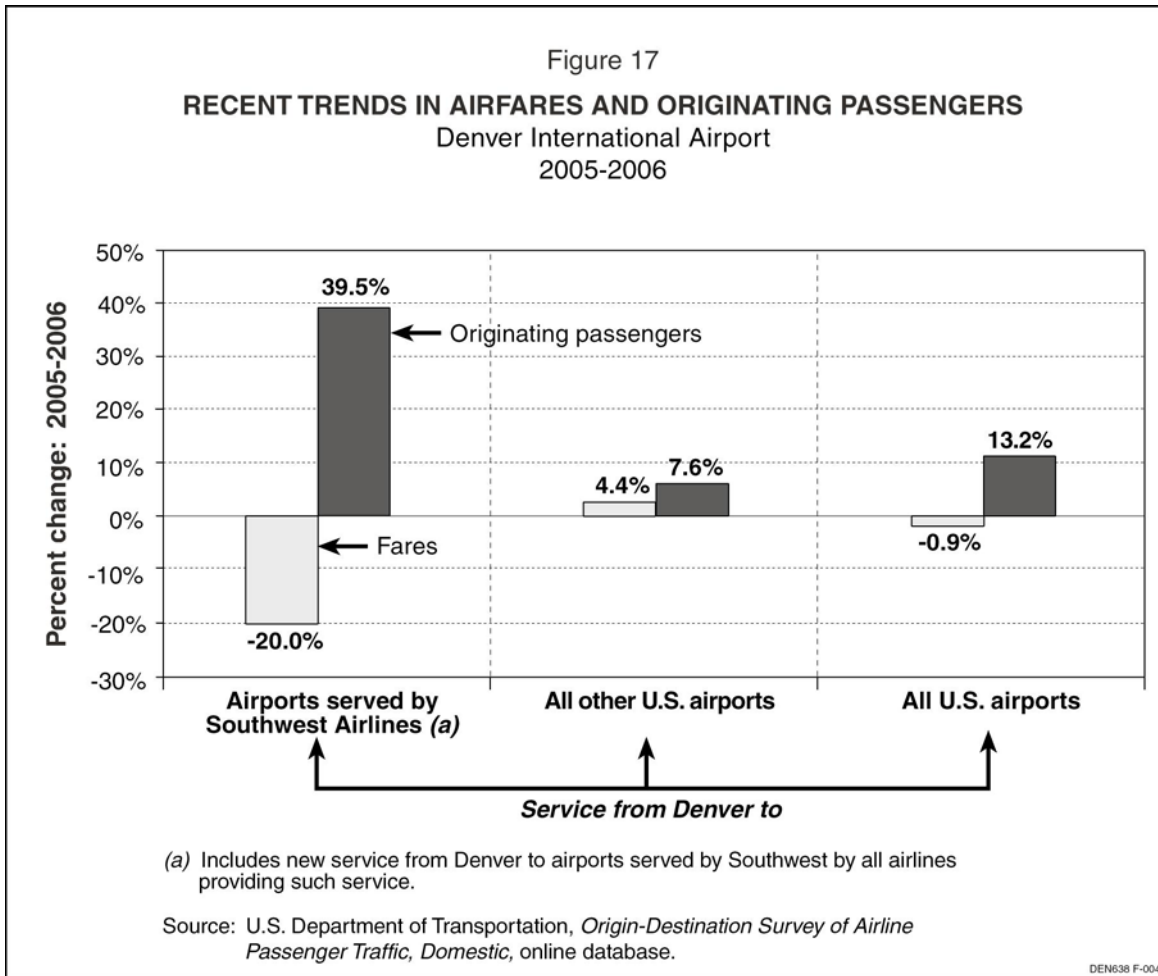




Since Southwest initiated service at the Airport, the number of originating passengers from Denver to the airports served by Southwest has increased 39.5%, as shown on Figure 17. During the first year of Southwest service at Denver, the change in originating passengers at individual airports varied depending on the characteristics of the market served (business or leisure) and the level of competition and service. For example, during the first year of Southwest service, the largest increase in originating passengers from Denver was to Houston (Hobby)—the 10th largest origin-destination (O&D) market (an increase of 886.3%). Prior to the initiation of Southwest service, nonstop service to Houston was provided only to Bush Intercontinental Airport/Houston, where the airfares were significantly higher before Southwest service was initiated in Denver. In contrast, originating passenger traffic from Denver to two predominantly leisure markets—Orlando and Tampa—increased 4.2% and 5.7%, respectively, following the initiation of service at the Airport by Southwest, notwithstanding increases in fares in both markets.

As shown on Figure 17, the initiation of service at the Airport by Southwest in January 2006 had affected fares and numbers of originating passengers at the Airport. The data presented in Figure 17 are from the U.S. Department of Transportation Origin-Destination Survey, a 10% sample of all tickets issued on

scheduled U.S. airlines, and are the only available data on fares and originating passengers by city-pair market. It is important to note that the percent differences in originating passengers on Figure 17 differ from those presented earlier in Table 13, which are based on Airport management records. Between 2005 and 2006, the number of originating passengers from Denver to Southwest airports increased 39.5%, in response to a 20.0% decrease in airfares.



Originating passenger traffic from Denver to all other U.S. airports (not served by Southwest) also increased—by 7.6%—despite a 4.4% increase in fares to those markets; again, this growth reflects the strength of the local economy. According to U.S. DOT data, the number of originating passengers from Denver to all U.S. airports increased 13.2% in 2006, partly in response to an overall decrease of 0.9% in total airline fares, but in large part due to the continued strong economic growth in the Denver Metropolitan Area.

**Origin-Destination Passenger Markets.** Table 14 presents the Airport's top 20 domestic origin-destination passenger markets in 2006. Table 14 also shows the number of average daily nonstop enplaned seats from the Airport to each of the top markets scheduled for August 2007. Of the 85,537 scheduled daily nonstop seats from the Airport, 65.5% are to the top 20 markets listed. U.S. mainland airports scheduled to be served nonstop from the Airport in August 2007 are shown on Figure 18. The Airport serves both (1) a significant number of regional destinations, indicating that it is a successful regional hub serving markets that have strong ties to the Denver Metropolitan Area, and (2) a significant number of major national markets.

**Airline Service to Originating Passenger Markets.** Table 15 presents the percentage shares of average daily scheduled departing seats to the Airport's top 20 origin-destination markets and to all other cities. Given the range in the size of aircraft operating at the Airport, the number of scheduled departing seats is more representative of airline service than the number of scheduled airline aircraft departures.

Frontier serves 19 of the top 20 origin-destination markets (the United Airlines Group serves all 20), with Frontier's largest shares of seats to San Diego, Kansas City, and Salt Lake City (non-United hubs) and the smallest shares to Washington, D.C. (a United hub), New York, and Houston (a Continental Airlines hub). Frontier's route strategy includes the addition of flights to new markets that the airline believes are underserved in Colorado and elsewhere in the Rocky Mountain region with the expansion of its JetExpress operation and the anticipated addition of the Bombardier Q400 turboprop aircraft through its Lynx Aviation subsidiary\*. In 2007, Frontier added service to two new markets not served by any other carrier from Denver—Baton Rouge and Jacksonville. The addition of new markets served by Frontier from Denver is expected to contribute to the airline's traffic growth and to overall growth in numbers of enplaned passengers at the Airport.

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\*Frontier Airlines, Form 10-K, March 31, 2007.

Table 14

**TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE**Denver International Airport  
2006, except as noted

Rank	Origin-destination market	Air miles from Denver	Percent of originating airline passengers	Average scheduled daily nonstop enplaned seats August 2007
1	Los Angeles (a)	862	6.8%	5,506
2	Phoenix	602	5.3	3,291
3	Chicago (b)	888	5.2	4,543
4	New York (c)	1,605	4.9	2,926
5	San Francisco (d)	967	4.8	5,019
6	Washington D.C. (e)	1,452	4.7	3,329
7	Las Vegas	629	4.6	3,178
8	Dallas-Fort Worth (f)	641	3.1	3,340
9	Minneapolis-St. Paul	680	2.8	2,371
10	Houston (g)	861	2.6	2,434
11	Seattle-Tacoma	1,024	2.6	2,397
12	Atlanta	1,199	2.5	2,700
13	Salt Lake City	391	2.3	2,281
14	Orlando	1,545	2.1	1,294
15	Boston	1,754	2.1	1,180
16	San Diego	853	2.1	1,507
17	Miami (h)	1,557	1.9	822
18	Kansas City	532	1.8	2,149
19	Philadelphia	1,552	1.7	1,144
20	Portland	992	1.6	1,808
	Cities listed		65.5%	53,219
	Other cities		34.5	32,318
	All cities		100.0%	85,537

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

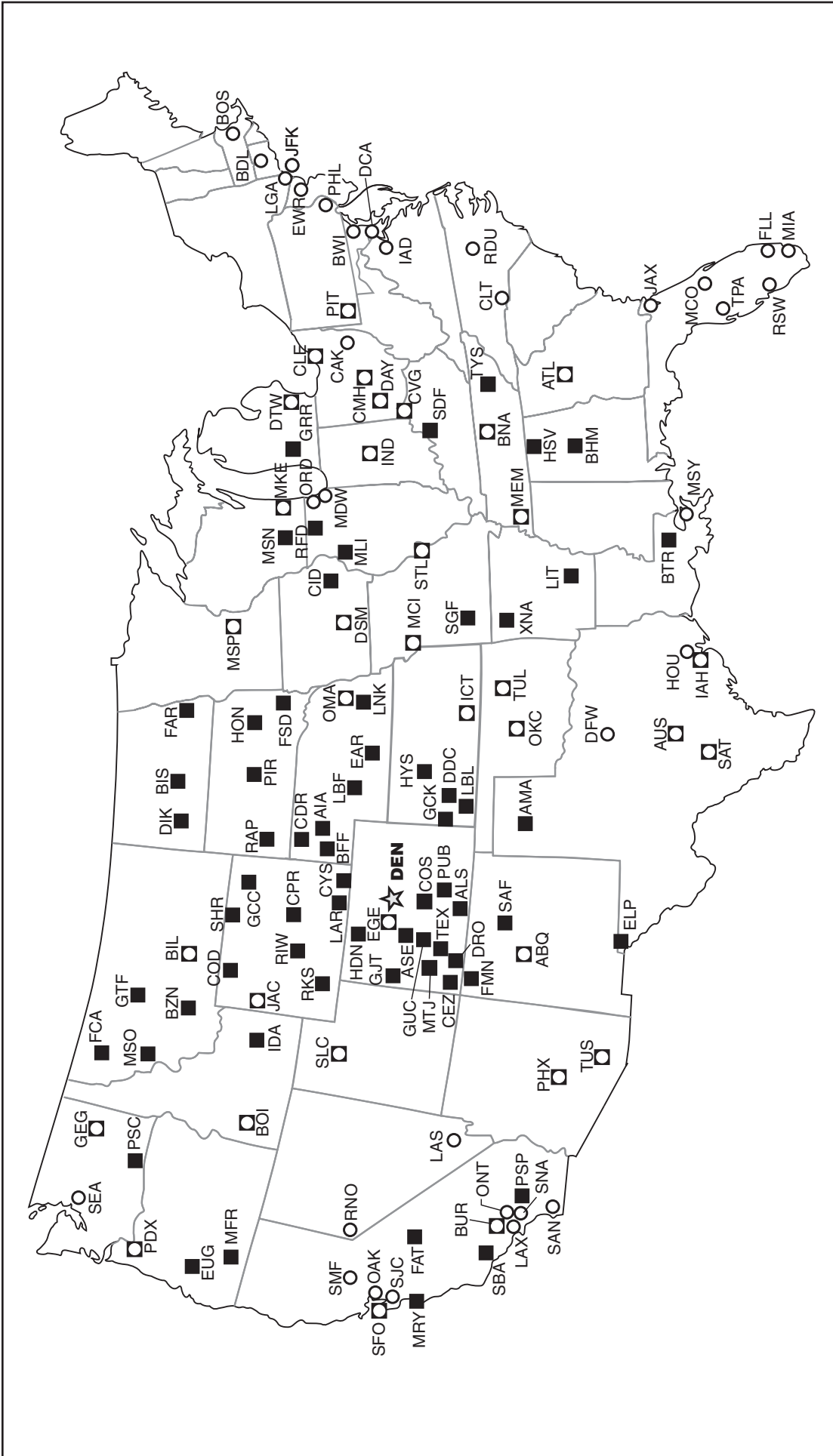
(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for 2006.

Departures: Official Airline Guides, Inc. online database, for August 2007, for domestic destinations.



**LEGEND**

- Air carrier service
- Regional airline service
- ◻ Air carrier and regional service

Note: Air carrier service includes all jet service by aircraft with over 90 seats. Destinations listed have at least one scheduled daily departure on the type of aircraft noted.

Source: Official Airline Guides, Inc., online database for August 2007.

Figure 18  
**U.S. MAINLAND AIRPORTS SCHEDULED TO BE SERVED DAILY  
 NONSTOP FROM DENVER INTERNATIONAL AIRPORT, AUGUST 2007**  
 Denver International Airport  
 July 2007



Table 15  
**DAILY DEPARTING SEATS TO THE TOP 20 ORIGIN-DESTINATION PASSENGER MARKETS**  
 Denver International Airport  
 August 2007

		Percent of average scheduled daily seats							
Rank	Origin-destination market	United Airlines Group			Frontier	Frontier JetExpress	Southwest	Other	Total
		United mainline	Ted	United Express					
1	Los Angeles <i>(a)</i>	48.4%	12.5%	3.4%	25.0%	--%	--%	10.8%	100.0%
2	Phoenix	--	31.8	--	22.4	--	23.1	22.7	100.0
3	Chicago <i>(b)</i>	48.0	--	--	16.7	--	16.5	18.8	100.0
4	New York <i>(c)</i>	50.0	--	--	13.3	--	--	36.7	100.0
5	San Francisco <i>(d)</i>	61.2	--	--	26.0	0.6	12.2	--	100.0
6	Washington, D.C. <i>(e)</i>	75.6	--	--	12.4	--	12.0	--	100.0
7	Las Vegas	--	41.0	--	28.6	--	29.3	1.1	100.0
8	Dallas-Fort Worth <i>(f)</i>	24.3	--	--	25.4	--	--	50.3	100.0
9	Minneapolis-St. Paul	26.2	--	3.2	24.1	--	--	46.5	100.0
10	Houston <i>(g)</i>	13.6	--	5.7	14.2	--	15.4	51.0	100.0
11	Seattle-Tacoma	48.8	--	--	24.7	--	--	26.5	100.0
12	Atlanta	4.5	--	4.8	19.9	--	--	70.8	100.0
13	Salt Lake City	15.6	--	7.3	33.4	--	21.6	22.1	100.0
14	Orlando	--	58.7	--	21.3	--	20.0	--	100.0
15	Boston	87.2	--	--	--	--	--	12.8	100.0
16	San Diego	51.5	--	--	48.5	--	--	--	100.0
17	Miami <i>(h)</i>	--	65.1	--	16.4	--	--	18.4	100.0
18	Kansas City	33.5	--	5.2	35.5	--	25.9	--	100.0
19	Philadelphia	36.3	--	--	23.1	--	--	40.6	100.0
20	Portland	50.0	--	--	31.2	--	--	18.8	100.0
	Cities listed	36.1%	8.1%	1.5%	23.1%	0.1%	9.6%	21.6%	100.0%
	All cities	31.4%	6.7%	12.4%	21.1%	2.6%	6.0%	19.9%	100.0%

Note: Rows may not add to totals shown because of rounding.

*(a)* Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

*(b)* Chicago O'Hare and Midway international airports.

*(c)* Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

*(d)* San Francisco, Oakland, and Mineta San Jose international airports.

*(e)* Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

*(f)* Dallas/Fort Worth International Airport and Love Field.

*(g)* Bush Intercontinental Airport/Houston and William P. Hobby Airport.

*(h)* Fort Lauderdale-Hollywood and Miami international airports.

Source: Official Airline Guides, Inc., online database, for August 2007.

Between January 2006 and August 2007, Southwest added service from Denver to 11 cities—2 markets are Frontier’s largest markets at the Airport, as mentioned above (Kansas City and Salt Lake City), 3 are existing Ted markets also served by Frontier and are large leisure markets where Southwest has a significant presence (Las Vegas, Phoenix, and Orlando), 4 are multi-airport markets where Southwest has a significant presence at a secondary airport (Chicago, San Francisco, Washington, D.C., and Houston), and the remaining 2 markets—Tampa and Nashville—are not in the Airport’s top 20 markets, but are also served by Frontier and United. Southwest recently announced plans to add service from Denver to five new markets during the fourth quarter of 2007—Albuquerque, Amarillo, Austin, Oklahoma City, and Seattle-Tacoma.\* The addition of new service by Southwest from Denver to an increasing number of the airports in its system is expected to contribute to continued growth in passenger traffic at the Airport.

As shown in Table 15, the United Airlines Group is scheduled to provide 45.7% of all scheduled departing seats to the Airport’s top 20 destinations, including 36.1% on United mainline, 8.1% on Ted, and 1.5% on United Express affiliates. Frontier Airlines (including Frontier JetExpress) and Southwest Airlines are scheduled to provide 23.2% and 9.6%, respectively, of all scheduled departing seats to the Airport’s top 20 destinations in August 2007.

United Airlines Group serves each of the top 20 destinations shown in Table 15, while Frontier and Southwest serve 19 and 9 destinations, respectively. Not surprisingly, the United Airlines Group accounts for the largest share of seats to its hubs — Washington, D.C.; Chicago, Los Angeles, and San Francisco—as well as to long-haul destinations with no or little service by Frontier or Southwest—Boston, Miami, and New York.

### **Connecting Passengers**

As shown earlier in Table 13, from 1995 to 2006, the number of connecting passengers at the Airport increased an average of 4.5% per year, with faster growth during the first 5 years of that period (5.5%). The number of connecting passengers at the Airport increased at a slower rate between 2000 and 2006—an average of 3.6% per year—but faster than in the nation (1.4%) during this period. (See earlier discussion under “Airport Role” for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.)

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\*Southwest Airlines press release dated June 27, 2007. This press release included Southwest’s system plans to reduce the growth in available seat miles during the fourth quarter of 2007 and 2008 (reduced to 6% from 8%) and to add 19 new aircraft to its fleet in 2008 (reduced from an earlier plan to add 34).

## AIR CARGO ACTIVITY

Table 16 presents data on enplaned cargo at the Airport in 1996 and in 2000 through the first 3 months of 2007. Enplaned air cargo at the Airport accounted for about 45% of total cargo (enplaned plus deplaned) weight in 2006. Enplaned cargo weight increased an average of 4.8% per year between 1996 and 2000, but has decreased each year since 2000, for reasons discussed below. During the first 3 months of 2007, total enplaned cargo weight decreased 16.2% compared with the same period of 2006.

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo (a)
1996	68,746	134,918	203,664	--%	52.2%
2000	85,902	159,769	245,671	4.8	56.4
2001	53,421(b)	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,896	163,440	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
January – March					
2006	5,026	33,502	38,528	--%	69.8
2007	1,028	31,241	32,269	(16.2)	78.5
<u>Annual average increase (decrease)</u>					
1996-2000	5.7%	4.3%	4.8%		
2000-2006	(28.9)	(3.5)	(8.9)		
1996-2006	(16.7)	(0.4)	(3.7)		
January – March					
2006-2007	(79.5)	(3.8)	(16.2)		
<hr/>					
(a) Includes enplaned and deplaned cargo.					
(b) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.					
Source: Airport management records.					



The decreases in cargo at the Airport in recent years are related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airlines as a result of increases in the use of regional jet aircraft and low-cost carrier operations which have less cargo capacity than larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, and (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity.

The decreases in enplaned cargo at the Airport since 2000 also reflect the reorganization and consolidation in the cargo industry over the past several years. As the transportation industry faces increased pricing pressures, many of the larger companies are strengthening their market position and ability to respond to shipping demands through acquisitions and internal restructuring and downsizing. For example, FedEx has been very active in developing integrated branding of its various service offerings. FedEx now offers multiple products, including express, ground, freight, and the recently announced nationwide less-than-a-truckload service. Much of this corporate restructuring has resulted in slower growth nationally in the air freight and express market as a greater percentage of FedEx's cargo is being transported by trucks. Similarly, UPS has been actively increasing its supply chain solutions second and third day service and its ground service.

The Denver region's manufacturing sector, which is directly associated with the use and production of air eligible commodities, has experienced a decline in total employees over the past several years. Total manufacturing sector employment in the Denver Metropolitan Area decreased from almost 113,000 employees in 1999 to 91,000 employees in 2006. Within the manufacturing sector, the computer and high-technology industries contributed to the decline in numbers of employees. The decline in manufacturing output also contributed, to some degree, to the decreases in the Airport cargo totals.

The freight forwarders are always attracted to large sources of (reduced cost) belly capacity at major international gateways. The increased use of regional jet aircraft and the increase in low-cost airline service which have less cargo capacity than larger air carrier aircraft at many airports—including Denver International Airport—has resulted in the freight forwarders increasing cargo consolidations at major gateways, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports.

## **KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC**

Besides the development of the economy of the Denver Metropolitan Area, discussed earlier, key factors that affect will airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

### **Economic and Political Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger traffic during those years. Future increases in passenger traffic will depend largely on the ability of the nation to sustain growth in economic output and income.

With the globalization of business and the increased importance of international trade, U.S. economic growth has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, currency exchange rates, trade balances, political relationships, public health concerns, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases in both domestic and international passenger traffic will depend on stable international conditions and global economic growth.

### **Aviation Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of airline travel and the switching from air to surface modes for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against attacks and maintain confidence in the safety of airline

travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, the increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks, hijackings, aircraft crashes, and international hostilities. Provided that intensified security precautions serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not security, factors.

### **Financial Health of the Airline Industry**

Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United Airlines, to make the necessary investments to increase service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. These losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, high fuel and other operating costs, and intense price competition, the industry has since experienced huge financial losses. In 2001 through 2005, the major U.S. airlines collectively recorded net losses of over \$38 billion.

To mitigate these losses, all the major network airlines have restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the threat of such. As discussed below, in December 2002, United Airlines filed for bankruptcy protection (emerged February 2006). US Airways filed twice for bankruptcy protection, in 2002 and 2004. In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In February 2005, Delta Air Lines eliminated its Dallas/Fort Worth hub and restructured its other airport operations. In September 2005, both Delta and Northwest Airlines filed for bankruptcy protection. (Delta emerged in April 2007 and Northwest emerged in May 2007.) Among the smaller airlines, Hawaiian Airlines filed for bankruptcy

protection in March 2003 (emerged June 2005), ATA Airlines in October 2004 (emerged March 2006), Aloha Airlines in December 2004 (emerged February 2006), and Independence Air in November 2005 (ceased operations January 2006).

Future losses could force airlines to retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring or liquidation of one or more of the large network airlines could significantly affect service at connecting hub airports, present business opportunities for the remaining airlines, and change travel patterns throughout the U.S. aviation system.

United Airlines emerged from bankruptcy with \$3 billion in exit financing in February 2006. During the restructuring process, United reduced capacity by ending unprofitable routes and restructuring its fleet, renegotiated its contracts with United Express carriers to reduce rates, eliminated 26,000 jobs, ended employee pensions, and gained pay and work rule concessions from remaining employees in order to cut expenses by \$7 billion. While in bankruptcy, United developed a low-fare unit (Ted) and premium transcontinental service, and expanded its enhanced economy class to some flights operated by United Express. While United's business plan includes the purchase of new aircraft through 2011, it has recently increased capacity under an initiative to use its current aircraft fleet more efficiently. This initiative involves shortening aircraft turnaround times and further depeaking operations at its hub airports.

### **Airline Service and Routes**

The Airport serves both as a gateway to the Denver Metropolitan Area and as an airline connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport.

Most major airlines have developed nationwide systems of hubs that allow the airlines to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports.

Denver International Airport is the primary air carrier airport for the Rocky Mountain region, and a connecting hub. Prior to 1995 when the Airport opened, United and Continental operated a "dual-hub" for many years at Stapleton International Airport, the former air carrier airport serving the Denver Metropolitan Area. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in

terms of numbers of enplaned passengers. In 2006, the United Airlines Group accounted for approximately 76% of total connecting passengers at the Airport. Frontier Airlines and Frontier JetExpress also use the Airport as a connecting hub, accounting for approximately 20% of total connecting passengers in 2006. The Airport is the busiest airport in Frontier's route network.

### **Airline Competition and Airfares**

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are alternatives and for price-sensitive "discretionary" travel. Airfares are influenced by labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; debt burden; passenger demand; capacity and yield management; market presence; and competitive factors. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

Overcapacity in the industry, the ability of consumers to book flights easily via the Internet, and other competitive factors combined to reduce airfares nationwide between 2000 and 2005. In 2005, the average domestic yield for the major U.S. airlines was 11.7 cents per passenger-mile, compared with 14.5 cents in 2000. In 2006, the average domestic yield increased to 12.8 cents per passenger mile as airlines reduced capacity and were able to sustain fare increases.

Industry analysts have questioned the sustainability of the historical "revenue model" of the legacy network airlines, which involved charging uneconomically low discount fares to some travelers and high "walk-up" fares to others. The network airlines have recently simplified their fare structures. Widespread adoption of simplified fare structures, along with controls on airline seat capacity, is seen as keys to the industry regaining and sustaining profitability.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, America West Airlines, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

### **Airline Consolidation and Alliances**

In response to competitive and financial pressures, some airlines have sought to consolidate. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. DOT because of concerns about reduced airline competition. As previously discussed, in September 2005, US Airways and America

West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but the merger was rejected by Delta's management and creditors. Any future mergers could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances provide airlines with many of the advantages of mergers. Such alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. In May 2004, US Airways joined the United-led Star alliance. In September 2004, Continental and Northwest joined the Delta-led SkyTeam alliance.

### **Availability and Price of Aviation Fuel**

There has been no shortage of aviation fuel since the early 1970s, but the price of aviation fuel continues to be an important and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability. The invasion and occupation of Iraq, political unrest in other oil-producing countries, and other factors influencing the demand for and supply of oil caused aviation fuel prices to increase sharply beginning in 2003. In December 2006, average fuel prices were more than double what they were in December 2003. High fuel prices have been a major contributor to recent airline industry losses. While fuel prices have not affected the ability of airlines to provide service, future high prices will affect airline service, airfares, and passenger numbers.

### **Capacity of the National Air Traffic Control System**

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and enhancing the use of runways through improved air navigation aids. Air traffic delays have decreased as a result of the reduction in aircraft operations since 2001. However, as demand exceeds 2001 levels, flight delays and restrictions are again likely.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The existing six-runway layout at the Airport provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

## AIRLINE TRAFFIC FORECASTS

### Assumptions

The forecasts of airline traffic at the Airport were developed taking into account analyses of (1) historical long-term trends in passenger traffic at the Airport, (2) recent trends in monthly passenger traffic at the Airport, (3) historical and projected economic indicators for the Denver Metropolitan Area, and (4) forecasts developed by the FAA.

In developing the forecasts, it was assumed that airline traffic at the Airport will increase as a function of growth in the population and economy of the Denver Metropolitan Area, continued airline competition, and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth, among other things.

**Originating Passengers.** Specifically, the forecast of originating passengers at the Airport through 2013 is based on the following assumptions:

1. Global economic growth will sustain future increases in domestic and international passenger traffic, and the general economy of the Denver Metropolitan Area will continue to increase faster over the long term than that of the United States as a whole, consistent with the growth rates in key economic indicators presented in the earlier section "Economic Basis for Passenger Demand."
2. No major act of terrorism or war will materially affect airline travel in the United States during the forecast period.
3. The national economy will experience sustained growth averaging between 1.5% and 1.9% per year, measured in terms of nonagricultural employment and per capita income, respectively.
4. Low-fare airline service will continue to be developed at the Airport and is expected to promote competition among airlines and ensure the continued availability of competitive airfares comparable to those now available.
5. Current and future fluctuations in fuel prices will not affect the ability of the airlines to serve the Airport or offer competitive airline fares.
6. The national air traffic control system will have sufficient capacity to accommodate airline traffic through the forecast period.
7. The City will develop the Airport generally in accordance with its Capital Program, as discussed in the later section "Airport Capital Program." The

existing and planned Airport facilities will be sufficient to accommodate airline traffic demand through the forecast period.

The number of originating passengers at the Airport is estimated to increase 5.2% in 2007, which incorporates the 7.3% growth in the first 3 months of 2007 compared with the same period of 2006. The 1.6% forecast growth rate for originating passengers between 2007 and 2013 is similar to the projected growth rates in the economic indicators for the Denver Metropolitan Area and reflects the continued growth in per capita and disposable income, which drives passenger demand and the propensity for airline travel.

**Connecting Passengers.** Many of the above assumptions underlying the forecast of originating passengers regarding, among other things, economic recovery, acts of terrorism, and fluctuating fuel prices also apply to the forecast of connecting passengers at the Airport. More specifically, it was assumed that:

1. The Airport will remain a system hub for United Airlines, based on:
  - a. United's indications during its Chapter 11 restructuring process that its business plan continues to include the use of connecting hub airports, and the Airport's performance and importance relative to other connecting hub airports in United's system.
  - b. United's agreement under the 2005-2 Amendment to enplane certain numbers of revenue-connecting passengers at the Airport through 2025, when its Airport use and lease agreement is scheduled to expire. As discussed more fully below, it was assumed that United would achieve its revenue-connecting passenger targets under the 2005-2 Amendment during the forecast period.
  - c. Denver's geographic advantage as a connecting hub for nationwide east-west traffic.
  - d. The expected growth in the origin-destination market in the Denver Metropolitan Area, which serves as a foundation for the viability of connecting hub operations.
  - e. The facilities at and capabilities of the Airport.
2. Frontier Airlines will continue to use the Airport as its main hub, and continue to develop connecting passenger activity.
3. Improved national economic conditions and improvements in airline industry profitability over the long term will enable the major airlines, particularly United, to add the capacity required to meet nationwide demand.



4. United will continue to develop strategies to optimize revenue performance, such as its 2007 reduction in domestic capacity to address slow revenue growth in the domestic market, and these strategies will not materially affect the role of the Airport as a United system hub.

The number of connecting passengers at the Airport is estimated to increase 2.3% in 2007, which takes into account a 1.2% increase through the first 3 months of 2007, compared with the same period of 2006. From 2007 to 2013, the number of connecting passengers is forecast to increase an average of 2.0% per year.

Under the 2005-2 Amendment, the United Airlines Group has agreed to enplane no fewer than the following numbers of revenue connecting passengers at the Airport: (a) 7,500,000 in 2006, (b) 7,600,000 in 2007, and (c) 7,700,000 in 2008 through 2011. In 2006, the United Airlines Group enplaned approximately 7,604,794 *revenue-plus nonrevenue* passenger data presented in Table 17.

Also under the 2005-2 Amendment, United has agreed that the City will decrease certain cost reduction goals benefiting United if United does not achieve the targeted numbers of revenue-connecting passengers discussed above. The number of connecting passengers at any airport is a function of the route strategy and network of an airline and, therefore, it was assumed that United would meet its targeted connecting passenger goals at the Airport rather than increase the rentals, fees, and charges it pays at the Airport. The 2005-2 Amendment is discussed more fully in the "Financial Analysis" section of this report.

## **Enplaned Passengers**

Table 17 and Figure 19 present historical and forecast numbers of enplaned passengers (originating and connecting) at the Airport through 2013. The total number of enplaned passengers at the Airport is estimated to increase 4.0% in 2007 and forecast to increase 3.0% in 2008. From 2007 through 2013, the total number of enplaned passengers is forecast to increase an average of 1.7% per year, slower than the long-term trend (3.9% per year from 1995 through 2005) at the Airport. In 2013, enplaned passengers are forecast to number 27.3 million, which is approximately 6.0% lower than the 29.0 million enplaned passengers forecast for the Airport by the FAA\* in the same year.

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\*Federal Aviation Administration, *Terminal Area Forecast*, February 2006, for years ending September 30.

Table 17

**AIRLINE TRAFFIC FORECASTS**  
Denver International Airport  
2005-2013

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated	Forecast					
	2005	2006	2007 (a)	2008	2009	2010	2011	2012	2013
<b>Enplaned passengers</b>									
United Airlines	7,774,627	8,364,574	8,460,000	8,544,000	8,630,000	8,717,000	8,803,000	8,891,000	8,980,000
Ted	1,689,891	2,011,441	1,995,000	2,035,000	2,057,000	2,068,000	2,129,000	2,186,000	2,253,000
United Express	<u>2,776,020</u>	<u>2,971,301</u>	<u>3,040,000</u>	<u>3,133,000</u>	<u>3,206,000</u>	<u>3,287,000</u>	<u>3,335,000</u>	<u>3,398,000</u>	<u>3,454,000</u>
Subtotal United Airlines Group	12,240,538	13,347,316	13,495,000	13,712,000	13,893,000	14,072,000	14,267,000	14,475,000	14,687,000
Frontier Airlines (a)	4,217,059	4,904,231	5,228,000	5,556,000	5,812,000	5,874,000	5,917,000	5,969,000	5,985,000
Southwest Airlines	--	789,637	1,283,000	1,514,000	1,687,000	1,867,000	2,053,000	2,156,000	2,177,000
Other	<u>5,244,378</u>	<u>4,624,128</u>	<u>4,596,000</u>	<u>4,569,000</u>	<u>4,544,000</u>	<u>4,519,000</u>	<u>4,493,000</u>	<u>4,468,000</u>	<u>4,444,000</u>
Total enplaned passengers	21,701,975	23,665,312	24,602,000	25,351,000	25,936,000	26,332,000	26,730,000	27,068,000	27,293,000
Annual percent increase	--%	9.0%	4.0%	3.0%	2.3%	1.5%	1.5%	1.3%	0.8%
Originating passengers	11,983,822	13,249,286	13,942,000	14,274,000	14,647,000	14,879,000	15,100,000	15,237,000	15,320,000
Connecting passengers	9,718,153	10,416,026	10,660,000	11,077,000	11,289,000	11,453,000	11,630,000	11,831,000	11,973,000
Percent originating	55.2%	56.0%	56.7%	56.3%	56.5%	56.5%	56.5%	56.3%	56.1%
Percent connecting	44.8%	44.0%	43.3%	43.7%	43.5%	43.5%	43.5%	43.7%	43.9%
<b>Landed weight (1,000-pound units)</b>									
<b>Passenger airlines</b>									
United Airlines	10,389,189	11,169,430	11,050,000	11,040,000	11,032,000	11,024,000	11,012,000	11,104,000	10,996,000
Ted	1,864,653	2,194,778	2,153,000	2,195,000	2,218,000	2,207,000	2,247,000	2,283,000	2,329,000
United Express	<u>3,281,516</u>	<u>3,511,893</u>	<u>3,479,000</u>	<u>3,471,000</u>	<u>3,441,000</u>	<u>3,418,000</u>	<u>3,360,000</u>	<u>3,354,000</u>	<u>3,342,000</u>
Subtotal United Airlines	15,535,358	16,876,101	16,682,000	16,706,000	16,691,000	16,649,000	16,619,000	16,641,000	16,667,000
Group	15,535,358	16,876,101	16,682,000	16,706,000	16,691,000	16,649,000	16,619,000	16,641,000	16,667,000
Frontier Airlines (b)	5,838,256	6,704,459	6,975,000	7,286,000	7,504,000	7,483,000	7,436,000	7,418,000	7,351,000
Southwest Airlines	--	1,057,726	1,662,000	1,961,000	2,185,000	2,394,000	2,606,000	2,709,000	2,709,000
Other	<u>6,734,238</u>	<u>5,779,438</u>	<u>5,615,000</u>	<u>5,478,000</u>	<u>5,347,000</u>	<u>5,237,000</u>	<u>5,142,000</u>	<u>5,058,000</u>	<u>4,975,000</u>
Total passenger airlines	28,107,852	30,417,724	30,934,000	31,431,000	31,727,000	31,763,000	31,803,000	31,826,000	31,702,000
All-cargo airlines	<u>1,541,253</u>	<u>1,429,777</u>	<u>1,456,000</u>	<u>1,470,000</u>	<u>1,483,000</u>	<u>1,511,000</u>	<u>1,539,000</u>	<u>1,553,000</u>	<u>1,580,000</u>
Total landed weight	29,649,105	31,847,501	32,390,000	32,901,000	33,210,000	33,274,000	33,342,000	33,379,000	33,282,000
Annual percent increase (decrease)	--%	7.4%	1.7%	1.6%	0.9%	0.2%	0.2%	0.1%	(0.3%)

(a) Estimated on the basis of 3 months of actual data.

(b) Includes Frontier JetExpress.

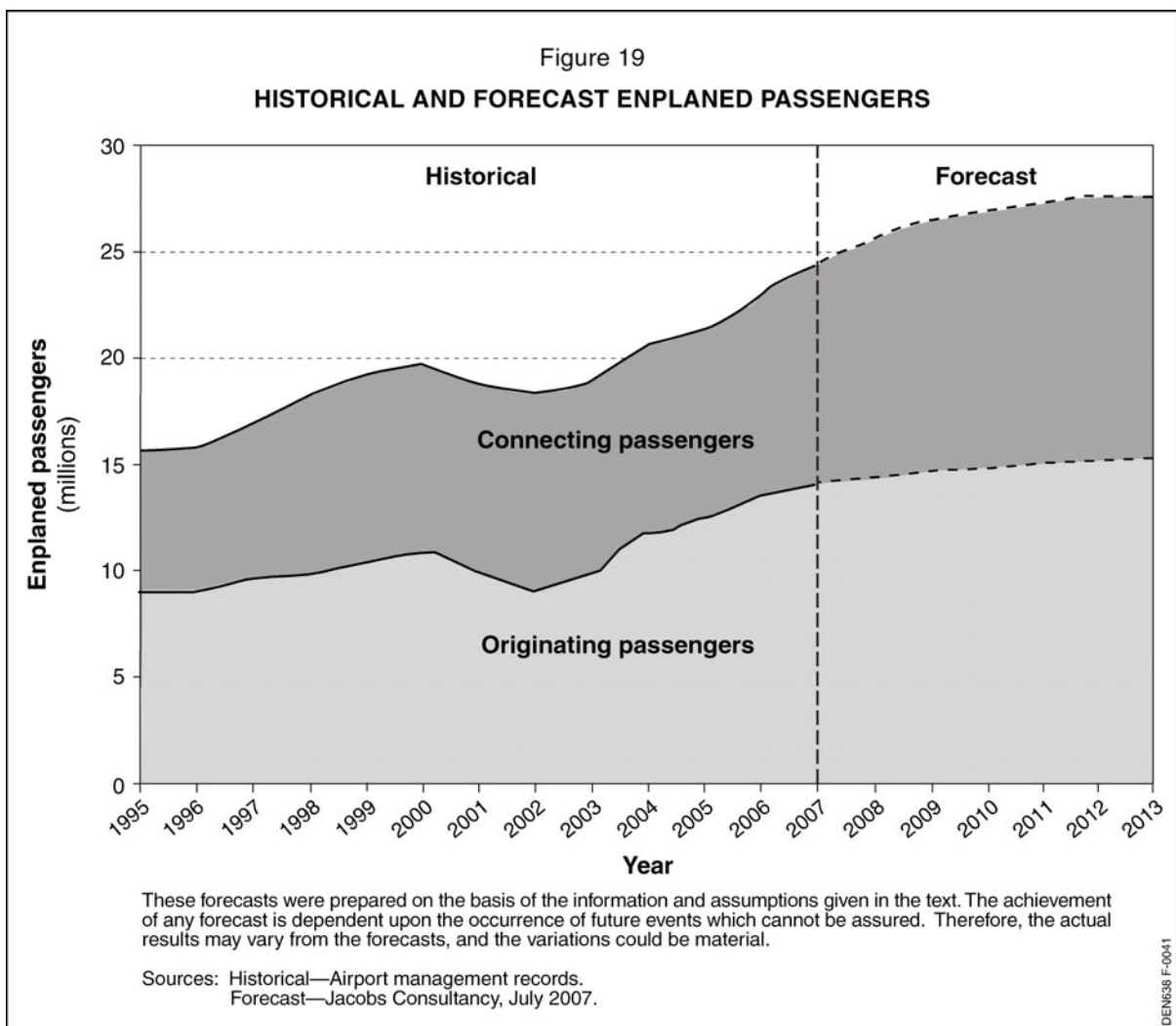
Sources: Historical: Airport management records.

Estimated and forecast: Jacobs Consultancy, July 2007.

## Aircraft Landed Weight

Table 17 also presents aircraft landed weight at the Airport for 2005 through 2013. Total landed weight at the Airport is estimated to increase 1.7% in 2007 and forecast to increase 1.6% in 2008, from about 31.8 billion pounds in 2006 to an estimated 32.4 billion pounds in 2007, and to a forecast 32.9 billion pounds in 2008. Total landed weight is then forecast to increase to about 33.3 billion pounds in 2013, reflecting an average annual growth rate of 0.5% from 2007 through 2013.

The forecast of landed weight was derived from the forecast of passenger demand (discussed earlier), considering trends in average aircraft weight as well as assumed growth in all-cargo airline aircraft operations.



## FINANCIAL ANALYSIS

### FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

#### General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, fees, and charges for use of the Airport and its facilities
- Paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other costs, as discussed later

Under Section 704B of the General Bond Ordinance, the 2007A-B and 2007D-E Bonds are considered "additional Bonds," and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to the issuance of such Bonds. The City retained Jacobs Consultancy as its Airport Consultant, and our financial forecasts prepared for the additional Bonds test were based, in part, on the assumptions underlying the financial forecasts presented in this report. A separate certificate documenting compliance with the additional Bonds test for the 2007A-B Bonds has been provided to the City. The additional Bonds test for the 2007D-E Bonds is to be calculated and a certificate of compliance provided to the City before the 2007D-E are issued, which is expected to occur after the issuance of the 2007A-B Bonds.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (a) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (b) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This

provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

Based on unaudited data for the first 3 months of 2007, the City had accumulated an estimated balance of approximately \$67.1 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts.

### **Airport Use and Lease Agreements**

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculation and recalculation of rentals, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of \$40.0 million, and after all other requirements are satisfied, are to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account, as illustrated later on Figure 22.
- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

**United's Airport Use and Lease Agreement.** As discussed earlier, United Airlines enplanes the largest share of passengers and is the largest lessee of space and facilities at the Airport under a use and lease agreement that expires in 2025. The following sections summarize certain elements of the Airport use and lease

agreement with United that were considered in developing the financial forecasts presented in this report.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds \$20 (in 1990 dollars) in any given year. In calculating the cost per enplaned passenger, the denominator is to be no smaller than the number of United's enplaned revenue passengers in 1989, which was about 6.0 million. United's cost per enplaned revenue passenger at the Airport is not expected to exceed \$20 during the forecast period, as shown in Exhibit E (all financial exhibits are presented at the end of this report).

In February 2006, United emerged from Chapter 11 bankruptcy protection, at which time it assumed its use and lease agreement and a series of other agreements, as amended, at Denver International Airport, to provide for the following, among other things:

1. ***Capital Program implementation.*** The first phase of an improved regional jet facility and nine loading bridges on the east side of Concourse B became operational on April 24, 2007, and certain baggage system improvements in the Landside Terminal were substantially completed as of June 30, 2006.
2. ***Rentals, fees, and charges cost reductions for all airlines.\**** Airline rentals, fees, and charges are to be reduced on a net basis up to an aggregate annual amount of \$4 million over a 4-year period, 2007 through 2010. In addition, the City is to further reduce airline rentals, fees, and charges on a net basis, up to an aggregate amount of \$50 million from 2007 through 2010 according to a scale based on the Net Revenues available for revenue sharing each year.
3. ***Rentals, fees, and charges cost reductions for United.\**** The City is to reduce United's rentals, fees, and charges associated with the automated baggage system (ABS) by (a) \$18.5 million in 2007 and (b) \$21.0 million in each year from 2008 through 2025, the final year of United's current Airport use and lease agreement.

The City intends to achieve these cost reduction goals by (a) reallocating to other Airport cost centers a portion of the Bond principal associated with the Concourse B ABS (the debt service of which is paid by United through rentals, fees, and charges), (b) continuing to defease a portion of the Concourse B ABS Bond principal allocated to the Concourse B ABS using revenues generated from \$1.50 of the \$4.50 PFC levied at the Airport, and (c) the City's share of Net Revenues during the forecast period.

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\*Cost reduction goals for 2004 through 2006 were met by the City and are not described in this report.

As part of the cost reductions, United has surrendered and released to the City its six Concourse A gates and associated holdroom, apron level, and other space. An amendment to Frontier Airlines' Airport use and lease agreement, which includes these six Concourse A gates, is pending.

For purposes of this report, it was assumed that the City would meet its cost reduction goals during the forecast period through a combination of the following sources of funds and subject to the provisions of the amendments to the Airport use and lease agreement with United:

- Interest savings from the following refundings, which would be used to pay the reallocated debt service on Bonds associated with the ABS:  
(a) the 1994 Bonds with the 2004 Bonds, (b) the 1995 Bonds with the 2005 Bonds, and (c) the 1996 Bonds with the 2006 Bonds.
- Revenues from the \$1.50 portion of the \$4.50 PFC to defease approximately \$60.0 million in remaining principal outstanding of Bonds associated with the Concourse B ABS.
- The City's share of Net Revenues to defease approximately \$66.8 million in remaining principal outstanding of Bonds associated with the Concourse B ABS, and to fund, as necessary, any of the cost reduction goals that are not funded from interest savings or revenues from \$1.50 of the \$4.50 PFC.

Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

4. ***United revenue-connecting-passenger targets.*** The United Airlines Group is to enplane no fewer than the following numbers of revenue-connecting passengers at the Airport: (a) 7,600,000 in 2007 and (b) 7,700,000 in each year, 2008 through 2025. As mentioned earlier, the United Airlines Group enplaned 7,886,244 revenue-connecting-passengers in 2006, which met its 2006 revenue-connecting-passenger target of 7,500,000 in that year. United's failure to reach such targeted levels would not constitute a default under its use and lease agreement, but would allow the City to decrease certain cost reduction goals that would accrue to United directly by \$6.00 for each revenue-connecting-passenger below the targeted level, provided that the total reduction does not exceed the cost reduction in the same year. In the financial forecasts presented in this report, it was assumed that United Airlines Group would meet or exceed its revenue-connecting-passenger targets and, as such, the City would not reduce any of the aforementioned cost reduction goals.

The rentals, fees, and charges cost reductions for all airlines are to cease if (1) the City is unable to meet its annual irrevocable commitment to pay Debt Service Requirements with PFC revenues under the General Bond Ordinance or (2) regulatory or other legal actions prohibit the cost reductions.

In addition, the cost reductions may be decreased if Airport management (1) determines in good faith that a deficiency exists in any of its required fund balances under the General Bond Ordinance, (2) receives an official written communication from any bond rating agency that a downgrade of the Airport's credit rating is likely unless the City's rentals, fees, and charges cost reduction contribution is decreased, (3) determines in good faith that operating cash balances are insufficient and the cost reduction contributions would jeopardize the ongoing operation of the Airport, or (4) the deposit to the Capital Improvement Account is not sufficient to make the final \$1.5 million payment to the Stapleton Development Corporation in 2007.

If any one of the events described above occurs and is successfully resolved by the City, the rentals, fees, and charges reductions would be reinstated in the calendar year following the successful resolution of the event, and the City would increase the reductions to provide United and other airlines the full benefit of the reductions provided for under the amendments to the Airport use and lease agreement with United.

**Other Airline Airport Use and Lease Agreements.** A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, and the lease expiration date for each agreement are provided in Table 18.

Table 18	
<b>OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND THEIR SCHEDULED EXPIRATION DATES</b>	
AirTran Airways (February 2011)	Frontier Airlines (February 2010)
Alaska Airlines (December 2010)	Midwest Airlines (December 2010)
American Airlines (December 2010)	Northwest Airlines (December 2010)
Continental Airlines (February 2010)	Southwest Airlines (December 2010)
Delta Air Lines (December 2010)	US Airways (December 2010)
<hr/> Source: Airport management records.	

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. Many of these agreements are with regional/commuter airlines operating at the



Airport that have code-sharing agreements with the airlines listed in Table 18. The City also has Airport use and lease agreements with foreign flag passenger airlines: Aeromexico, Air Canada, British Airways, Lufthansa German Airlines, and Mexicana de Aviación.

Most of the passenger and cargo airline Airport use and lease agreements with the City are scheduled to expire during the forecast period. The City does not expect any material change to the business terms or to expected future leasehold rentals under the succeeding agreements.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

## **PASSENGER FACILITY CHARGE REVENUES**

### **PFC Approvals**

As approved by the Federal Aviation Administration (FAA), the City imposes a \$4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately \$3.3 billion in PFC revenues for (1) \$3.1 billion in costs related to the construction of Denver International Airport, and (2) costs for projects in the Airport Capital Program.

Through March 31, 2007, the City had collected approximately \$850.4 million in PFC revenues of the \$3.3 billion in PFC revenue collection authorized by the FAA.

PFC revenues are not currently defined as Gross Revenues of the Airport System and are not expected to be defined as such during the forecast period. The treatment and use of PFC revenues during the forecast period are discussed below.

### **PFC Framework**

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues.

Under the PFC Supplemental Bond Ordinance, the City has also irrevocably committed to pay debt service on Senior Bonds with two-thirds of annual PFC revenues (defined as the Committed Passenger Facility Charges revenue in the Supplemental Bond Ordinance and generally equal to \$3.00 of each \$4.50 PFC) it receives each year and credits to the PFC Debt Service Account up to certain specified maximum amounts (the Maximum Committed Amounts) from 2007

through 2011. Following the date of this report and prior to the issuance of any of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through 2013.

PFC revenues received by the City in excess of the Committed Passenger Facility Charges revenue in any year, generally equal to \$1.50 of each \$4.50 PFC (or in excess of the Maximum Committed Amounts if the Maximum Committed Amounts are less than the \$3.00 portion of PFC revenues), are to be deposited in the PFC Project Account to be used for any lawful PFC-eligible Airport System purpose, as determined by the City. If the City chooses to deposit such PFC revenues into the PFC Debt Service Account for the payment of Debt Service Requirements on Senior Bonds, the PFC revenues are considered irrevocably committed to such payments.

For the purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

### **Forecast Assumptions**

The Debt Service Requirements to be paid from PFC revenues during the forecast period (see Exhibit C) in this report, which include revenues from the \$3.00 portion of the PFC, which are required to be deposited in the PFC Debt Service Account, plus all of the revenues from the \$1.50 portion of the PFC, which the City expects to either deposit in the PFC Debt Service Account or use to defease certain Senior Bonds, are excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

The assumptions underlying the financial forecasts are as follows:

- The City is to use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of the Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds.
- All of the PFC revenues in excess of the Committed Passenger Facility Charges revenues (i.e., revenues from \$1.50 of the \$4.50 PFC) are to be used during the forecast period in the manner discussed below:
  - Pay Debt Service Requirements on that portion of the 2003B Bonds used to fund some of the costs of the sixth runway at the Airport, and defease the principal outstanding of the 2003B Bonds, which was were used to fund some of the costs of the sixth runway at the Airport.

- Defease approximately \$60.0 million in principal outstanding of Senior Bonds to meet a portion of the cost reduction goals under the United amendments, discussed earlier.
- Defease approximately \$63.0 million in principal outstanding of Senior Bonds allocated to the Concourse A ABS.
- Through approximately 2017, defease approximately \$175.0 million in principal outstanding of Senior Bonds issued to fund construction of the Airport.

## **AIRPORT CAPITAL PROGRAM**

The City maintains an ongoing process of evaluating the capital requirements necessary to expand Airport facilities to keep pace with increasing aviation demand. These capital requirements are organized into the Airport Capital Program for the then current year (at this time, 2007), and a prospective 6-year period (2008-2013), the forecast period discussed in this report. During the forecast period (2007-2013), the Department expects to invest approximately \$1.22 billion in renovating, expanding, and constructing new Airport facilities.

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to begin in 2007, except as noted in the following paragraph. The 2007 Project is expected to cost approximately \$401.9 million.

The portion of the 2007 Project to be funded from the net proceeds of the 2007A-B Bonds includes certain projects that began, and in some cases were completed, between 2005 and 2007. These projects were previously funded through a combination of Commercial Paper Notes (approximately \$30 million) and the City's annual share of Net Revenues (approximately \$40 million).

Projects in the 2008-2013 Capital Program (the 2008-2013 Project) are to be funded from the proceeds of additional Bonds that the City expects to issue during the forecast period (the Future Planned Bonds) and federal grants-in-aid. The City expects to complete all of the 2007 Project and most of the 2008-2013 Project during the forecast period. Assumptions regarding the funding of debt service on the 2007 Bonds and the Future Planned Bonds, additional O&M Expenses if any, and any other relevant costs are included in the financial forecasts presented in this report.

The projects in the Airport Capital Program, consisting of the 2007 Project and the 2008-2013 Project, and their estimated costs and funding sources are outlined in Exhibit A and summarized below by Airport System cost center.

### ***Airfield Area***

- Rehabilitate taxiways and runways as part of the City's pavement management plan (2007 Project and 2008-2013 Project).
- Upgrade runway and taxiway safety areas (2008-2013 Project).
- Extend Taxiway K in the north-south direction to the east of Concourse C (2007 Project).
- Extend the east-west taxilanes to the north and south of Concourse C (2007 Project).
- Implement a snow management plan (2008-2013 Project).
- Improve lighting, drainage, and other Airfield Area assets (2007 Project and 2008-2013 Project).

### ***Concourse Apron***

- Construct additional apron area surrounding the 10 planned mainline gates at Concourse C (2007 Project).
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C (2007 Project).
- Improve ramp area drainage (2007 Project and 2008-2013 Project).

### ***Terminal Complex***

- Construct 10 new mainline gates by expanding Concourse C to the east (2007 Project and 2008-2013 Project).
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C (2007 Project).
- Improve baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances (2007 Project and 2008-2013 Project).
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators (2007 Project and 2008-2013 Project).

- Construct the FasTracks rail station on the south side of the Landside Terminal to accommodate rail service by the Regional Transportation District (RTD) between Denver Union Station and the Airport (2008-2013 Project). According to the RTD, construction of the entire 23-mile rail line and associated stations is scheduled to begin in 2011 and is expected to be completed by 2014, with the system becoming operational in 2015.
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes (2007 Project).
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the terminal building to accommodate additional trains (2007 Project and 2008-2013 Project).
- Replace and rehabilitate loading bridges (2007 Project and 2008-2013 Project).
- Improve restrooms, concessions, seating areas, and other public space (2007 Project and 2008-2013 Project).
- Design the expansion of the international arriving passenger facilities (2007 Project and 2008-2013 Project).
- Expand the security screening checkpoint (2008-2013 Project).

### ***Roadways, Public Parking, and Ground Transportation***

- Construct new public parking structure adjacent to the Landside Terminal Building (previously funded with the City's annual share of Net Revenues and Commercial Paper Notes) (2007 Project).
- Construct future public parking structure and shuttle lot (2008-2013 Project).
- Improve Peña Boulevard (2007 Project and 2008-2013 Project).
- Rehabilitate pavement in targeted roadway and parking areas (2007 Project and 2008-2013 Project).
- Improve landscaping (2007 Project and 2008-2013 Project).

### ***Cargo and Support Facilities***

- Construct equipment storage and light maintenance facility (2008-2013 Project).

- Expand stock room and paint shop (2008-2013 Project).
- Upgrade aircraft rescue and fire fighting stations (2007 Project).

## **PLAN OF FINANCING**

The major sources of funds the City expects to use for projects in the 2007-2013 Airport Capital Program are shown in Exhibits A and B, and are discussed below.

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as “entitlement” grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other, “discretionary” grants are awarded on the basis of the FAA’s determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate until a reauthorization bill is passed. For purposes of the financial forecasts in this report, it was assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding authority will occur. Under the FAA’s proposed reauthorization bill, large-hub airports, including Denver International Airport, would no longer receive entitlement grants beginning in Federal Fiscal Year 2010, but would continue to be eligible for discretionary grants.

The federal funding shown in Exhibit A reflects a combination of (1) grants previously received from the FAA, and (2) expected entitlement and/or discretionary grants, consistent with FAA’s proposed reauthorization bill. It was also assumed that the City will continue to submit, and that the FAA will approve, future Airport competition plans, which are required under Vision 100—Century of Aviation Reauthorization Act of 2003 to receive FAA grants.

As stated earlier, the City imposes a \$4.50 PFC at the Airport under various FAA authorizations. For purposes of this report, it was assumed that the City would not impose a PFC in excess of \$4.50, but authority to do so may be possible under the next FAA reauthorization bill. The City intends to use revenues it receives from the \$4.50 PFC each year to (a) pay Debt Service Requirements on Senior Bonds issued to fund construction of the Airport, (b) defease Bond principal associated with the ABS and the sixth runway, and (c) defease Bond principal of Senior Bonds issued to fund construction of the Airport.

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance, Siemens Financial Services, Inc., and Koch Financial Corporation (the Financing Companies), which allow the City to take loans

to fund equipment at the Airport, and the City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at current loan rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

As mentioned earlier, the City intends to use the net proceeds of the 2007A-B Bonds and 2007D-E Bonds to fund the 2007 Project, and to issue the Future Planned Bonds to fund the 2008-2013 Project.

To the extent that the City does not receive the funding shown in Exhibit A, the City intends to either (1) defer projects or reduce project scopes, as appropriate, or (2) issue additional Bonds and/or use Airport equity.

## **2007 Bonds**

The 2007 Bonds are to be issued under the General Bond Ordinance on parity with other outstanding Senior Bonds, and are to be payable from and secured by a pledge of and first lien on the Net Revenues of the Airport System.

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants), the 2007C Bonds would be issued when the 2007A-B Bonds are issued, which would be followed by the issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the outstanding principal of Bonds.

The City intends to use the proceeds of the 2007A-B Bonds and the 2007D-E Bonds to fund the 2007 Project.

The City expects to issue the 2007 Bonds in the approximate principal amount of \$401.9 million and, with interest earnings during construction, use the combined moneys for the following purposes:

- Pay the costs of certain planned projects (the 2007 Project) in the Airport Capital Program
- Refund outstanding Commercial Paper Notes, in the principal amount of \$30 million, which were drawn to fund projects between 2005 and 2007
- Reimburse the City's share of annual Net Revenues (\$40.0 million) used to fund projects between 2005 and 2007
- Pay capitalized interest on the 2007 Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2007 Bonds

### **Future Planned Bonds**

Exhibit B also shows the aggregate sources and uses of funds for the Future Planned Bonds, which, together with federal grants-in-aid, would be used to:

- Pay the cost of planned projects from 2008 through 2013 not funded from the net proceeds of the 2007A-B Bonds and 2007D-E Bonds
- Pay capitalized interest on the Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance of the Future Planned Bonds

During the forecast period, the City may use the proceeds from other Commercial Paper Notes and/or the Purchase Agreements to, among other things, (1) minimize the City's overall cost of issuing Bonds and/or (2) fund project and/or equipment costs during construction. Use of this source of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2008-2013 Airport Capital Program.



## Defeasance of Bonds

As stated earlier, the City intends to defease certain outstanding Senior Bond principal with PFC revenues and the City's share of Net Revenues during the forecast period. The proposed amounts to be defeased are shown in Table 19.

Table 19		
<b>PROPOSED DEFEASANCE OF OUTSTANDING BOND PRINCIPAL</b>		
(in thousands)		
Asset whose bonds are to be defeased	Principal outstanding of Bonds to be defeased	Source of Bond defeasance
Concourse B ABS	\$126,800	\$1.50 PFC/City Net Revenues
Concourse A ABS	63,000	\$1.50 PFC
Sixth runway	20,000	\$1.50 PFC
Other Senior Bonds (a)	<u>175,000</u>	\$1.50 PFC
	<u>\$384,800</u>	
<p>(a) Amount to be defeased through 2017.</p> <p>Source: The Financial Consultants.</p>		

For purposes of this report, it was assumed that, during the forecast period: (a) the portion of Bond principal shown above for the Concourse A ABS, the Concourse B ABS, and the sixth runway would be defeased, (b) a portion of the \$175 million in Bond principal shown above would be defeased, and (c) Debt Service Requirements and Bond fund transfers would be reduced accordingly. The table shown above is net of approximately \$90 million of Bond principal allocated to the ABS that was defeased by the City as of December 31, 2006.

## DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for outstanding Bonds, the proposed 2007 Bonds, and the Future Planned Bonds. Debt Service Requirements for 2005 and 2006 are based on audited results provided by the City. Debt service is shown net of capitalized interest, certain PFC revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds during the forecast period, as discussed earlier. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this analysis.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

In calculating airline rentals, fees, and charges, actual transfers required under the General Bond Ordinance to be made to the Bond Fund during the year were used rather than annual Debt Service Requirements. The total monthly transfers to the Bond Fund shown in Exhibit C each year are for the payments required on February 1 of that year through January 1 of the following year.

### **2007 Bonds**

Debt service for the 2007A-B Bonds and the 2007D-E Bonds was estimated by the City's Financial Consultants based on the following assumptions:

	<u>2007A-B Bonds</u>	<u>2007D-E Bonds</u>
Delivery date:	August 29, 2007	August 29, 2007
Final maturity:	2032	2032
Assumed interest rate:	5.1%	5.1%

### **Future Planned Bonds**

Debt service for the Future Planned Bonds reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

### **Allocation of Debt Service to Cost Centers**

Exhibit C-1 summarizes the allocation of debt service (annual total of monthly transfers to the Bond Fund) to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

### **OPERATION AND MAINTENANCE EXPENSES**

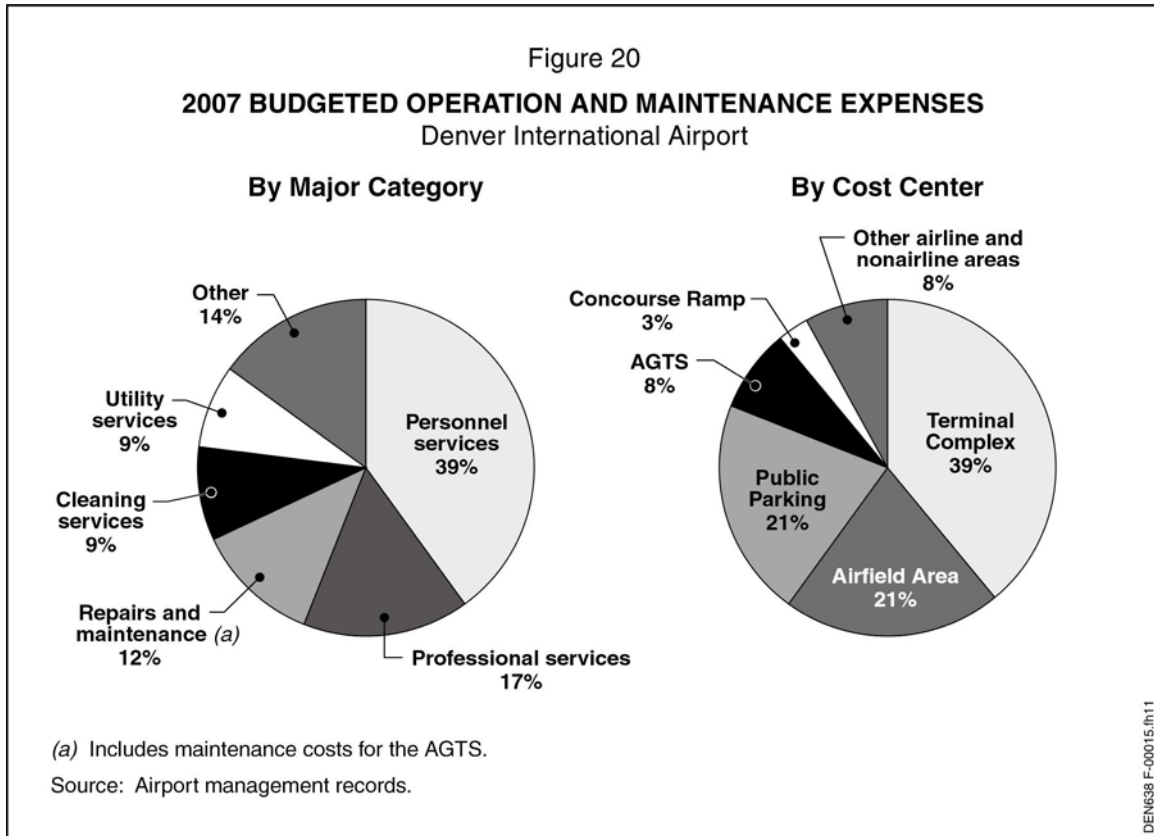
Exhibit D presents forecast Operation and Maintenance Expenses by object type and by cost center. The amounts for 2005 and 2006 reflect audited financial results for the Airport. The amounts for 2007 and 2008 reflect the City's operating budgets for those years.

The City establishes an operating budget target each year that takes into account (1) year-to-date O&M Expenses for the then-current fiscal year as well as budgeted expenses for that year, (2) expectations regarding passenger traffic for the budget year, (3) projected non-airline revenues, and (4) changes in City priorities or initiatives.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services include all salaries, wages, and benefits for filled personnel positions; for budgeting purposes, the same types of expenses were included for vacant positions.

### 2007 Operation and Maintenance Expenses

In 2007, budgeted personnel services represent approximately 39% of the total O&M Expenses budgeted for the Airport, as shown on Figure 20.



The next largest category of expense at the Airport is professional services, which includes management and other contracts for the provision of services at the Airport, including:

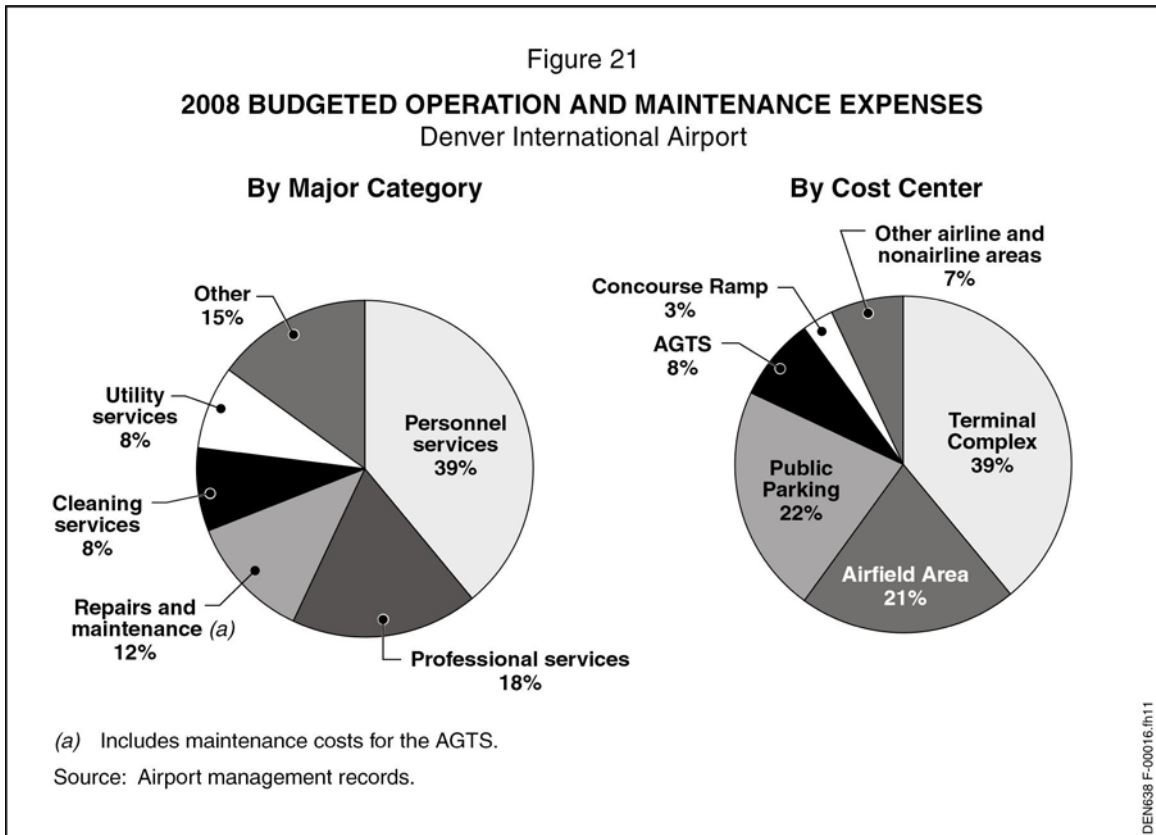
- AMPCO System Airport Parking, which operates and manages the public parking facilities at the Airport under a contract that allows AMPCO to be reimbursed for its expenses and to receive a management and incentive fee.
- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the terminal complex. The City reimburses AMPCO for the actual cost of providing this service.

Other major expense categories include repairs and maintenance (including AGTS maintenance), cleaning services, and utility services. Electricity costs for all tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to such tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

O&M Expenses are allocated to Airport System cost centers by Department staff based on historical Airport System operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations. As shown on Figure 19 for 2007, O&M Expenses in the Terminal Complex and Airfield Area account for 60% of total Airport O&M Expenses.

## **2008 Operation and Maintenance Expenses**

The City recently completed its preliminary operating budget for 2008, which is approximately 8.3% higher than its original 2007 operating budget, reflecting, in part, increased personnel services expenses and contractual costs for security, parking shuttle bus, janitorial, and other services. The public parking contract, which is with AMPCO System Airport Parking, was also increased as a result of expected increases in parking activity. The major categories of O&M Expenses for 2008 and the distribution of expenses among Airport System cost centers are shown on Figure 21.



## 2009-2013 Operation and Maintenance Expenses

O&M Expenses for the remaining years of the forecast period reflect the following:

- Budgeted 2008 O&M Expenses were assumed to represent an appropriate baseline level of expense for forecasting future O&M Expenses.
- Additional expenses associated with projects expected to be completed during the forecast period, including additional O&M Expenses associated with the 10-gate expansion on Concourse C and construction of a new commuter facility on Concourse C.
- Certain O&M Expense line items were assumed to increase with forecast increases in enplaned passengers, as presented in previous sections.
- Inflation for all O&M Expenses was assumed to be approximately 3% per year, which is higher than the average rate of inflation\* in the Denver area for the 5-year period, 2001-2006 of 1.75% per year.

\*Source: U.S. Department of Labor, Bureau of Labor Statistics, from [www.bls.gov](http://www.bls.gov), July 13, 2007.

## GROSS REVENUES

Table 20 presents the major sources of Gross Revenues for the City in 2006 based on actual data and forecast for 2013. Line-item details for the two significant categories of Gross Revenues—airline rentals, fees, and charges and nonairline revenues—are shown in Exhibits E and F, respectively.

	Actual 2006		Forecast 2013	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	\$ 92,191	15.8%	\$128,723	16.6%
Terminal Complex rentals	66,713	11.4	111,569	14.3
Tenant finishes and equipment charges	53,766	9.2	71,813	9.2
Baggage system fees	33,041	5.7	38,410	4.9
Other	<u>68,486</u>	<u>11.7</u>	<u>97,235</u>	<u>12.7</u>
Total airline revenues	\$314,197	53.7%	\$447,750	57.7%
Nonairline revenues				
Terminal concessions (a)	\$ 34,305	5.9%	\$ 48,490	6.2%
Public automobile parking	105,262	18.0	134,847	17.3
Rental car privilege fees	32,678	5.6	41,308	5.3
Other terminal revenues (b)	17,940	3.1	17,289	2.2
Building and ground rentals	15,459	2.6	16,975	2.2
Other	<u>22,251</u>	<u>3.8</u>	<u>31,808</u>	<u>4.1</u>
Total nonairline revenues	\$227,896	39.0%	\$290,717	37.3%
Interest income	<u>42,520</u>	<u>7.3</u>	<u>39,154</u>	<u>5.0</u>
Total Gross Revenues (c)	<u>\$584,613</u>	100.0%	<u>\$777,622</u>	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenue from food and beverage, merchandise, and terminal services.

(b) Includes revenue from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.

(c) The amount shown for 2006 does not match the amount reported in Table 24 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Airport management records.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport System through the forecast period.

## **AIRLINE RENTALS, FEES, AND CHARGES**

Airline rentals, fees, and charges are an important source of revenue for the City. In 2006, airline rentals, fees, and charges represented 53.7% of Airport Gross Revenues.

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per-enplaned-passenger basis, for the Airport, for United Airlines, and for other airlines, are shown in Exhibit E. As stated earlier, United's cost per enplaned revenue passenger is not expected to exceed the \$20 "cap" under its use and lease agreement with the City during the forecast period (see Exhibit E).

Required Airport costs in the airline rate base include:

1. Operation and Maintenance Expenses
2. Debt service on Bonds issued for (a) the Airport, net of PFC revenues paid from the PFC Debt Service Account, and (b) Airport land acquisition
3. Amortization of City investments prior to and after the opening of the Airport on February 28, 1995

These costs represent a significant portion of the operating and capital repayment costs for managing and developing the Airport each year. Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future debt service and O&M Expenses—the two largest Airport cost components included in airline rentals, fees, and charges—were presented earlier in this report, and the costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for debt service and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for certain equipment that is to be amortized over 5 years) at the weighted average, effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened in 1995 are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and Transportation Security Administration (TSA) grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges presented in this report.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as debt service is allocated. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section entitled "Airport Use and Lease Agreements," the City is obligated to meet certain rentals, fees, and charges cost reduction goals under various amendments to United's use and lease agreement, which were assumed to be in effect during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges, as presented in Exhibits E-1 through E-4.

### **Landing Fees**

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and/or other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

### **Terminal Complex Rentals**

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

As stated earlier, the City is planning to extend Concourse C by approximately 10 mainline gates to the west, and construct a new commuter jet facility on the east side of Concourse C. It is expected that the 10-gate expansion will become operational on January 1, 2011, and the new commuter jet facility will become operational on January 1, 2009. According to the City, debt service and O&M



Expenses associated with the expansions are to be included in the calculation of airline rentals, fees, and charges.

For purposes of this analysis, the following were assumed:

- Effective January 1, 2009, Great Lakes Aviation would relocate to Concourse C and use the new commuter jet facility. Under the Airport use and lease agreements, the rentals, fees, and charges for the Concourse C commuter jet facility are to be assessed based on the City's estimate of full use of the facility.
- Southwest Airlines and/or other airlines would lease 2 gates and associated space when the 10-gate expansion becomes operational on January 1, 2011.
- The airlines operating on Concourse C would lease one additional gate and associated space in 2012 and in 2013.
- Effective January 1, 2011, Continental Airlines would relocate from Concourse A to Concourse C and would continue to lease the same amount of gates and space. The vacated gates on Concourse A would be used and/or leased by Frontier Airlines.

As a result of these and other assumptions, the City is expected to realize additional rentals and charges associated with the Concourse Ramp Area and Concourse C tenant finishes.

### **Tenant Finishes and Equipment**

Exhibit E-3 shows the calculation of charges to recover the costs of tenant finishes and equipment (including baggage sortation space and equipment). In meeting its cost reduction goals under certain amendments to the Airport use and lease agreement with United, the City intends to write off the book value associated with \$17.5 million of reimbursements from the Capital Fund to United for costs associated with certain modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements, the City has agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2010, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction is to be achieved by applying a portion of the interest savings on the Bond refundings, discussed earlier, against Concourse C tenant finish costs.

Under an amendment to the Airport use and lease agreement with United, debt service and other costs associated with the Concourse B regional jet facility are allocable to Concourse B tenant finish charges and are to be recovered through facility rentals. As United occupies 96% of Concourse B, a significant portion of the

annual cost of this project is to be recovered from United each year. The new facility became operational on April 24, 2007.

### **Baggage System Fees**

Exhibit E-4 shows the calculations of the automated baggage system fee and the conventional baggage system fee assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

In 2005, United discontinued use of the ABS and currently uses the conventional baggage system to transport all of its bags to and from the Landside Terminal. United had been the only airline using the ABS, which was subsequently shut down by the City.

Under the Airport use and lease agreements, the airlines on Concourse A and Concourse B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the City's intent during the forecast period to (a) defease the Bonds associated with the ABS and (b) write off Capital Fund investments in the ABS made by the City.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

### **Other Airline Fees and Charges**

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses rentals, fees, and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end Net Revenue credit.

## NONAIRLINE REVENUES

Exhibit F summarizes historical and forecast revenues from nonairline tenants and services.

### Terminal Concessions

Space for concessions and services is provided in the Landside Terminal and the concourses. The City leases such space pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a re-establishment clause that allows the City to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant.

Unlike most concession programs at U.S. airports, at Denver International Airport, the City has not contracted with one or two “master concessionaires” which, in turn, sublease the concessions to others. The Airport’s concessions program has emphasized direct contracting with individual concessionaires, providing opportunities for local small businesses, greater competition, more choices for consumers, and more revenue to the Airport. Currently, approximately 60 concessionaires operate at the Airport in more than 140 locations.

Some of these concession agreements are scheduled to expire during the forecast period. As these agreements expire, the City intends to enter into new agreements with similar terms and conditions.

In 2006, revenues from Terminal Complex concessions represented 5.9% of Gross Revenues. In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.0% per year, and (4) the terms and conditions of agreements with the City. Exceptions to these factors are noted below.

**Food and Beverage.** The minimum annual guarantee for food and beverage space is \$59 per square foot per year. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Specialty Retail.** The minimum annual guarantee for retail space is approximately \$70 per square foot per year. The merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Services.** Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee of \$36 per square foot per year, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

### **Outside Nonairline Revenues**

Outside nonairline revenues include public automobile parking, rental cars, and ground transportation services.

**Public Automobile Parking.** Public automobile parking at the Airport is accommodated in parking structures, surface lots adjacent to the Landside Terminal, and a remote parking lot. In 2006, public parking revenues accounted for 18.0% of total Gross Revenues.

Table 21 lists the City-owned parking facilities at the Airport, the number of spaces in each facility owned by the City, and parking rates in the facilities, which are adjusted by the City from time-to-time. As stated earlier, AMPCO System Airport Parking operates and manages the public parking facilities under a management contract with the City. Under this contract, the City retains all rights to implement, among other things, parking rate increases.

Table 21

**CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES**

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages (a)	12,329	\$18	\$2
Short-term lots	208	(b)	\$3
Valet	657	\$27	\$11 first hour \$2 each additional hour
Long-term surface parking	8,301	\$9	\$1
Remote surface parking	8,963	\$5	\$1

Note: The Mt. Elbert remote shuttle lot, not included above, has 8,616 spaces and has historically been used for overflow parking. In November 2007, the Mt. Elbert lot will be available for full-time use following the completion of certain parking improvements included in the Airport Capital Program.

- (a) The City expects to open a new parking structure adjacent to the Landside Terminal with approximately 1,700 parking spaces by December 2007.
- (b) Short-term (close-in) parking is assessed at the same hourly rate regardless of the length of stay.

Source: Airport management records.

In general, parking transactions—a measure of customer use—and parking revenues per transaction—a measure of how long customers park—increased from 2001 through the first 3 months of 2007. Transactions and revenues by lot type at the Airport for 2006 and the first 3 months of 2007 are shown below in Table 22.

Table 22

**PARKING TRANSACTIONS AND REVENUES**

Parking facilities	2006	
	Transactions— percent of total	Parking revenues— percent of total
Garages	68%	61%
Valet	2	4
Long-term surface parking	18	23
Remote surface parking	<u>12</u>	<u>12</u>
Total	100%	100%
	First 3 months of 2007	
	Transactions— percent of total	Parking revenues— percent of total
Garages	67%	63%
Valet	2	4
Long-term surface parking	20	23
Remote surface parking	<u>11</u>	<u>10</u>
Total	100%	100%

Source: Airport management records.

To meet the demand for public parking facilities at the Airport, the City is in the process of constructing a new public parking structure adjacent to the Landside Terminal. The new structure is expected to (a) be operational by December 2007, (b) have the same parking rates as existing parking garages, and (c) provide approximately 1,700 public parking spaces.

Since the Airport opened in 1995, privately operated off-Airport parking lot sizes and competition have increased. Many airports in the United States face parking competition from off-airport parking facilities, which are typically owned and operated by private entities that provide courtesy vehicle services to and from the airport terminal building for their customers at no cost. In 2006, one of the largest off-Airport parking operators that serve the Airport doubled its number of covered spaces to 1,100. Published rates at this parking facility are approximately \$7 and \$12 per day for uncovered and covered parking (net of online coupons available at no charge or restrictions), respectively, compared to \$5 and \$18 per day for similar facilities at the Airport. Parking revenues per passenger during the forecast period are expected to increase, but at diminishing rates, consistent with on-Airport trends in recent years. Given the Airport property size and the courtesy vehicle travel distances for off-Airport parking operators to the Landside Terminal, competition from these off-Airport parking operators is not expected to result in year-to-year parking revenue decreases during the forecast period.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2009, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Airport terminal building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are \$10.95 for self-parking and \$13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (a) a minimum annual guarantee equal to 85% of the previous year's guaranteed payment to the City (estimated to be approximately \$247,000 in 2007) or (b) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City.

Public automobile parking revenues were forecast on the basis of (a) a review of yearly trends in parking revenues per originating passenger and per transaction from 2001 through the first 3 months of 2007, (b) moderate increases in the ratio of long-term parkers to originating passenger and average revenue per originating passenger as the City adjusts public parking rates, and (c) forecast increases in the number of originating passengers.

**Rental Cars Privilege Fees.** The City has concession agreements with the following rental car companies to provide service at the Airport through January 1, 2014: Advantage, Avis, Budget, Dollar, Enterprise, Hertz, Payless, Thrifty, and Alamo and National, which operate as rental car brands under Vanguard Car Rentals USA, Inc. In 2006, rental car privilege fee revenues accounted for 5.6% of Gross Revenues.

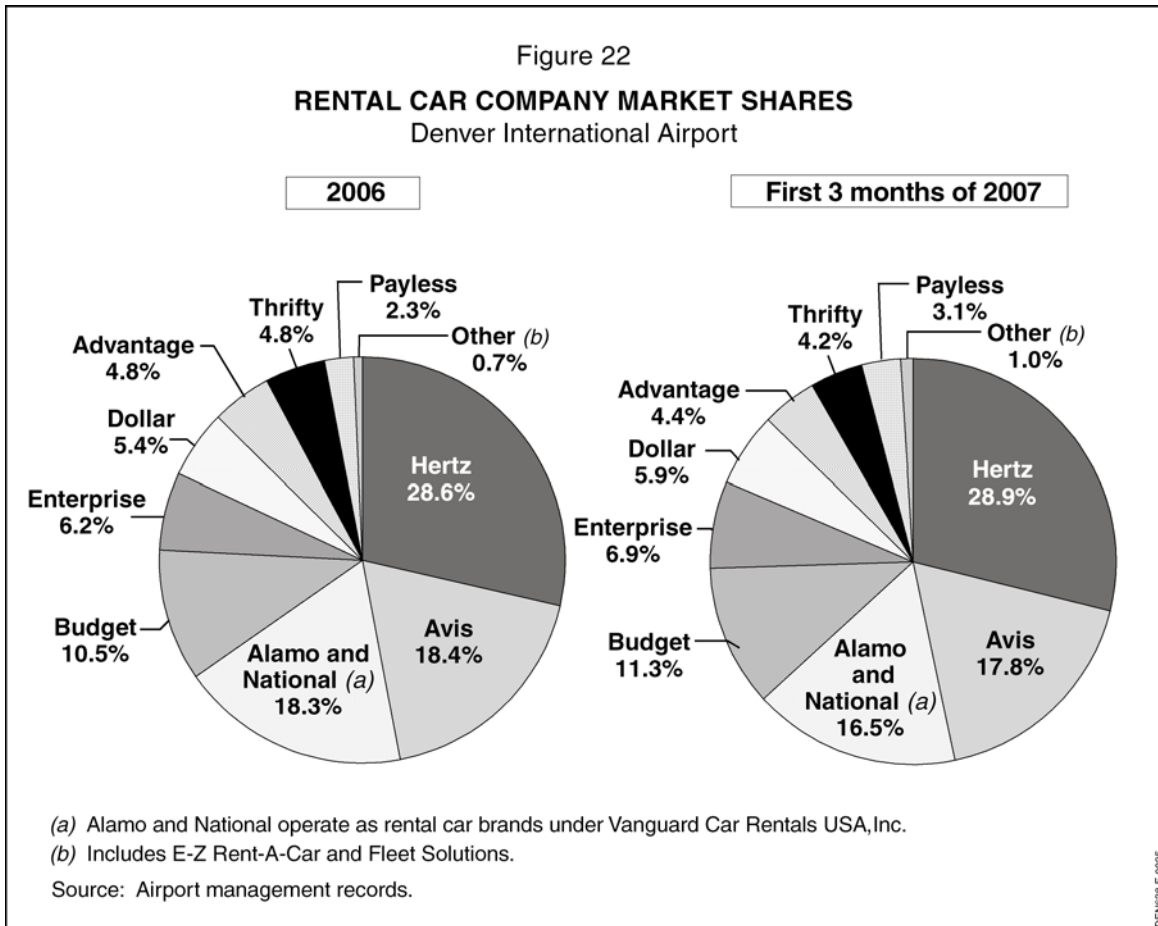
In March 2007, Enterprise entered into an agreement to acquire Vanguard Car Rentals USA, Inc., and stated that the acquisition of Vanguard is expected to close in the third or fourth quarter of 2007. On the basis of data for the first 3 months of 2007, the combined company would be the second largest rental car operation at the Airport based on gross revenues.

Figure 22 presents the market shares of the rental car companies that have concession agreements with the City for 2006 and the first 3 months of 2007.

Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is greater. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Rental car privilege fee revenues were forecast on the basis of (a) forecast numbers of originating passengers, (b) trends in the average gross rental car revenues per originating passenger for the last 5 complete fiscal years (2002-2006) and the first

3 months of 2007, which ranged between \$21 and \$25 per originating passenger, and (c) moderate increases in the average revenue per rented car as the on-Airport rental car companies adjust their daily rates. The acquisition of Vanguard by Enterprise is not expected to have a material effect on privilege fees paid to the City, which are forecast to be greater than the minimum annual guarantee in each year of the forecast period.



**Ground Transportation Services.** The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.



## Other Terminal Revenues

Other terminal revenues include employee parking fees, rental car service and storage area rentals and additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.1% of Gross Revenues in 2006.

**Employee Parking.** The City provides two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the terminal area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

**Rental Car Service and Storage Areas.** In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, construction, and equipping of certain terminal area improvements, rental car facilities, vehicles, and equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

All of the rental car companies serving the Airport have a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies
- Administrative expenses
- Ground rentals for land leased from the City north of Peña Boulevard
- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

**Future Airport Hotel.** In June 2007, the City received several proposals from qualified participants in response to its request for proposals for an owner, manager, financier, and/or constructor of a first-class hotel property (i.e., the Airport Hotel) to be immediately adjacent and attached to the Landside Terminal, on land owned by the City. For purposes of this report, no additional Gross Revenues were assumed during the forecast period from the Airport Hotel.

**Other Terminal Space.** The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

### **Airfield Area Revenues**

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, oil and gas royalty revenues, and fuel flowage fees.

### **Building and Ground Rentals**

Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2006, building and ground rentals accounted for 2.6% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

**Facilities Financed with Senior Bonds.** As part of the new Airport project, the City financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 23 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 23.

Table 23

**CARGO USE AND LEASE AGREEMENTS**

Air General (December 2010)	DHL Worldwide Express (February 2015)
ABX Air (December 2009)	FedEx (February 2023)
America West Airlines/US Airways (February 2005) (a)	Frontier Airlines (May 2005) (a)
American Airlines (December 2010)	Kitty Hawk Air Cargo (July 2011)
Air Transport International (April 2009)	Northwest Airlines (February 2005) (a)
Delta Air Lines (February 2005) (a)	Southwest Airlines (December 2010)
	UPS Air Cargo (February 2010)

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(a) The holdover provision of these agreements is in effect. The City expects new agreements to be executed by the tenants. America West Airlines and US Airways merged in September 2005.

The City has a longer-term agreement—approximately 25 years—with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground support equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides, among other things, for the repayment of debt service on the Senior Bonds issued for Continental’s facilities.

**Facilities Financed with Special Facilities Bonds.** In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance (1) a line maintenance hangar and other facilities for United Airlines, and (2) a multipurpose cargo project for WorldPort at DIA. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These Bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

The City has a Master Special Facilities and Ground Lease (the Master Lease) with WorldPort at DIA Owners LLC (WorldPort LLC), whereby the City has leased to WorldPort LLC land west and south of the South Airline Support Area for cargo, warehousing, office, and distribution facilities. Under the Master Lease, the City receives ground rentals for the 50-acre site, and percentage rent (1.5% of gross revenues received by WorldPort LLC).

Two of the seven buildings that were planned to be developed as part of WorldPort at DIA have been completed. Only one of the buildings has been leased.

On June 26, 2007, a Notice to Redeem the outstanding WorldPort Special Facility Bonds was sent to HSBC Bank, as Trustee. It is expected that these bonds will be redeemed on August 1, 2007, by JP Morgan Chase Bank, the letter of credit provider for the Special Facility Bonds. The City and JP Morgan Chase Bank are negotiating an agreement in which, following the redemption, the City would buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes.

For purposes of this report, it was assumed that the City would receive only the amount of actual rental revenue received from the one building leased by WorldPort LLC in 2006 in each year of the forecast period.

**Other Facilities.** The United States Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, USPS pays ground rent for the areas of the Airport that it uses.

General Aviation Area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site and provides fixed base operator (FBO) services for corporate and similar sized aircraft.

In December 2005, the City issued a request for proposals for a developer of 17 acres of land on the north side of Pena Boulevard as the first phase of a planned 500-acre commercial development initiative. In April 2006, the City announced the selection of CMCB Development Co. of Denver to develop the site, known as the "Landings at DIA." Work on the Landings at DIA is expected to begin in summer 2007, with Phase 1 of the development expected to be operational in summer 2008.

Possible tenants of Landings at DIA include a 200-room limited service hotel, food providers, banks, specialty retail stores, and other service providers. For purposes of this report, it was assumed that the City would receive ground rentals for developed land, assessed at \$1.50 per square foot per year. All 17 acres were assumed to be developed by 2011. No additional payments to the City resulting from a percentage of gross revenues were assumed in the financial forecasts in this report.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the amount of leased building and ground space as of January 1, 2007, is an appropriate basis for estimating occupancy during the forecast period, (2) the City is to continue to establish ground rentals in a manner consistent with its adopted policy (as described earlier), and (3) cargo building rentals are to be established each year based on the costs discussed earlier.

## **Other Revenues**

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State. The City also receives revenues from a tax it imposes on fuel sold at the Airport.

## **Interest Income**

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2006, interest income accounted for 7.3% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (on the same basis as Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

## **STAPLETON DISPOSITION AND REDEVELOPMENT**

Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the grant assurances of the FAA (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June 2013. As of the date of this report, SDC had sold approximately 1,330 acres of Stapleton property for a total of approximately \$44.3 million, and the sale of approximately 292 acres in the amount of approximately \$9.6 million is pending. An additional 437 acres of open space have been dedicated for parks and other public use space. The proceeds from the Stapleton land sales, net of closing costs, have been deposited to the Capital Fund.

The Disposition Agreement provides for the payment of all Stapleton property O&M Expenses of SDC from the City's annual deposit to the Capital Improvement Account, to the extent that such amount is available in that account.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines agreed to fund the costs of certain environmental clean-up at Stapleton, which has occurred. Please refer to the section of the Official Statement entitled “FINANCIAL INFORMATION—Stapleton” for additional information about the Disposition Agreement and the agreement between the City and the airlines.

For the financial forecasts, it was assumed that (1) the City would not receive revenues from future development at Stapleton, (2) all O&M Expenses associated with Stapleton are to be paid by SDC, and (3) the City would continue to fund certain Stapleton disposition costs and amortize those costs in the Airfield Area cost center over 25 years.

## **APPLICATION OF REVENUES**

Exhibit G presents the forecast application of Gross Revenues to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 23.

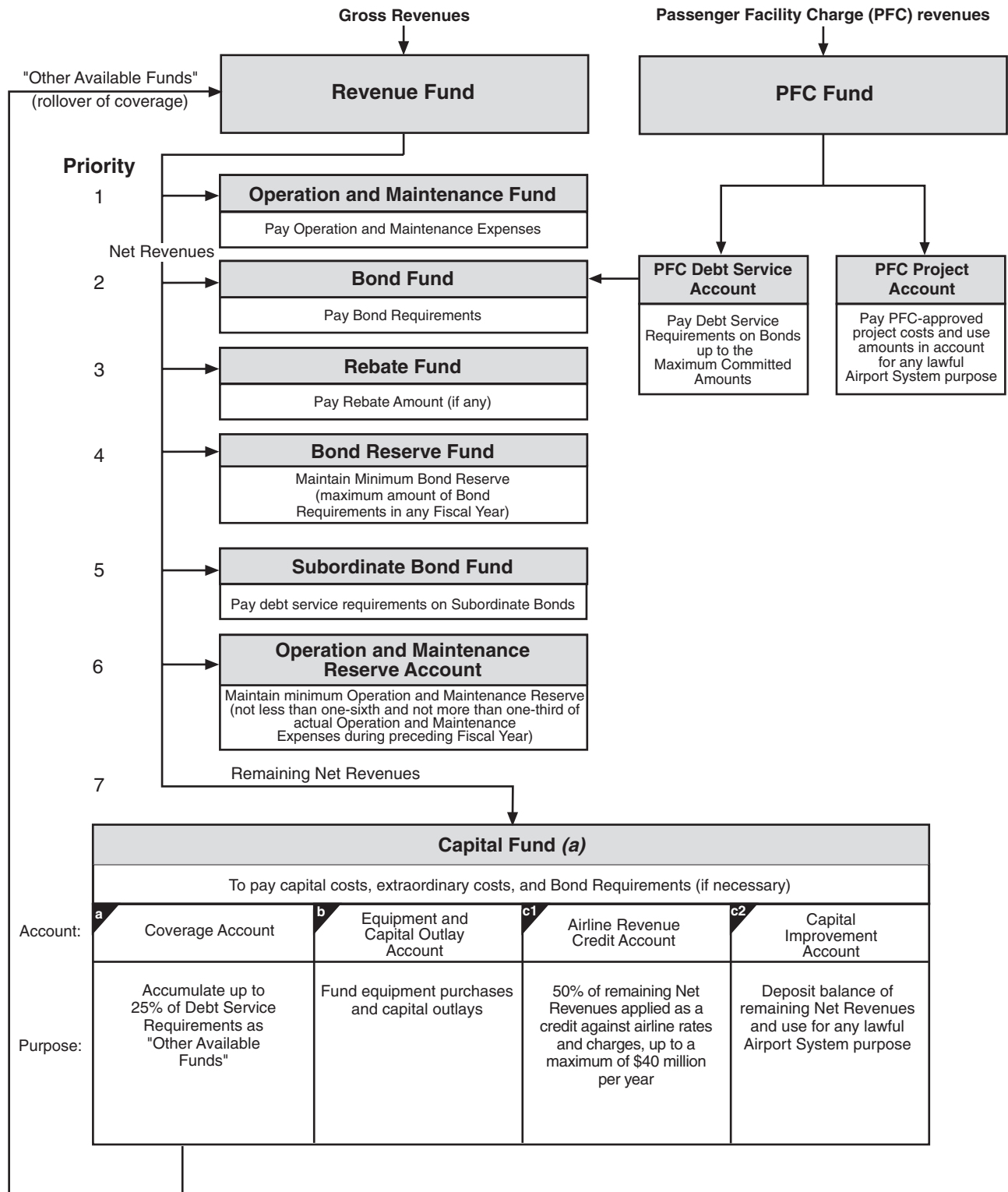
The General Bond Ordinance provides that the Gross Revenues of the Airport System are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of Operation and Maintenance Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each fiscal year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 23.

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be “rolled over” each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Capital Improvement and Airline Revenue Credit accounts, which are discussed below.



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 23  
**STRUCTURE OF FUNDS AND ACCOUNTS AND  
APPLICATION OF REVENUES UNDER  
THE GENERAL BOND ORDINANCE**

City and County of Denver  
July 2007

- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and leased from the Financing Companies, as described below.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for this report that the City would make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments would come from the Equipment and Capital Outlay Account.

Remaining moneys are to flow as follows: 50%, up to a maximum of \$40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

## **DEBT SERVICE COVERAGE**

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance for Senior Bonds. Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period.

For reference, Table 24 provides historical data on debt service coverage.



Table 24

**HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE**

Denver International Airport  
Fiscal Years ended December 31  
(dollars in thousands)

Calculation of debt service coverage	2002	2003	2004	2005	2006
Gross Revenues <i>(a)</i>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	\$282,644	\$325,994	\$322,790	\$336,120	\$326,990
Other Available Funds	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,788</u>
Total amount available for Debt Service Requirement [A]	\$329,395	\$376,801	\$377,639	\$391,293	\$376,778
Debt service coverage on Senior Bonds					
Debt Service Requirement <i>(b)</i> [B]	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt service coverage [A/B]	162%	184%	171%	175%	189%
Debt Service Coverage Requirement	125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding.

- (a)* The amount shown in this table for 2006 does not match the amount shown in Table 20 because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.
- (b)* Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

**ESTIMATED COSTS AND SOURCES OF FUNDS**  
**AIRPORT CAPITAL PROGRAM**  
Denver International Airport  
(in thousands)

	Funding sources for projects				
	Gross project cost	Federal grants-in-aid (a)	Series 2007A-B Bonds	Series 2007D-E Bonds	Future Planned Bonds
<b>Airfield Area</b>					
Rehabilitate taxiways and runways	\$196,497	\$93,368	\$4,254	\$38,458	\$60,418
Upgrade runway and taxiway safety areas	10,025	5,535	-	-	4,490
Rehabilitate apron area	32,160	-	-	4,902	27,258
Snow management plan	6,984	-	-	-	6,984
Replace airfield lighting	4,640	-	500	-	4,140
Other projects	9,753	1,500	1,833	4,298	2,122
	-----	-----	-----	-----	-----
	\$260,059	\$100,403	\$6,587	\$47,658	\$105,411
<b>Terminal Complex</b>					
Expand Concourse C	\$177,828	\$ --	\$ --	\$125,539	\$52,289
Improve baggage system	98,450	-	3,800	-	94,650
Improve building systems	68,088	-	10,295	8,367	49,426
Construct FasTracks rail station	57,150	-	-	-	57,150
Concourse C tenant finishes, and equipment	40,132	-	-	-	40,132
Construct Concourse B regional jet facility	37,786	-	36,274	-	1,512
Improve AGTS	29,453	-	2,353	-	27,100
Replace and rehabilitate loading bridges	32,712	-	3,883	-	28,829
Improve aircraft parking	17,710	-	3,000	14,710	-
Improve restrooms	13,678	-	2,149	-	11,529
Concessions and seating	10,063	-	2,300	-	7,763
Design FIS expansion	10,350	-	900	-	9,450
Expand security screening	6,700	-	-	-	6,700
Ramp area drainage mitigation	4,280	-	856	-	3,424
Other projects	52,729	-	43,666	-	9,063
	-----	-----	-----	-----	-----
	\$657,108	\$ --	\$109,475	\$148,617	\$399,016
<b>Roadways, Parking, and Ground Transportation</b>					
Construct new public parking garages	\$106,539	\$ --	\$47,339	\$ --	\$59,200
Construct new shuttle public parking lot	17,750	-	-	-	17,750
Improve Pena boulevard	15,333	-	7,399	-	7,934
Moisture protection	11,959	-	6,309	-	5,650
Rehabilitate roadway pavement	10,485	-	5,535	-	4,950
Improve landscape	6,280	-	250	-	6,030
Resurface public and employee parking	2,331	-	2,331	-	-
Other projects	11,482	-	5,225	946	5,311
	-----	-----	-----	-----	-----
	\$182,160	\$ --	\$74,388	\$946	\$106,825
<b>Cargo and Support Facilities</b>					
Construct equipment storage facility	\$12,800	\$ --	\$ --	\$ --	\$12,800
Expand stock room	11,500	-	-	-	11,500
Expand paint shop	2,013	-	-	-	2,013
Upgrade and improve ARFF stations	554	-	554	-	-
Other projects	11,884	-	5,226	-	6,658
	-----	-----	-----	-----	-----
	\$38,750	\$ --	\$5,780	\$ --	\$32,970
<b>Other projects</b>					
Communications, electronics, fire, and security	\$37,043	\$ --	\$1,238	\$ --	\$35,806
Professional services	23,208	-	-	4,479	18,728
Central plant improvements	14,133	-	-	-	14,133
Environmental, utilities, and drainage	12,116	-	2,702	-	9,414
	-----	-----	-----	-----	-----
	\$86,500	\$ --	\$3,940	\$4,479	\$78,081
	-----	-----	-----	-----	-----
	\$1,224,575	\$100,403	\$200,170	\$201,700	\$722,303
	=====	=====	=====	=====	=====

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

(a) Includes federal grants-in-aid under the Airport Improvement Program.

**Exhibit B**

**ESTIMATED PLAN OF FINANCE**

Denver International Airport  
(in thousands)

	2007 Bonds			Future Planned Bonds	Total
	2007A-B Bonds	2007D-E Bonds	Total		
<b>SOURCES OF FUNDS</b>					
Principal amount of Bonds	\$224,016	\$250,020	\$474,036	\$922,100	\$1,396,136
Interest earnings	9,086	14,494	23,579	--	23,579
Federal grants-in-aid	-	-	-	100,403	100,403
<b>Total sources of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>
<b>USES OF FUNDS</b>					
Project costs funded from bond proceeds	\$130,170	\$201,700	\$331,870	\$722,303	\$1,054,173
Project costs funded from federal grants	-	-	-	100,403	100,403
Reimburse Airport equity	40,000	-	40,000	--	40,000
Refund Commercial Paper Notes	30,000	-	30,000	--	30,000
	\$200,170	\$201,700	\$401,870	\$822,706	\$1,224,576
Bond Reserve Fund	16,990	18,965	35,955	84,227	120,182
Capitalized interest account	10,497	37,772	48,268	101,268	149,536
Costs of issuance	5,445	6,076	11,522	14,302	25,824
<b>Total uses of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>

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Note: May not add due to rounding.

See the Report of the Airport Consultant for additional information on the Plan of Finance.

Source: First Albany Capital Inc., Plan of Financing dated July 2007.

**Exhibit C**

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Senior Bonds</b>									
Series 1990A	\$13,450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Series 1991A	3,710	11,415	11,411	11,417	--	--	--	--	--
Series 1991D	21,207	21,207	21,212	21,209	21,212	21,209	21,208	21,208	6,411
Series 1992D-G (variable rate)	2,299	3,269	3,217	3,165	3,312	3,352	3,388	3,420	3,447
Series 1995A	9,816	--	--	--	--	--	--	--	--
Series 1995B	7,484	--	--	--	--	--	--	--	--
Series 1995C	5,553	691	691	691	691	4,011	4,010	4,015	--
Series 1996A-B	23,557	14,365	--	--	--	--	--	--	--
Series 1996C-D	18,137	11,908	--	--	--	--	--	--	--
Series 1997E	22,338	21,824	21,106	20,903	20,739	20,576	38,135	26,403	26,549
Series 1998A-B	15,503	15,411	14,290	13,153	13,044	13,044	13,044	13,044	13,044
Series 2000A	28,187	28,185	28,184	27,696	27,123	26,558	26,074	26,071	26,071
Series 2000B-C (variable rate)	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Series 2001A-B	45,314	29,475	31,933	18,996	15,993	21,813	18,742	26,673	42,228
Series 2001D	5,651	5,647	6,037	6,037	6,039	6,039	6,036	6,034	6,036
Series 2002A1-A3 (variable rate) (c)	13,683	18,247	17,293	23,373	23,464	22,458	11,235	11,298	11,436
Series 2002C-D (variable rate)	12,717	2,889	2,941	2,989	2,933	2,976	3,016	3,052	3,183
Series 2002E	7,322	17,742	20,645	14,584	14,392	13,146	13,113	13,128	13,187
Series 2003A-B (d)	14,657	14,269	13,737	26,087	33,055	30,123	11,223	11,223	11,223
Series 2004A-B (variable rate)	4,561	8,187	11,073	10,969	11,264	10,905	11,024	11,104	7,784
Series 2005A	2,529	11,382	11,733	11,562	11,272	11,002	12,557	12,562	12,562
Series 2005B-C (variable rate)	531	12,901	13,261	13,582	13,480	10,479	14,430	14,637	25,375
Series 2006A-B	--	5,461	40,066	40,180	40,248	40,337	43,167	43,408	35,630
Series 2007A-B	--	--	--	5,738	8,607	11,477	16,987	16,987	16,988
Series 2007D-E	--	--	--	--	--	816	17,816	18,961	18,956
Future Planned Bonds (Concourse C portion only)	--	--	--	--	--	--	11,868	12,886	12,886
Future Planned Bonds (all other projects)	--	--	--	--	--	--	22,343	22,343	43,008
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$292,443	\$268,713	\$283,070	\$286,569	\$281,107	\$284,559	\$333,654	\$332,695	\$350,241
Continental support facilities bonds (e)	5,416	5,423	5,416	5,416	5,423	5,414	5,417	5,417	5,418
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$297,859	\$274,136	\$288,486	\$291,985	\$286,529	\$289,973	\$339,071	\$338,113	\$355,660
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Debt Service Requirements -- Senior Bonds</b>	<b>\$230,272</b>	<b>\$208,945</b>	<b>\$220,422</b>	<b>\$221,899</b>	<b>\$214,864</b>	<b>\$217,238</b>	<b>\$265,262</b>	<b>\$263,390</b>	<b>\$280,330</b>

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Subordinate Bonds</b>									
Series 2001C	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806
<b>Total Debt Service Requirements</b>	<b>\$242,078</b>	<b>\$220,751</b>	<b>\$232,228</b>	<b>\$233,705</b>	<b>\$226,670</b>	<b>\$229,044</b>	<b>\$277,067</b>	<b>\$275,196</b>	<b>\$292,136</b>
<b>ANNUAL TOTAL OF MONTHLY TRANSFERS TO BOND FUND (b)</b>									
Gross debt service	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
<b>Required transfers from Gross Revenues (h)</b>	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
<b>COVERAGE REQUIREMENT ON BONDS (i)</b>									
Airport portion	\$56,214	\$50,880	\$53,752	\$54,121	\$52,360	\$52,956	\$64,961	\$64,493	\$68,728
Continental portion	1,354	1,356	1,354	1,354	1,356	1,354	1,354	1,354	1,355
	\$57,568	\$52,236	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Net of capitalized interest. For bond fund transfers, reflects the 12 monthly payments required on February 1 of that year through January 2 of the following year. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
  - (c) Between 2008 and 2010, the City intends to optionally redeem the principal outstanding of the Sereis 2003 Bonds, which will have the effect of reamortizing this debt. Source for reamortized principal: First Albany Capital.
  - (d) Reflects the proposed defeasance of approximately \$175 million in principal outstanding to mitigate costs associated with the 10-gate Concourse C expansion. The specific series of Bonds to be refunded has not been decided by the City.
  - (e) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
  - (f) Reflects two-thirds (generally equal to \$3) of forecast PFC revenue and associated interest income, as provided under a PFC Supplemental Bond Ordinance.
  - (g) Reflects \$1.50 PFC revenue (or the non-Committed Passenger Facility Charges revenue) that are used to pay Debt Service Requirements. See the Report of the Airport Consultant for additional information.
  - (h) Debt service for purposes of calculating airline rates and charges.
  - (i) Equal to 25% of Debt Service Requirements on Senior Bonds.

**Exhibit C-1**

**ALLOCATION OF DEBT SERVICE TO COST CENTERS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>ANNUAL TRANSFERS TO BOND FUND (b)</b>									
Senior Bonds and Subordinate Bonds	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (b)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (b)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>ALLOCATION TO COST CENTERS</b>									
<b>Airline cost centers</b>									
Terminal Complex	\$89,734	\$90,665	\$93,584	\$96,605	\$95,476	\$101,479	\$121,614	\$123,564	\$128,997
Tenant Finishes and Equipment									
Landside Terminal	3,209	3,314	3,335	3,287	3,343	3,536	3,953	3,964	4,024
Concourse A	8,014	6,833	7,111	6,610	6,492	6,732	8,598	8,647	8,917
Concourse B	20,239	16,857	15,853	14,367	13,793	14,855	17,081	17,097	17,158
Concourse C	3,330	2,152	1,813	1,588	1,561	2,151	5,395	5,645	6,581
Loading Bridges	282	416	483	585	652	713	799	779	681
International Facilities	1,530	1,578	1,577	1,457	1,430	1,461	1,560	1,561	1,562
Common Use Terminal Equipment	36	30	39	39	39	39	39	39	39
Concourse A commuter facility	134	134	134	134	134	134	134	134	134
Concourse C commuter facility	--	--	--	--	21	566	2,793	2,941	2,940
Baggage Claim	1,424	1,468	1,470	1,373	1,357	1,396	1,501	1,502	1,503
Automated Baggage Systems	8,598	3,968	1,506	--	--	--	--	--	--
Conventional Baggage Systems	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
International Facilities	962	1,240	1,285	1,160	1,161	1,212	1,514	1,465	1,359
AGTS	3,633	3,597	3,785	3,887	3,947	4,180	5,100	5,234	5,942
Concourse Ramp Area	2,273	2,081	1,941	1,372	1,192	1,392	2,383	2,339	2,203
Airfield Area	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Fueling System	10,088	10,385	10,389	9,609	9,435	9,641	10,306	10,311	10,322
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$189,885	\$174,097	\$171,547	\$162,623	\$157,613	\$169,363	\$216,479	\$219,880	\$234,154
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Nonairline cost centers</b>	44,334	45,471	44,791	43,999	44,512	47,194	54,743	55,337	58,773
<b>Continental support facilities</b>	5,416	5,422	5,416	5,418	5,421	5,415	5,417	5,418	5,419
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

A-120

(a) Source: Airport management records. Based on audited financial results.

(b) See Exhibit C.

Exhibit D

OPERATION AND MAINTENANCE EXPENSES

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007 (b)	2008 (b)	2009	2010	2011	2012	2013
<b>BY OBJECT TYPE</b>									
<b>Personnel services</b>	\$92,744	\$97,026	\$102,054	\$108,357	\$116,609	\$123,668	\$131,117	\$138,366	\$144,817
<b>Contractual services</b>									
Professional services	\$36,960	\$39,482	\$43,267	\$51,153	\$55,049	\$58,381	\$61,898	\$65,320	\$68,365
Utility services	19,617	19,898	22,118	21,964	23,636	25,067	26,577	28,047	29,354
Cleaning services	20,037	22,592	22,044	24,022	25,851	27,416	29,067	30,674	32,105
Other services	12,709	12,640	14,231	14,952	16,091	17,065	18,093	19,093	19,983
Repairs and maintenance (c)	24,384	27,611	31,085	34,124	35,148	36,203	37,289	38,407	39,560
Rentals	575	692	607	514	681	711	743	775	805
Insurance	3,590	3,674	3,300	3,420	3,699	3,866	4,040	4,213	4,374
Other contractual services (d)	1,305	1,560	1,924	2,271	2,156	2,253	2,355	2,456	2,550
Additional expenses (e)	--	--	--	--	711	775	11,735	12,187	12,682
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$119,177	\$128,150	\$138,575	\$152,421	\$163,021	\$171,738	\$191,797	\$201,172	\$209,778
<b>Maintenance, supplies, and materials</b>	15,940	18,879	18,208	19,654	21,151	22,431	23,782	25,097	26,268
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>BY COST CENTER</b>									
<b>Airline cost centers</b>									
Terminal Complex (f)	\$84,383	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
International Facilities	1,151	898	261	269	288	304	332	349	365
Automated Baggage Systems	2,979	1,664	341	365	391	413	451	474	495
Conventional Baggage Systems	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Baggage Claim	--	--	--	--	--	--	--	--	--
AGTS	16,860	18,583	20,458	21,634	23,204	24,520	26,746	28,130	29,382
Common Use Terminal Equipment	2	65	122	152	163	172	188	197	206
Concourse Ramp Area	7,082	7,878	8,348	9,809	10,520	11,117	12,126	12,754	13,321
Concourse A commuter facility	583	603	677	593	636	672	734	771	806
Airfield Area	48,649	54,549	54,527	59,504	63,822	67,441	73,564	77,371	80,814
Fueling System	1,558	1,553	1,402	1,434	1,539	1,626	1,773	1,865	1,948
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$164,556	\$174,917	\$187,631	\$203,158	\$217,899	\$230,256	\$251,162	\$264,158	\$275,914
<b>Nonairline cost centers</b>	63,306	69,137	71,207	77,275	82,882	87,582	95,535	100,478	104,949
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		7.1%	6.1%	8.3%	7.3%	5.7%	9.1%	5.2%	4.5%
-----									

(a) Source: Airport management records. Based on audited financial results.

(b) Source: Airport management records. Based on budgeted expenses.

(c) Excludes maintenance costs of the conventional baggage system.

(d) Includes bad debt expenses, if any, for the historical year.

(e) Reflects additional expenses associated with implementing certain projects in the Airport Capital Program.

(f) Includes expenses associated with maintaining the loading bridges. These expenses are recovered through TF&E charges.

**Exhibit E**

**AIRLINE RENTALS, FEES, AND CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Airline Revenues</b>									
Landing fees--Signatory Airlines	\$92,161	\$90,993	\$87,340	\$84,420	\$90,391	\$96,217	\$113,460	\$118,796	\$126,709
Landing fees--non-signatory airlines	2,239	1,198	1,558	1,461	1,526	1,599	1,853	1,903	2,014
Terminal complex rentals	71,433	66,713	74,760	78,876	82,156	86,804	100,210	105,725	111,569
Nonpreferential, commuter, common-use gates	3,523	3,236	2,510	2,507	2,225	2,406	3,362	3,451	3,531
Tenant finishes and equipment charges (b)	51,444	53,766	55,724	54,974	56,913	60,563	67,233	69,198	71,813
Automated baggage system fees	17,746	11,727	5,817	4,737	5,049	5,359	5,761	6,018	6,273
Conventional baggage system fees	22,023	21,314	22,191	23,242	24,216	25,523	28,585	29,558	32,137
International facility fees	4,413	5,146	4,171	4,450	4,742	5,063	5,318	5,597	5,891
AGTS charges	22,089	23,020	25,156	26,624	29,513	31,045	34,131	35,888	37,611
Baggage claim charges	16,229	15,546	16,825	17,590	18,395	19,396	20,450	21,173	21,934
Interline baggage fees	679	560	745	787	827	873	920	955	992
Concourse ramp fees	8,803	8,629	9,230	10,265	11,083	11,796	13,137	13,846	14,256
Commuter ramp fees	141	156	255	276	296	313	328	340	344
Common use terminal equipment fees	15	17	99	120	128	134	145	152	158
Fueling system charges	11,974	12,176	11,966	11,238	11,199	11,499	12,303	12,428	12,519
<b>Total rentals, fees, and charges</b>	<b>\$324,913</b>	<b>\$314,197</b>	<b>\$318,347</b>	<b>\$321,566</b>	<b>\$338,658</b>	<b>\$358,591</b>	<b>\$407,195</b>	<b>\$425,030</b>	<b>\$447,750</b>
Less: Balance in Airline Revenue Credit Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(34,751)	(35,134)	(32,205)
<b>Net rentals, fees, and charges</b>	<b>\$284,913</b>	<b>\$274,197</b>	<b>\$278,347</b>	<b>\$281,566</b>	<b>\$298,658</b>	<b>\$318,591</b>	<b>\$372,444</b>	<b>\$389,896</b>	<b>\$415,545</b>
<b>Net rentals, fees, and charges by airline</b>									
United	\$155,644	\$150,963	\$145,631	\$145,657	\$153,527	\$163,851	\$182,074	\$190,013	\$199,782
Other airlines	129,269	123,234	132,715	135,909	145,131	154,740	190,370	199,883	215,763
	\$284,913	\$274,197	\$278,347	\$281,566	\$298,658	\$318,591	\$372,444	\$389,896	\$415,545
Less: cargo carriers landing and other fees (c)	(4,931)	(4,138)	(3,799)	(3,688)	(3,951)	(4,283)	(5,131)	(5,403)	(5,908)
	<b>\$279,982</b>	<b>\$270,060</b>	<b>\$274,548</b>	<b>\$277,878</b>	<b>\$294,707</b>	<b>\$314,308</b>	<b>\$367,313</b>	<b>\$384,493</b>	<b>\$409,637</b>
Enplaned passengers	21,702	23,665	24,602	25,351	25,936	26,332	26,730	27,068	27,293
<b>Airline cost per enplaned passenger</b>	<b>\$12.90</b>	<b>\$11.41</b>	<b>\$11.16</b>	<b>\$10.96</b>	<b>\$11.36</b>	<b>\$11.94</b>	<b>\$13.74</b>	<b>\$14.20</b>	<b>\$15.01</b>
<b>Maximum cost per enplaned revenue passenger for United (d)</b> <b>(in 1990 dollars)</b>	<b>\$11.33</b>	<b>\$11.19</b>	<b>\$9.16</b>	<b>\$8.79</b>	<b>\$8.89</b>	<b>\$9.11</b>	<b>\$9.74</b>	<b>\$9.74</b>	<b>\$9.81</b>

(a) Source: Airport management records. Based on audited financial results.

(b) Includes debt service associated with the Concourse B regional jet facility.

(c) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned passenger.

(d) Source for the discount factor: historical and estimated Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). An assumed 3% discount factor was used, which approximates the Denver-Boulder-Greeley CPI from 1990-2006.



**Exhibit E-1**

**LANDING FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$48,649	\$54,549	\$54,527	\$59,504	\$63,822	\$67,441	\$73,564	\$77,371	\$80,814
Operation and Maintenance Reserve Account replenishment (b)		1,058	554	498	554	1,146	1,079	905	1,531	952
Equipment and capital outlays		2,521	2,285	2,304	1,722	1,774	1,827	1,882	1,938	1,997
Debt service	C-1	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Variable rate bond fees (c)		752	596	479	469	459	449	439	427	413
Amortization charges		19,457	19,126	17,865	17,118	21,479	22,099	22,451	22,810	23,141
Other allocable costs		289	304	325	323	329	343	394	403	417
Capital cost of north site (50%)		1,297	1,320	1,329	1,243	1,227	1,256	1,336	1,339	1,345
<b>Total Airfield Area requirements</b>		<b>\$100,713</b>	<b>\$98,100</b>	<b>\$94,722</b>	<b>\$91,678</b>	<b>\$97,708</b>	<b>\$103,647</b>	<b>\$121,271</b>	<b>\$126,669</b>	<b>\$134,716</b>
Less credits:										
Nonairline revenues	F	(\$4,246)	(\$3,432)	(\$3,434)	(\$3,438)	(\$3,442)	(\$3,445)	(\$3,449)	(\$3,453)	(\$3,456)
Nonsignatory airline landing fees (d)		(2,239)	(1,198)	(1,558)	(1,461)	(1,526)	(1,599)	(1,853)	(1,903)	(2,014)
Interest income (e)		(2,068)	(2,477)	(2,391)	(2,359)	(2,349)	(2,386)	(2,510)	(2,517)	(2,537)
<b>Net Airfield Area requirement</b>		<b>\$92,161</b>	<b>\$90,994</b>	<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>
Signatory Airline landed weight (1,000 pound units) (f)		29,053	31,524	33,231	33,733	34,039	34,078	34,169	34,283	34,073
<b>Signatory Airline landing fee rate</b>		<b>\$3.17</b>	<b>\$2.89</b>	<b>\$2.63</b>	<b>\$2.50</b>	<b>\$2.66</b>	<b>\$2.82</b>	<b>\$3.32</b>	<b>\$3.47</b>	<b>\$3.72</b>
<b>Total Signatory Airline landing fees</b>				<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (d) Reflects the calculated Signatory Airline landing fee value multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
- (e) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (f) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

**Exhibit E-2**

**TERMINAL COMPLEX RENTALS**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$84,908	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
Less: Loading bridge maintenance expenses (b)		(658)	(1,122)	(1,190)	(1,289)	(1,382)	(1,461)	(1,593)	(1,676)	(1,750)
Operation and Maintenance Reserve Account replenishment (c)		1,723	982	914	1,005	2,078	1,958	1,641	2,776	1,726
Equipment and capital outlays		1,694	1,223	1,475	1,103	1,136	1,170	1,205	1,241	1,278
Debt service (d)	C-1	99,734	90,665	94,557	97,505	96,358	102,368	122,407	124,358	129,791
Variable rate bond fees (e)		1,806	1,638	1,223	1,198	1,172	1,148	1,121	1,092	1,055
Amortization charges		6,824	6,375	6,539	7,349	10,499	10,640	10,776	10,914	10,953
Other allocable costs		746	783	839	833	848	886	1,018	1,039	1,075
<b>Total Terminal Complex Requirement</b>		<b>\$196,777</b>	<b>\$188,248</b>	<b>\$204,362</b>	<b>\$215,626</b>	<b>\$226,461</b>	<b>\$239,025</b>	<b>\$269,997</b>	<b>\$280,072</b>	<b>\$290,700</b>
Less credits: Interest income (f)		(5,334)	(6,388)	(6,166)	(6,084)	(6,059)	(6,155)	(6,473)	(6,492)	(6,543)
<b>Net Terminal Complex Requirement</b>		<b>\$191,443</b>	<b>\$181,859</b>	<b>\$198,196</b>	<b>\$209,542</b>	<b>\$220,402</b>	<b>\$232,870</b>	<b>\$263,524</b>	<b>\$273,580</b>	<b>\$284,157</b>
Rentable space (square feet) (g)		2,327	2,323	2,323	2,325	2,328	2,328	2,502	2,502	2,502
<b>Average rental rate per square foot</b>		<b>\$82.26</b>	<b>\$78.30</b>	<b>\$85.33</b>	<b>\$90.12</b>	<b>\$94.69</b>	<b>\$100.05</b>	<b>\$105.34</b>	<b>\$109.36</b>	<b>\$113.59</b>
Average rental rate per square foot at 100%		\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
Differential rate per square foot at 65%		53.47	50.89	55.47	58.58	61.55	65.03	68.47	71.09	73.83
Total airline space rentals (h)				\$74,760	\$78,876	\$82,156	\$86,804	\$100,210	\$105,725	\$111,569

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) These expenses are recovered through tenant finish charges.
- (c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (d) For purposes of establishing the average terminal rental rate, debt service prior to the application of certain PFC revenue is used.
- (e) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (f) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (g) Rentable space increases during the forecast period as projects are completed.
- (h) Includes exclusive, preferential, and joint-use space rentals.

Exhibit E-3

**TENANT FINISHES AND EQUIPMENT CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Landside Terminal</b>									
Debt service	\$3,209	\$3,314	\$3,335	\$3,287	\$3,343	\$3,536	\$3,953	\$3,964	\$4,024
Variable rate bond fees (b)	39	48	31	31	30	29	29	28	27
Other allocable costs	24	25	27	26	27	28	32	33	34
Amortization charges	668	1,717	2,221	2,241	2,262	2,283	2,305	2,327	2,350
<b>Total requirements</b>	<b>\$3,939</b>	<b>\$5,105</b>	<b>\$5,613</b>	<b>\$5,585</b>	<b>\$5,662</b>	<b>\$5,876</b>	<b>\$6,319</b>	<b>\$6,352</b>	<b>\$6,435</b>
Less credits: Interest income (c)	(168)	(202)	(195)	(192)	(191)	(194)	(204)	(205)	(207)
<b>Net requirements</b>	<b>\$3,771</b>	<b>\$4,903</b>	<b>\$5,419</b>	<b>\$5,393</b>	<b>\$5,471</b>	<b>\$5,682</b>	<b>\$6,114</b>	<b>\$6,147</b>	<b>\$6,228</b>
Landside Terminal rentable space (square feet)	94	95	96	96	96	96	96	96	96
Rate per square foot	\$40.03	\$51.58	\$56.45	\$56.18	\$56.99	\$59.19	\$63.69	\$64.03	\$64.88
Airline rented space (square feet)			55	57	57	57	57	57	57
<b>Total charges -- Landside Terminal</b>			<b>\$3,081</b>	<b>\$3,202</b>	<b>\$3,248</b>	<b>\$3,374</b>	<b>\$3,630</b>	<b>\$3,649</b>	<b>\$3,698</b>
<b>Concourse A</b>									
Debt service (d)	\$8,014	\$6,833	\$7,111	\$6,610	\$6,492	\$6,732	\$8,598	\$8,647	\$8,917
Variable rate bond fees (b)	102	124	81	79	77	76	74	72	70
Other allocable costs	61	64	68	68	69	72	83	85	88
Amortization charges	496	1,345	1,369	1,397	1,440	1,465	1,492	1,518	1,545
<b>Total requirements</b>	<b>\$8,672</b>	<b>\$8,365</b>	<b>\$8,630</b>	<b>\$8,154</b>	<b>\$8,079</b>	<b>\$8,346</b>	<b>\$10,247</b>	<b>\$10,322</b>	<b>\$10,619</b>
Less credits: Interest income (c)	(434)	(520)	(502)	(496)	(494)	(501)	(527)	(529)	(533)
<b>Net requirements</b>	<b>\$8,238</b>	<b>\$7,845</b>	<b>\$8,127</b>	<b>\$7,659</b>	<b>\$7,585</b>	<b>\$7,844</b>	<b>\$9,720</b>	<b>\$9,793</b>	<b>\$10,086</b>
Less: Baggage sortation costs recovered separately (d)	(1,452)	--	--	--	--	--	--	--	--
	\$6,785	\$7,845	\$8,127	\$7,659	\$7,585	\$7,844	\$9,720	\$9,793	\$10,086
Rentable space (square feet)									
Airline rentable space	298	298	298	298	298	298	298	298	298
Less: Unfinished airline space	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Less: baggage sortation level space	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Corridor office space	7	7	7	7	7	7	7	7	7
Concourse ramp tower	6	6	6	6	6	6	6	6	6
City administrative space	49	49	49	49	49	49	49	49	49
Rentable space (square feet)	325	324	324	324	324	324	324	324	324
Rate per square foot	\$20.88	\$24.19	\$25.06	\$23.61	\$23.39	\$24.19	\$29.97	\$30.19	\$31.10
Plus: Loading bridge maintenance cost charge	4.40	4.24	5.67	6.80	9.10	9.44	11.90	12.09	11.98
	\$25.28	\$28.43	\$30.73	\$30.41	\$32.49	\$33.63	\$41.87	\$42.28	\$43.07
Airline rented space (square feet)	115	107	128	119	113	113	94	94	94
Total rental revenue	\$2,896	\$3,052	\$3,922	\$3,631	\$3,680	\$3,809	\$3,922	\$3,961	\$4,035
Plus: Baggage sortation equipment revenue (d)	1,305	1,240	--	--	--	--	--	--	--
<b>Total charges -- Concourse A</b>	<b>\$4,200</b>	<b>\$4,292</b>	<b>\$3,922</b>	<b>\$3,631</b>	<b>\$3,680</b>	<b>\$3,809</b>	<b>\$3,922</b>	<b>\$3,961</b>	<b>\$4,035</b>

Exhibit E-3 (page 2 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Concourse B</b>									
Debt service (e)	\$20,239	\$16,857	\$15,853	\$14,367	\$13,793	\$14,855	\$17,081	\$17,097	\$17,158
Variable rate bond fees (b)	245	310	248	243	238	233	227	222	214
Other allocable costs	152	160	171	170	173	180	207	212	219
Amortization charges (f)	2,595	2,003	1,098	180	442	441	441	441	440
<b>Total requirements</b>	<b>\$23,231</b>	<b>\$19,329</b>	<b>\$17,371</b>	<b>\$14,961</b>	<b>\$14,646</b>	<b>\$15,710</b>	<b>\$17,957</b>	<b>\$17,971</b>	<b>\$18,031</b>
Less credits: Interest income (c)	(1,086)	(1,301)	(1,256)	(1,239)	(1,234)	(1,253)	(1,318)	(1,322)	(1,332)
Net requirements	\$22,145	\$18,028	\$16,115	\$13,722	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Less: Baggage sortation costs recovered separately									
Baggage sortation equipment costs (e)	(\$7,153)	(\$5,520)	(\$1,131)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage system modification costs (g) (f)	(1,561)	(1,561)	(781)	--	--	--	--	--	--
Baggage system modification costs (h) (f)	(1,254)	(1,254)	(1,685)	(771)	--	--	--	--	--
Rentable space (square feet)	\$12,177	\$9,694	\$12,518	\$12,950	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Rate per square foot	481	479	479	479	479	479	479	479	479
Plus: Loading bridge maintenance cost charge	\$25.33	\$20.26	\$26.16	\$27.06	\$28.03	\$30.21	\$34.77	\$34.79	\$34.90
Airline rented space (square feet)	1.29	2.78	2.93	3.30	4.21	4.37	4.61	4.69	4.64
Total rental revenue	\$26.61	\$23.04	\$29.10	\$30.37	\$32.24	\$34.58	\$39.38	\$39.48	\$39.54
Plus: Concourse B baggage system revenue	463	460	460	460	460	460	460	460	460
Baggage sortation equipment (e)	\$7,153	\$5,520	\$1,131	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage sortation space (i)	29,125	27,376	29,836	31,511	33,109	34,982	36,833	38,238	39,717
Baggage system modification (g) (f)	1,561	1,561	781	--	--	--	--	--	--
Baggage system modification (h) (f)	1,254	1,254	1,685	771	--	--	--	--	--
Concourse C baggage equipment revenue (e) (j)	942	643	--	--	--	--	--	--	--
<b>Total charges -- Concourse B</b>	<b>\$52,345</b>	<b>\$46,959</b>	<b>\$46,825</b>	<b>\$46,260</b>	<b>\$47,947</b>	<b>\$50,898</b>	<b>\$54,961</b>	<b>\$56,411</b>	<b>\$57,916</b>

Exhibit E-3 (page 3 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual 2005 (a)	Actual 2006 (a)	Estimated 2007	Forecast					
				2008	2009	2010	2011	2012	2013
<b>Concourse C</b>									
Debt service (k)	\$3,330	\$2,152	\$1,813	\$1,588	\$1,561	\$2,151	\$5,395	\$5,645	\$6,581
Variable rate bond fees (b)	45	51	35	34	33	32	32	31	30
Other allocable costs	25	26	28	28	28	30	34	35	36
Amortization charges	290	406	394	385	402	408	413	419	424
<b>Total requirements</b>	<b>\$3,690</b>	<b>\$2,635</b>	<b>\$2,270</b>	<b>\$2,034</b>	<b>\$2,024</b>	<b>\$2,621</b>	<b>\$5,874</b>	<b>\$6,129</b>	<b>\$7,071</b>
Less credits:									
Interest income (c)	(\$178)	(\$213)	(\$206)	(\$203)	(\$202)	(\$206)	(\$216)	(\$217)	(\$219)
Transfer of Concourse C baggage sortation cost to Concourse B	(933)	(502)	--	--	--	--	--	--	--
<b>Net requirements</b>	<b>\$2,579</b>	<b>\$1,920</b>	<b>\$2,064</b>	<b>\$1,831</b>	<b>\$1,822</b>	<b>\$2,415</b>	<b>\$5,657</b>	<b>\$5,912</b>	<b>\$6,852</b>
Concourse C rentable space (square feet)	137	137	137	137	137	137	250	250	250
Rate per square foot	\$18.79	\$14.05	\$15.04	\$13.34	\$13.28	\$17.60	\$22.61	\$23.63	\$27.39
Plus: Loading bridge maintenance cost charge	3.72	3.76	5.79	6.19	7.88	8.18	5.02	4.79	4.48
<b>Airline rented space (square feet)</b>	<b>\$22.51</b>	<b>\$17.82</b>	<b>\$20.83</b>	<b>\$19.53</b>	<b>\$21.16</b>	<b>\$25.78</b>	<b>\$27.63</b>	<b>\$28.42</b>	<b>\$31.87</b>
	95	91	91	96	96	96	171	182	193
<b>Total charges -- Concourse C</b>	<b>\$2,141</b>	<b>\$1,622</b>	<b>\$1,896</b>	<b>\$1,880</b>	<b>\$2,037</b>	<b>\$2,482</b>	<b>\$4,720</b>	<b>\$5,177</b>	<b>\$6,165</b>
<b>Summary</b>									
Landside Terminal	\$ --	\$ --	\$3,081	\$3,202	\$3,248	\$3,374	\$3,630	\$3,649	\$3,698
Concourse A	4,200	4,292	3,922	3,631	3,680	3,809	3,922	3,961	4,035
Concourse B	52,345	46,959	46,825	46,260	47,947	50,898	54,961	56,411	57,916
Concourse C	2,141	1,622	1,896	1,880	2,037	2,482	4,720	5,177	6,165
<b>Total tenant finishes and equipment charges</b>	<b>\$58,687</b>	<b>\$52,873</b>	<b>\$55,724</b>	<b>\$54,974</b>	<b>\$56,913</b>	<b>\$60,563</b>	<b>\$67,233</b>	<b>\$69,198</b>	<b>\$71,813</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (c) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (d) Net of interest savings from bond refundings used to achieve 2005-2 Amendment and Concourse A reallocation plan cost reductions.
- (e) Reflects defeasance of Bonds allocated to Concourses B and C baggage sortation equipment to achieve cost reductions under 2005-2 and 2006 Amendments.
- (f) Reflects write-off of amortization to achieve cost reductions under 2006 Amendment.
- (g) Reflects the amortization of the cost of improvements to the Concourse B baggage system.
- (h) Reflects amortization of costs of baggage system modifications on Concourse B under the Stipulated Order.
- (i) Reflects \$10m of PFC revenues used to pay Concourse B baggage sortation space as described in 2005-1 Amendment.
- (j) Recovery of costs for Concourse C baggage equipment as provided under the Airport use and lease agreements.
- (k) Net of interest savings from bond refundings used to achieve same percentage cost reduction on Concourse C as achieved on Concourse A under the Concourse A reallocation plan.

**Exhibit E-4**

**BAGGAGE SYSTEM FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>AUTOMATED BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Spine space (square feet)	19	19	19	19	19	19	19	19	19
Maintenance space (square feet) (b)	43	43	43	43	43	43	43	43	43
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	61	61	61	61	61	61	61	61	61
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$5,031	\$4,789	\$5,219	\$5,512	\$5,791	\$6,119	\$6,443	\$6,689	\$6,947
Less: PFCs to pay Concourse A baggage system space costs (c)	(1,325)	(977)	(973)	(900)	(883)	(889)	(793)	(793)	(794)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$3,706</b>	<b>\$3,812</b>	<b>\$4,246</b>	<b>\$4,612</b>	<b>\$4,909</b>	<b>\$5,230</b>	<b>\$5,650</b>	<b>\$5,895</b>	<b>\$6,153</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Equipment costs</b>									
Operation and Maintenance Expenses	\$2,979	\$1,664	\$341	\$365	\$391	\$413	\$451	\$474	\$495
Operation and Maintenance Reserve Account replenishment (d)	59	83	3	3	7	7	6	9	6
Equipment and capital outlays	26	6	--	--	--	--	--	--	--
Debt service (c) (e)	9,981	3,968	1,506	--	--	--	--	--	--
Variable rate bond fees (f)	177	229	145	142	139	136	133	130	125
Other allocable costs	112	118	126	125	128	133	153	157	162
Amortization charges	775	696	710	724	738	753	768	784	799
Costs allocable to International Facilities (g)	(488)	(313)	(332)	(318)	(351)	(387)	(425)	(452)	(482)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$13,620</b>	<b>\$6,451</b>	<b>\$2,500</b>	<b>\$1,042</b>	<b>\$1,053</b>	<b>\$1,055</b>	<b>\$1,086</b>	<b>\$1,101</b>	<b>\$1,106</b>
Less credits: Interest income (h)	(803)	(962)	(929)	(916)	(913)	(927)	(975)	(978)	(986)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net requirements	<b>\$16,523</b>	<b>\$9,300</b>	<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Allocation of net requirements</b>									
Concourse A	\$580	\$439	\$605	\$944	\$1,054	\$1,026	\$1,216	\$1,296	\$1,379
/ Domestic originating and destination passengers (i)	7,398	8,879	8,350	8,533	8,724	8,921	9,081	9,247	9,415
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse A automated baggage system rate	\$0.08	\$0.05	\$0.07	\$0.11	\$0.12	\$0.11	\$0.13	\$0.14	\$0.15
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B (j)	\$15,885	\$9,838	\$5,212	\$3,793	\$3,995	\$4,333	\$4,545	\$4,722	\$4,894
/ Domestic originating and destination passengers (i)	8,067	8,983	8,887	8,942	8,965	9,023	9,083	9,142	9,201
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B automated baggage system rate	\$1.97	\$1.10	\$0.59	\$0.42	\$0.45	\$0.48	\$0.50	\$0.52	\$0.53
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total fees -- Automated baggage systems</b>			<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
			=====	=====	=====	=====	=====	=====	=====

Exhibit E-4 (page 2 of 2)

**BAGGAGE SYSTEM FEES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>CONVENTIONAL BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Terminal space (square feet)	134	134	134	134	134	134	134	134	134
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	<u>\$10,989</u>	<u>\$10,459</u>	<u>\$11,398</u>	<u>\$12,038</u>	<u>\$12,649</u>	<u>\$13,364</u>	<u>\$14,072</u>	<u>\$14,609</u>	<u>\$15,173</u>
<b>Equipment costs</b>									
Operation and Maintenance Expenses	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Operation and Maintenance Reserve Account replenishment (d)	3	121	14	14	28	27	22	38	24
Equipment and capital outlays	3	1	1	1	1	1	1	1	1
Debt service (c)	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
Variable rate bond fees (e)	99	123	81	79	77	76	74	72	70
Other allocable costs	54	57	61	60	61	64	74	75	78
Amortization charges	966	1,243	1,802	2,258	2,270	2,283	2,296	2,309	2,322
	<u>\$12,144</u>	<u>\$12,979</u>	<u>\$13,295</u>	<u>\$13,694</u>	<u>\$14,128</u>	<u>\$14,847</u>	<u>\$17,700</u>	<u>\$18,226</u>	<u>\$20,651</u>
Less credits: Interest income (h)	(387)	(464)	(447)	(441)	(439)	(446)	(469)	(471)	(474)
Net requirements	<u>\$22,746</u>	<u>\$22,974</u>	<u>\$24,247</u>	<u>\$25,291</u>	<u>\$26,338</u>	<u>\$27,765</u>	<u>\$31,303</u>	<u>\$32,364</u>	<u>\$35,350</u>
<b>Allocation of net requirements</b>									
Space costs			\$11,398	\$12,038	\$12,649	\$13,364	\$14,072	\$14,609	\$15,173
Equipment costs -- United (k)			6,308	6,734	6,936	7,267	8,584	8,828	9,954
Equipment costs -- Other airlines (k)			4,485	4,470	4,630	4,891	5,929	6,122	7,010
<b>Total fees -- Conventional baggage systems</b>			<u>\$22,191</u>	<u>\$23,242</u>	<u>\$24,216</u>	<u>\$25,523</u>	<u>\$28,585</u>	<u>\$29,558</u>	<u>\$32,137</u>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Reflects baggage maintenance space for the automated baggage system in the Landside Terminal and Concourses A, B, and C.
- (c) Requirements shown is net of PFC revenues allocable to certain spine and space costs.
- (d) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (e) Reflects defeasance of Bonds allocated to Concourses B baggage system to achieve cost reductions under 2005-2 Amendment. Also reflects defeasance of Bonds allocated to Concourse A baggage system at City's discretion.
- (f) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (g) Allocated based on the percent of international originating and destination passengers to total originating and destination passengers on Concourse A.
- (h) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (i) Based on the forecast of originating passengers presented in the report.
- (j) Operating costs are 100% allocable to Concourse B.
- (k) Allocated according to project costs and number of leased carousels.

**Exhibit F**

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Terminal concession revenues</b>									
Food and beverage	\$13,218	\$15,775	\$16,742	\$17,866	\$18,827	\$19,688	\$20,585	\$21,470	\$22,298
Merchandise	10,398	11,401	12,099	12,912	13,606	14,228	14,877	15,517	16,115
Terminal services (b)	6,612	7,129	7,566	8,074	8,508	8,897	9,302	9,702	10,077
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$30,228	\$34,305	\$36,407	\$38,851	\$40,940	\$42,813	\$44,763	\$46,689	\$48,490
<b>Outside concession revenues</b>									
Public automobile parking	\$92,636	\$105,262	\$111,921	\$116,627	\$121,470	\$125,244	\$129,011	\$132,135	\$134,847
Rental car privilege fees	27,706	32,678	34,285	35,726	37,210	38,366	39,520	40,477	41,308
Ground transportation	2,700	2,847	3,058	3,243	3,427	3,586	3,749	3,896	4,035
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$123,042	\$140,788	\$149,264	\$155,596	\$162,107	\$167,196	\$172,280	\$176,508	\$180,190
<b>Other terminal revenues</b>									
Employee parking fees	\$5,334	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317
Rental car									
Service and storage rentals (c)	5,767	5,264	5,655	5,996	6,337	6,630	6,931	7,203	7,460
Additional building rentals (d)	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589
Other terminal space rentals	915	923	923	923	923	923	923	923	923
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,606	\$15,093	\$15,484	\$15,825	\$16,166	\$16,460	\$16,760	\$17,033	\$17,289
<b>Airfield</b>									
General aviation landing fees	\$200	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
Farming income	343	192	192	192	192	192	192	192	192
Land rentals	485	485	485	485	485	485	485	485	485
Oil and gas royalty revenues	3,116	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447
Fuel flowage fees	102	108	110	114	118	121	125	129	132
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$4,246	\$3,432	\$3,434	\$3,438	\$3,442	\$3,445	\$3,449	\$3,453	\$3,456



Exhibit F (page 2 of 2)

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Building and ground rentals</b>									
Continental support facilities	\$7,761	\$7,814	\$7,714	\$7,689	\$7,766	\$7,865	\$8,084	\$8,166	\$8,244
Other North Airline Support Area	2,060	2,134	1,612	1,595	1,641	1,708	1,844	1,896	1,945
Other South Airline Support Area	--	37	844	835	860	895	966	993	1,019
South Cargo Area	4,335	4,514	4,581	4,372	4,381	4,503	4,809	4,866	4,918
FedEx	582	582	582	582	582	582	582	582	582
General Aviation Area	266	378	266	266	266	266	266	266	266
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,005	\$15,459	\$15,600	\$15,340	\$15,497	\$15,819	\$16,551	\$16,770	\$16,975
<b>Other revenues</b>									
In-flight catering fees	\$2,044	-\$300	\$2,365	\$2,524	\$2,659	\$2,781	\$2,908	\$3,033	\$3,150
Coverage--Continental Support Facilities	--	--	--	--	2	--	--	--	1
Aviation fuel tax proceeds									
City	7,275	6,486	6,596	6,700	6,763	6,776	6,790	6,797	6,778
State	9,720	6,229	6,335	6,435	6,495	6,508	6,521	6,528	6,509
Miscellaneous revenues	6,023	6,405	7,879	7,879	7,879	7,879	7,879	7,879	7,879
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$25,062	\$18,819	\$23,175	\$23,538	\$23,799	\$23,944	\$24,098	\$24,238	\$24,317
<b>Total</b>	<b>\$213,189</b>	<b>\$227,896</b>	<b>\$243,364</b>	<b>\$252,589</b>	<b>\$261,952</b>	<b>\$269,677</b>	<b>\$277,901</b>	<b>\$284,691</b>	<b>\$290,717</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		6.9%	6.8%	3.8%	3.7%	2.9%	3.0%	2.4%	2.1%

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Includes telephone, advertising, luggage cart, and other in-terminal concession revenues.
  - (c) Reflects ground and facility rentals based, in part, on debt service requirements.
  - (d) Reflects additional rentals payable by the rental car companies to the City.

**Exhibit G**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Estimated 2007	Forecast					2012	2013
			2008	2009	2010	2011			
<b>Gross Revenues</b>									
Airline rentals, fees, and charges	E	\$318,347	\$321,566	\$338,658	\$358,591	\$407,195	\$425,030	\$447,750	
Other Airport revenues	F	243,364	252,589	261,952	269,677	277,901	284,691	290,717	
Interest income		38,274	38,344	39,435	39,763	38,497	39,019	39,154	
		-----	-----	-----	-----	-----	-----	-----	
		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622	
<b>Operation and Maintenance Expenses</b>									
Operating expenses	D	\$258,838	\$280,433	\$300,781	\$317,838	\$346,696	\$364,636	\$380,863	
Variable rate bond fees		3,390	3,320	3,247	3,180	3,106	3,026	2,924	
		-----	-----	-----	-----	-----	-----	-----	
		\$262,228	\$283,753	\$304,028	\$321,018	\$349,802	\$367,662	\$383,787	
		-----	-----	-----	-----	-----	-----	-----	
<b>Net Revenues</b>									
Other Available Funds (coverage requirement)	C	\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835	
		55,106	55,475	53,716	54,310	66,315	65,847	70,083	
		-----	-----	-----	-----	-----	-----	-----	
<b>Net Revenues plus Other Available Funds</b>									
		\$392,862	\$384,221	\$389,732	\$401,323	\$440,107	\$446,925	\$463,918	
<b>Less transfers to:</b>									
Bond Fund (a)	C	\$221,754	\$212,040	\$207,546	\$221,972	\$276,639	\$280,635	\$298,345	
Reserve account for FedEx project (b)		91	91	91	91	91	91	91	
Operation and Maintenance Reserve Account		2,366	2,610	5,399	5,087	4,264	7,215	4,485	
		-----	-----	-----	-----	-----	-----	-----	
<b>Transfer to Capital Fund</b>									
Adjustments (c)		\$168,651	\$169,480	\$176,697	\$174,173	\$159,113	\$158,985	\$160,997	
		702	702	702	702	702	702	702	
		-----	-----	-----	-----	-----	-----	-----	
<b>Adjusted transfer to Capital Fund</b>									
		\$169,353	\$170,182	\$177,399	\$174,875	\$159,815	\$159,687	\$161,699	

**Exhibit G (page 2 of 2)**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Allocation of Capital Fund transfer</b>								
Rollover to Coverage Account	C	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083
Addition to Coverage Account (Continental portion)	C	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	554	--	3,768
Interest income credit to Continental Airlines (d)		59	59	59	59	59	59	59
Equipment and Capital Outlay Account								
Other equipment purchases		6,580	3,963	4,082	4,205	4,331	4,461	4,594
Set-aside for installment purchase equipment payments (e)		4,471	6,004	18,605	19,053	19,053	19,053	18,784
Capital Improvement Account (f)								
Set-aside for Stapleton improvements (g)		1,500	--	--	--	--	--	--
Other (c)		702	702	702	702	702	702	702
Remaining balance deposit for Airport improvements		60,233	63,276	59,533	55,844	33,348	33,730	30,802
Airline Revenue Credit Account		40,000	40,000	40,000	40,000	34,751	35,134	32,205
		-----	-----	-----	-----	-----	-----	-----
		<b>\$168,651</b>	<b>\$169,480</b>	<b>\$176,697</b>	<b>\$174,173</b>	<b>\$159,113</b>	<b>\$158,985</b>	<b>\$160,997</b>

- (a) Required annual total of monthly transfers to the Bond Fund, net of the PFC revenues presented on Exhibit C, for payment of debt service on Senior Bonds and Subordinate Bonds.
- (b) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments.
- (c) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel project from the Net Revenues available for revenue sharing.
- (d) Continental receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.
- (e) Set-aside for payments to GE Capital and Siemens for certain equipment funded by those companies and leased by the City.
- (f) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport.  
 Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed \$40 million in any year.
- (g) The City is obligated to pay \$1.5 million per year through 2007, to the extent such amounts are available in the Capital Improvement Account to the SDC.

**Exhibit H**

**NET REVENUES AND DEBT SERVICE COVERAGE**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Estimated	Forecast					
		2007	2008	2009	2010	2011	2012	2013
<b>GENERAL BOND ORDINANCE</b>								
<b>Net Revenues and Other Available Funds (a)</b>								
Gross Revenues		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
Operation and Maintenance Expenses		262,228	283,753	304,028	321,018	349,802	367,662	383,787
Net Revenues		\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
Other Available Funds (coverage requirement)		55,106	55,475	53,716	54,310	66,315	65,847	70,083
	[A]	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
<b>Debt Service Requirements (b)</b>								
Senior Bonds	[B]	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds		11,806	11,806	11,806	11,806	11,806	11,806	11,806
	[C]	\$232,228	\$233,705	\$226,670	\$229,044	\$277,067	\$275,196	\$292,136
<b>Debt service coverage on Senior Bonds</b>	[A/B]	<b>178%</b>	<b>173%</b>	<b>181%</b>	<b>185%</b>	<b>166%</b>	<b>170%</b>	<b>165%</b>
		=====	=====	=====	=====	=====	=====	=====
<b>Debt service coverage on Senior and Subordinate Bonds</b>	[A/C]	<b>169%</b>	<b>164%</b>	<b>172%</b>	<b>175%</b>	<b>159%</b>	<b>162%</b>	<b>159%</b>
		=====	=====	=====	=====	=====	=====	=====

(a) See Exhibit G.

(b) Net of certain PFC revenues. See Exhibit C.

## **APPENDIX B**

### **ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005**

This appendix includes the following sections from the 2006 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 61); and Supplemental Information (pages 62 through 67). The Introduction (pages 1 through 7) and Annual Financial Information (pages 68 through 70) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver  
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport System as of and for the year ended December 31, 2005, were audited by other accountants whose report dated May 5, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of City and County of Denver that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City and County of Denver as of December 31, 2006 and 2005, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

July 2, 2007

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Management's Discussion and Analysis**

The following discussion and analysis of the financial position of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**Financial Highlights**

Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.1% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

**Overview of the Financial Statements**

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to those financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.



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MUNICIPAL AIRPORT SYSTEM**

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**Summary of Revenues, Expenses, and Changes in Net Assets**

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues	\$ 500,810	\$	494,491	\$	477,665
Operating expenses before depreciation, amortization and impairment losses	<u>(256,147)</u>		<u>(231,129)</u>		<u>(221,214)</u>
Operating income before depreciation, amortization and impairment losses	244,663		263,362		256,451
Depreciation and amortization	(143,506)		(146,922)		(130,379)
Impairment losses	<u>—</u>		<u>(85,286)</u>		<u>(18,007)</u>
Operating income	101,157		31,154		108,065
Nonoperating revenues	150,223		120,063		84,766
Nonoperating expenses	(217,995)		(227,328)		(223,346)
Capital contributions	<u>29,188</u>		<u>31,547</u>		<u>62,205</u>
Increase (decrease) in net assets	62,573		(44,564)		31,690
Net assets, beginning of year	<u>640,196</u>		<u>684,760</u>		<u>653,070</u>
Net assets, end of year	<u>\$ 702,769</u>	\$	<u>640,196</u>	\$	<u>684,760</u>

**Operating Revenues**

(In thousands)

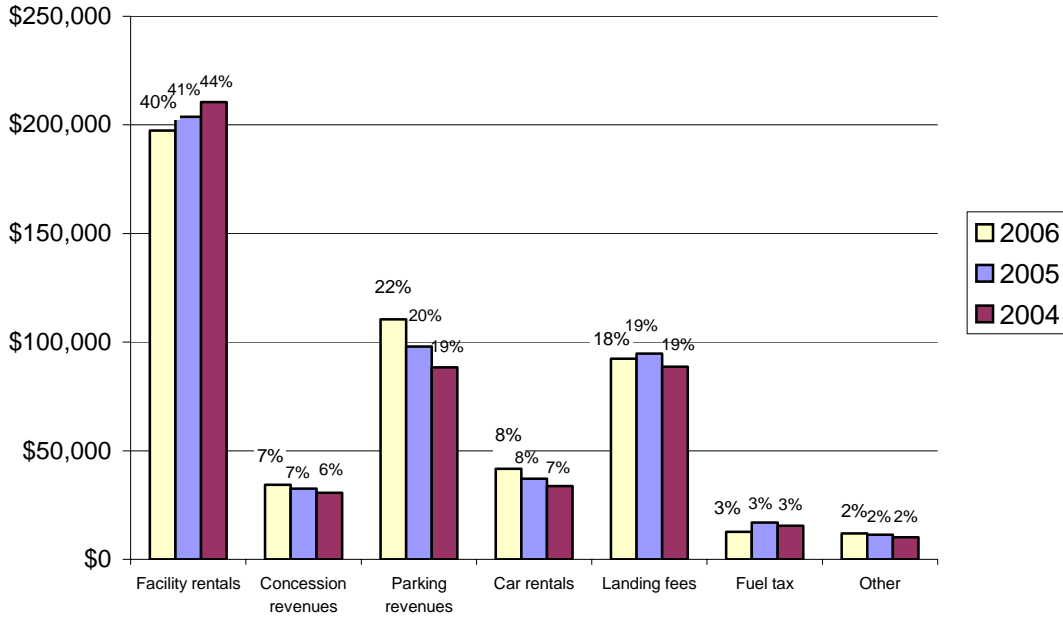
	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues:					
Facility rentals	\$ 197,353	\$	203,800	\$	210,461
Concession revenues	34,305		32,566		30,638
Parking revenues	110,535		97,919		88,411
Car rental revenues	41,641		37,175		33,780
Landing fees	92,390		94,695		88,741
Aviation fuel tax	12,714		16,995		15,402
Other sales and charges	<u>11,872</u>		<u>11,341</u>		<u>10,232</u>
Total operating revenues	<u>\$ 500,810</u>	\$	<u>494,491</u>	\$	<u>477,665</u>

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**Operating Revenues**

**% of Total Operating Revenues**



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increase in revenues.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2006 as compared to 2005 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
Enplanements	23,665	21,702	9.0%
Passengers	47,325	43,388	9.1%
Aircraft operations (1)	610	568	7.4%
Cargo (in pounds)	621,655	683,237	(9.0)%
Landed weight (in tons)	31,848	29,636	7.5%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

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The Airport System's activities increased in three areas as described below and decreased slightly in landed weight and cargo for the year ended December 31, 2005 as compared to 2004 (in thousands):

	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
Enplanements	21,702	21,144	2.6%
Passengers	43,388	42,276	2.6%
Aircraft operations (1)	568	567	0.2%
Cargo (in pounds)	683,237	699,827	(2.4)%
Landed weight (in tons)	29,636	29,651	(0.1)%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

Operating revenues increased by 1.3%, from \$494.5 million in 2005 to \$500.8 million in 2006, primarily due to increases in parking, concession revenues, and car rentals. The parking revenue increase of \$12.6 million, or 12.9%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and an increase in parking rates, discussed below. Concession revenues between 2006 and 2005 increased \$1.7 million, or 5.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$4.5 million, or 12.0%, to \$41.6 million due to an increase in O&D passenger traffic and increased usage charges.

Facility Rentals and Landing Fees decreased in 2006 compared to 2005 by \$6.4 million (3.2%) and \$2.3 million (2.4%) respectively. Charges to airlines are based on the costs of providing the facilities and services. In 2006 these costs decreased because of a reduction in the debt service allocated to airline cost centers, thereby reducing the airline revenues.

Aviation fuel tax revenue in 2006 decreased \$4.3 million, or 25.2%, primarily due to a decrease in aviation fuel usage related to aircraft tanker fueling outside of the Airport.

Operating revenues increased by 3.5%, from \$477.7 million in 2004 to \$494.5 million in 2005, primarily due to increases in parking, landing fees, concession revenues, and car rentals. The parking revenue increase of \$9.5 million, or 10.8%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and a rate increase effective June 15, 2005. The Airport System increased maximum daily parking rates in the garage and valet by \$3, from \$15 to \$18 and \$21 to \$24 per day, respectively. Also, there was a \$2 increase in the economy parking lot, from \$7 to \$9 per day. The landing fees increase of \$6.0 million, or 6.7%, is attributable to reductions in the year-end settlement in the landing fee rate calculation for signatory airlines. Concession revenues between 2004 and 2005 increased \$1.9 million, or 6.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$3.4 million, or 10.1%, to \$37.2 million due to an increase in O&D passenger traffic and increased usage charges.

Aviation fuel tax in 2005 increased \$1.6 million, or 10.3%, primarily due to an increase in aviation fuel usage and prices.

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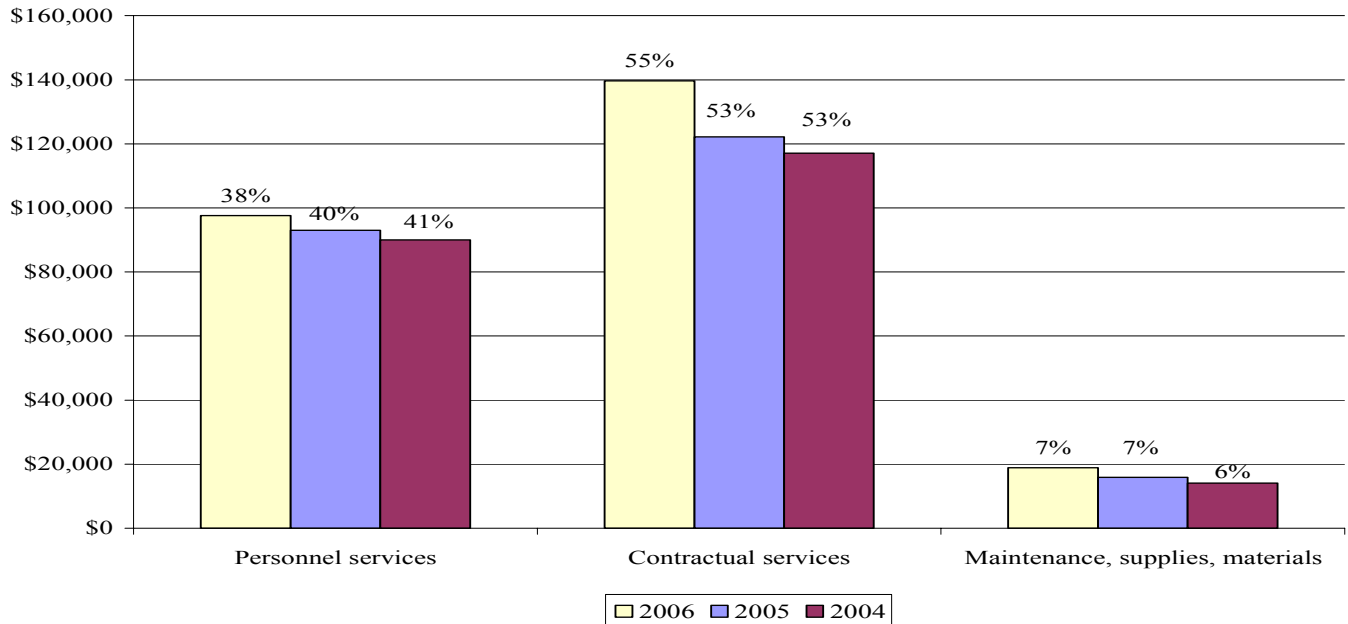
Management's Discussion and Analysis (Unaudited)  
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**Operating Expenses Before Depreciation, Amortization and Impairment Losses**

(In thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating expenses before depreciation, amortization and impairment losses			
Personnel services	\$ 97,592	\$ 92,980	\$ 90,006
Contractual services	139,652	122,193	117,091
Maintenance, supplies, and materials	<u>18,903</u>	<u>15,956</u>	<u>14,117</u>
Total operating expenses before depreciation, amortization, and impairment losses	<u>\$ 256,147</u>	<u>\$ 231,129</u>	<u>\$ 221,214</u>

**% Total Operating Expenses Before Depreciation, Amortization and Impairment Losses**



**2006/2005**

Operating expenses before depreciation, amortization and impairment losses increased by 10.8%, from \$231.1 million in 2005 to \$256.1 million in 2006. The increase in contractual services in 2006 compared to 2005 of \$17.5 million was due to an increase in snow removal costs due to blizzards that occurred in December 2006, as well as an increase in janitorial services, guard services and repair and maintenance expense.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates.

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Personnel services increased by \$4.6 million, or 5.0%, to \$97.6 million in 2006 compared to \$93.0 million in 2005. The increase in personnel costs was due in part to an increase in permanent salaries of 2.25% granted in 2006. Also, snow overtime costs relating to the December 2006 blizzards and a performance based bonus given to all personnel in December of 2006, contributed to the increase. Maintenance, supplies, and materials increased \$2.9 million, or 18.5%, to \$18.9 million from \$16.0 million in 2005 due to an increase in runway lighting costs and plumbing supplies costs. An increase in commercial chemical solvents used during the December 2006 blizzards, heating plant repair parts and jet bridges, also contributed to the increase in 2006.

**2005/2004**

Operating expenses before depreciation, amortization and impairment losses increased by 4.5%, from \$221.2 million in 2004 to \$231.1 million in 2005. The increase in contractual services in 2005 of \$5.1 million was due to an increase in electricity, gas, janitorial services, and repair and maintenance expenses offset by a decrease in aircraft noise penalty cost of \$1.5 million.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates. In addition, contract snow removal costs were higher in 2005 due to an April 2005 blizzard.

Personnel services increased by \$3.0 million, or 3.3%, to \$93.0 million in 2005 compared to \$90.0 million in 2004. The increase in personnel and other city personnel (fire and police) costs was due in part to an increase in permanent salaries of 2.25% granted in 2005. Also, snow overtime costs relating to the April 2005 blizzard contributed to the increase.

Maintenance, supplies, and materials increased \$1.8 million, or 13.0%, to \$16.0 million from \$14.1 million in 2004 due to the increase in runway lighting and janitorial supplies. In addition, an increase in natural gas rates, diesel fuel, and gasoline rates, as a result of increasing oil costs, also contributed to the increase in 2005.

**Impairment Losses**

In 2005, the Airport System concluded that sections of the automated baggage system were permanently impaired. As a result, the Airport System removed these sections of the automated baggage system, from its books, resulting in an impairment loss of \$85.3 million in 2005. See further discussion regarding the write-off of the automated baggage system in the Capital Assets section below.

**Nonoperating Revenues and Expenses**

**2006**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally

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funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

**2005**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which was due to an increase in yields and more cash being invested long term. In addition, PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic. Lastly, there was decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$16.2 million in environmental costs associated with the remediation of Stapleton.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the Explosive Detection System (EDS), which was federally funded. Also, in 2005, there was no capital PFC revenue while in 2004, capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFCs revenues from capital projects to the payment of debt service related to the automated baggage system.

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**Summary of Net Assets**

The following is a summary of assets, liabilities, and net assets as of December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets:</b>			
Current assets	\$ 242,971	\$ 222,323	\$ 267,237
Restricted assets, current	404,650	487,169	473,364
Noncurrent investments	187,081	197,877	136,289
Capital assets	3,342,913	3,365,021	3,490,129
Bond issue costs, net	61,331	76,112	88,743
Investments restricted	352,704	245,207	309,582
Assets held for disposition	18,807	22,724	24,500
Total assets	<u>4,610,457</u>	<u>4,616,433</u>	<u>4,789,844</u>
<b>Liabilities:</b>			
Current liabilities	119,152	124,503	120,147
Current liabilities payable from restricted assets	221,113	189,904	198,058
Bonds payable, noncurrent	3,500,817	3,619,827	3,723,510
Notes payable, noncurrent	61,488	36,646	56,763
Compensated absences payable, noncurrent	5,118	5,357	5,548
Capital lease, noncurrent	—	—	1,058
Total liabilities	<u>3,907,688</u>	<u>3,976,237</u>	<u>4,105,084</u>
<b>Net assets(deficit):</b>			
Invested in capital assets, net of related debt	(212,179)	(236,200)	(168,315)
Restricted	543,978	488,337	547,526
Unrestricted	370,970	388,059	305,549
Total net assets	<u>\$ 702,769</u>	<u>\$ 640,196</u>	<u>\$ 684,760</u>

**2006**

Assets decreased by \$.6 million in 2006 as compared to 2005. This was principally due to the decrease in capital assets of \$22.1 million. The decline in capital assets was due to normal annual depreciation of approximately \$143.5 million and retirements of \$9.2 million. The decrease in capital assets was offset by purchases of machinery, equipment and additions to construction in progress of approximately \$130.6 million for improvements.

Cash, cash equivalents and investments increased by \$28.9 million in 2006 as compared to 2005 resulting in part from operating activities, passenger facility charges and note proceeds. This was offset by payments of debt of \$123.1 million and purchases of capital assets. See the statement of cash flows for more information regarding the change in cash and investments.

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Grants receivable increased by \$10.4 million. Grants receivable of \$9.5 million were outstanding at the end of 2006 relating to the bomb detection system project and final reimbursements due from TSA.

Lastly, deferred bond issue costs declined by \$14.8 million due to the removal of costs related to the 1996 bonds that were refunded totaling \$17.4 million, the addition of costs related to the 2006 bonds that were issued totaling \$6.4 million and the annual amortization of the costs totaling \$3.8 million.

Total liabilities decreased by \$68.5 million in 2006, compared to 2005, primarily due to the decrease in bonds (which was attributable to principal payments paid during 2006) and deferred rent, offset by an increase in notes payable.

Of the Airport System's 2006 total net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts that are externally restricted for debt service represent \$544.0 million.

At December 31, 2006, the remaining net assets include unrestricted net assets of \$371.0 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**2005**

Assets decreased by \$173.4 million in 2005 as compared to 2004. This was largely due to a decrease in capital assets of \$125.1 million. The decline in capital assets was due to two factors: 1) the write-off of portions of the automatic baggage system and sortation systems with a net book value of approximately \$43.0 million and \$33.5 million, respectively, and 2) normal annual depreciation of approximately \$146.9 million. These decreases in capital assets were offset by purchases of machinery, equipment, and additions to construction in progress of approximately \$107.1 million.

Cash, cash equivalents, and investments also contributed to the Airport System's decrease in total assets. Cash, cash equivalents, and investments decreased by \$22.8 million in 2005 as compared to 2004 due to payments of debt principal of approximately \$120 million and purchases of capital assets as discussed above. These payments were offset by increased cash flows received from operating activities, passenger facility charges, and capital grant receipts. See the statement of cash flows for more information regarding the change in cash and investments.

Grants receivable declined by \$21.1 million. In 2004, the Airport System was due an outstanding reimbursement from the Transportation Security Administration (TSA) to cover costs relating to the bomb detection system initially paid by the Airport System in 2004. The TSA made the reimbursement in 2005, thus relieving this receivable. Only \$1.7 million in grants receivable were outstanding in 2005 related to the bomb detection system project.

Lastly, deferred bond issue costs declined by \$12.6 million due to the removal of costs related to the 1995 bonds that were refunded totaling \$15.4 million, the addition of costs related to the 2005 bonds that were issued totaling \$6.9 million and the annual amortization of the costs totaling \$2.2 million.



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Liabilities decreased by \$128.8 million in 2005, compared to 2004, primarily due to the decrease in bonds and notes payable, which was attributable to principal payments paid during 2005 as discussed above.

Of the Airport System's 2005 total net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent \$480.0 million. The Stapleton redevelopment and sixth runway totaling \$8.3 million, are restricted because the funds were received from other entities and are to be used only for specific capital projects.

At December 31, 2005, the remaining net assets include unrestricted net assets of \$388.1 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**Long-Term Debt**

As of December 31, 2006 and 2005, the Airport System had approximately \$3.6 billion and \$3.7 billion, respectively, in outstanding bonded debt, both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately \$295.4 million in 2006. The Airport System has called or refunded over \$2.0 billion in higher interest rate debt originally issued in the early 1990s. This has resulted in cumulative present value debt service savings of approximately \$737.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poors, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2006.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the years ended December 31, 2006 and 2005 was 174% and 162%, respectively, of total debt service.

The Airport System entered into a \$23.0 million and \$2.0 million, for a total of \$25 million, Master Installment Purchase Agreement with Koch Financial Corporation on October 26, 2006, to finance various capital equipment purchases, for ten-year and five-year terms, respectively. The Airport System also entered into a \$9.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc., on October 26, 2006, to finance four train cars, for a ten-year term.

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bonds, Series 2006A and 2006B respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 9, 2006, the Airport System amended the 2005A Swap Agreements, described below. The notional amounts of the 2005 Swap Agreements were reduced to \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and the aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements was reduced to 3.66%.

On August 9, 2006 the Airport System entered into interest rate Swap Agreements (the 2006B Swap Agreements) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the

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Series 1996A and 1996D Bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of \$56.0 million, \$56.0 million, \$112.0 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions. The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements have an effective date of November 15, 2006. Payments under these Agreements commenced on December 1, 2006.

The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations.

In November 2006, the 2005 Swap Agreements became effective (see "The 2005 Swap Agreements"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month London Interbank Offered Rate (LIBOR) minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The Airport System entered into a \$20.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc. on August 1, 2006 to finance capital equipment purchases based on a five year useful life.

On June 1, 2006 the Airport System entered into interest rate swap agreements (the "2006A Swap Agreements"), constituting Subordinate Hedge Facility Obligations, with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of LIBOR for one month deposits of U.S. dollars payable for the respective financial institutions. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bonds, Series 2005A in a fixed mode for the purpose of currently refunding \$230,760,000 of the 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, respectively, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

As previously discussed, on April 14, 2005, the Airport System entered into interest rate swap agreements (the 2005A Swap Agreements), constituting Subordinate Hedge Facility Obligations, with four financial institutions, in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1996A Bonds and the Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. The 2005 Swap Agreements originally had notional amounts of \$120 million, \$60 million, \$60 million, and \$60 million, respectively, prior to amendment, and provided for certain payments to or from each financial institution equal to the difference between the fixed rate payable by

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the Airport System under each of the 2005 Swap Agreements and the floating rate equal to 70% of one month LIBOR.

In July 2005, the Airport System and United reached an agreement for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System agreed to allocate \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on the automated baggage system, which is discussed below.

**Capital Assets**

As of December 31, 2006 and 2005, the Airport System had capital assets of approximately \$3.3 billion and \$3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately \$1.4 billion and \$1.2 billion, respectively.

*Explosive Detection System:* On September 2, 2003, the Airport and TSA entered in to a Memorandum of Agreement (TSA MOA), regarding the implementation of screening of all checked baggage by the EDS. The total cost of the EDS project was estimated to be approximately \$92.0 million. With the approval of TSA, as required under the TSA MOA, the Airport entered into a contract with Siemens Dematic Corporation for the implementation of the EDS project, designed by Logplan. The construction of the EDS baggage system commenced in 2003 and each of the Airport's six terminal modules and customs recheck areas were 100% automated in May 2005. Total cost of the project was \$170.5 million, of which \$71.0 million is being funded by federal grants.

*Automated Baggage System:* United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. At December 31, 2004, the book value of the baggage system equipment was \$49.6 million. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement whereby the Airport System will reduce United's Rates and Charges up to \$11.0 million per year, over three years, in exchange for certain concessions. Airport System management commissioned a study to determine what, if any, of the existing automated baggage system would be usable in a new system. Based upon this study, management concluded that the bulk of the automated baggage system was impaired and, as a result, management wrote off approximately \$43.0 million of the baggage system during 2005, with a remaining book value at December 31, 2006 of \$3.2 million.

*2006 Amendment:* In a 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished

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by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, relinquished a second Concourse A gate effective November 30, 2006, and has agreed to relinquish the remaining four Concourse A gates upon the completion of the Concourse B Commuter Facility Project. The full relinquishment occurred May 1, 2007.

*Baggage Sortation System:* The Airport System management commissioned Aviation and Airport Professionals (AvAirPros) to study the future baggage handling system master plan. The master plan states that, at this time, the existing concourses (A, B, and C) are configured with sortation systems that were operable with the automated baggage system discussed above; however, it is not clear whether these existing systems would be capable of being integrated into a new airport-wide baggage system in the future.

Based upon this study, management believed that the sortation systems on concourses A and C were impaired and removed the assets from the books, which resulted in a loss of \$11.9 million. United continues to use a portion of the concourse B sortation system, which remains on the Airport System's books with a net book value of approximately \$8.7 million. The Airport System removed the unused portion of approximately \$47.0 million from its books, resulting in a loss of \$21.6 million.

*PFC:* In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2006, a total of \$832.6 million has been remitted to the Airport, (including interest earned on late payments), of which \$105.0 million has been expended on approved projects, \$723.9 million has been used to pay debt service on the Airport's general airport revenue bonds, and \$3.7 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of \$3.3 billion authorized maximum amount of PFC revenues.

*Construction Commitments:* As of December 31, 2006, the Airport System had outstanding contractual commitments of approximately \$344.9 million and had made over \$98.4 million in contractual payments for the year then ended.

The Airport's current 2007-2012 Capital Program includes approximately \$373.4 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2007-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, Passenger Facility Charges (PFCs), and Airport System monies.

On April 6, 2006, the Airport announced that CMCB Development Company of Denver was the successful bidder on a 17-acre retail development along Pena Boulevard. The development called "The Landings" is located north of Pena Boulevard just southeast of the Conoco station and is the first phase in what could be a 500-acre retail development along the major highway in and out of Denver International Airport. The City is currently negotiating a development agreement with CMCB Development Company of Denver.

In addition, construction is proceeding on a fourth module of the parking garage on the west side of Jeppesen Terminal. Lastly, the Airport and United have agreed to a 2006 Amendatory Lease Agreement (the Agreement). According to the Agreement, United Airlines will release six Concourse A gates it currently leases over the next

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9 months. Frontier Airlines, which now leases 16 gates on Concourse A, will lease all newly available Concourse A gates. United relinquished one of the Concourse A gates on July 1, 2006, and a second one on November 30, 2006. The remaining gates were released May 1, 2007.

**Economic Factors**

Passenger traffic was up 9.1% in 2006 compared with a national average increase of 5.1% as reported by the Airport Council International (ACI), an airline industry group. Much of this passenger growth is attributed to the increased service of low-cost carriers in the Denver market.

Southwest Airlines (Southwest) announced in October 2005 its intention to commence service to the Airport. Service began in January 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Effective March 1, 2006, Southwest leased a third gate and increased its schedule to 20 daily departing flights. On August 1, 2006, Southwest Airlines leased an additional gate and that brings their total number of usage to four gates.

The dominant air carrier at Denver International is United. On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The Chapter 11 filing permitted United to continue operations while developing a plan of reorganization to address existing debt, capital, and cost structures. In February 2006, United emerged from bankruptcy. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 56.4% and 56.0% of passenger enplanements at the Airport in 2006 and for the first three months of 2007, respectively.

As previously discussed, operating revenue was up 1.3%. Operating income before depreciation and amortization of \$244.7 million represented a decrease of \$18.7 million. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over \$97.4 million, its highest level ever. The airlines will receive the maximum allocation of \$40.0 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

**Request for Information**

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at [www.flydenver.com](http://www.flydenver.com).

**CITY AND COUNTY OF DENVER, COLORADO**  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash and cash equivalents	\$ 39,548,675	\$ 7,586,793
Investments	176,051,494	189,133,508
Accounts receivable (net of allowance for doubtful accounts \$340,941 and \$323,486, respectively)	14,519,315	14,451,382
Accrued interest receivable	7,105,769	5,423,676
Other long-term receivables	38,774	103,452
Inventories	5,536,967	5,454,318
Prepaid expenses and other	170,131	170,131
	242,971,125	222,323,260
Total current unrestricted assets		
Restricted assets:		
Cash and cash equivalents	271,288,130	227,053,440
Investments	100,741,748	231,647,117
Accrued interest receivable	1,899,940	897,577
Prepaid expenses and other	5,472,506	13,223,650
Grants receivable	12,492,788	2,130,831
Passenger facility charges receivable	12,754,737	12,216,716
	404,649,849	487,169,331
Total current restricted assets		
Total current assets	647,620,974	709,492,591
Noncurrent assets:		
Investments	187,080,957	197,876,686
Capital assets:		
Buildings	1,714,711,598	1,692,775,950
Improvements other than buildings	1,995,739,581	1,926,665,356
Machinery and equipment	557,147,936	530,719,449
	4,267,599,115	4,150,160,755
Less accumulated depreciation and amortization	(1,385,549,501)	(1,243,928,382)
	2,882,049,614	2,906,232,373
Construction in progress	165,558,343	163,483,424
Land, land rights and air rights	295,305,625	295,305,625
	3,342,913,582	3,365,021,422
Total capital assets		
Bond issue costs, net of accumulated amortization	61,330,980	76,111,450
Total noncurrent unrestricted assets	3,591,325,519	3,639,009,558
Investments – restricted	352,703,957	245,207,135
Assets held for disposition	18,806,825	22,724,103
	4,610,457,275	4,616,433,387
Total assets		

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Liabilities</b>	<u>2006</u>	<u>2005</u>
Current liabilities:		
Vouchers payable	\$ 31,172,356	\$ 32,576,135
Due to other City agencies	17,186,337	18,082,646
Compensated absences payable	1,577,340	1,165,067
Other liabilities	22,003,622	8,890,941
Revenue credit payable	40,000,000	40,000,000
Deferred rent	7,212,505	23,788,633
Total current unrestricted liabilities	<u>119,152,160</u>	<u>124,503,422</u>
Current liabilities payable from restricted assets:		
Vouchers payable	35,717,072	18,032,591
Retainages payable	17,689,100	12,875,680
Accrued interest and matured coupons	22,227,738	23,263,861
Notes payable	27,497,017	20,117,026
Capital lease liability	—	1,061,885
Other liabilities	10,896,786	16,747,604
Revenue bonds	107,085,000	97,805,000
Total current liabilities payable from restricted assets	<u>221,112,713</u>	<u>189,903,647</u>
Total current liabilities	<u>340,264,873</u>	<u>314,407,069</u>
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,762,700,000	3,885,555,000
Less:		
Deferred losses on bond refundings	(301,053,878)	(275,304,950)
Net unamortized premiums	39,170,459	9,576,996
Total bonds payable, noncurrent	<u>3,500,816,581</u>	<u>3,619,827,046</u>
Notes payable	61,488,469	36,646,298
Compensated absences payable	5,118,304	5,357,007
Total noncurrent liabilities	<u>3,567,423,354</u>	<u>3,661,830,351</u>
Total liabilities	<u>3,907,688,227</u>	<u>3,976,237,420</u>
<b>Net Assets(Deficit)</b>		
Invested in capital assets, net of related debt	(212,178,928)	(236,200,039)
Restricted for:		
Capital projects	—	8,296,639
Debt service	543,978,207	480,040,793
Unrestricted	370,969,769	388,058,574
Total net assets	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO**  
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Facility rentals	\$ 197,353,089	\$ 203,800,286
Concession revenues	34,304,468	32,565,648
Parking revenues	110,534,937	97,918,928
Car rental revenues	41,641,365	37,175,320
Landing fees	92,389,849	94,694,946
Aviation fuel tax	12,714,401	16,995,501
Other sales and charges	11,871,715	11,340,736
	<u>500,809,824</u>	<u>494,491,365</u>
Operating expenses:		
Personnel services	97,592,363	92,979,459
Contractual services	139,652,041	122,193,155
Maintenance, supplies, and materials	18,903,028	15,956,243
Total operating expenses before depreciation, amortization and impairment losses	<u>256,147,432</u>	<u>231,128,857</u>
Operating income before depreciation, amortization and impairment losses	244,662,392	263,362,508
Depreciation and amortization	143,505,675	146,922,302
Impairment losses	—	85,286,382
Operating income	<u>101,156,717</u>	<u>31,153,824</u>
Nonoperating revenues (expenses):		
Passenger facility charges	93,509,920	83,999,814
Investment income	56,146,884	35,823,022
Interest expense	(207,385,378)	(205,141,929)
Grants	565,853	240,500
Other expense	(10,609,244)	(22,186,773)
Total nonoperating revenues (expenses), net	<u>(67,771,965)</u>	<u>(107,265,366)</u>
Income (loss) before capital contributions	33,384,752	(76,111,542)
Capital contributions:		
Capital grants	29,188,329	31,547,273
Increase (decrease) in net assets	62,573,081	(44,564,269)
Net assets, beginning of year	<u>640,195,967</u>	<u>684,760,236</u>
Net assets, end of year	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.



**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:		
Receipts from customers	\$ 499,604,612	\$ 481,817,118
Payments to suppliers	(145,688,172)	(100,028,981)
Interfund activity payments to other funds	(12,181,634)	(12,239,690)
Payments to employees	(96,338,970)	(92,729,306)
Net cash provided by operating activities	245,395,836	276,819,141
Cash flows from noncapital financing activities:		
Operating grants received	313,814	240,500
Net cash provided by noncapital financing activities	313,814	240,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	—	2,376,840
Proceeds from note payable	54,000,000	—
Principal paid on notes payable	(21,777,838)	(19,449,588)
Principal paid on revenue bonds	(101,305,000)	(101,370,000)
Interest paid on revenue bonds	(190,453,776)	(220,329,010)
Principal paid on capital lease	(1,061,885)	(2,052,794)
Bond issuance costs paid	(2,074,724)	(6,834,114)
Interest paid on notes payable	(2,487,809)	—
Capital grant receipts	19,078,411	52,664,919
Passenger Facility Charges	92,971,899	82,754,169
Purchases of capital assets	(81,945,591)	(107,112,083)
Payments from accrued expenses for capital assets	(22,497,901)	(266,506)
Payments to escrow for current refunding of debt	(8,331,179)	(10,378,589)
Proceeds from sale of capital assets	487,822	582,523
Net cash used in capital and related financing activities	(265,397,571)	(329,414,233)
Cash flows from investing activities:		
Purchases of investments	(6,492,915,029)	(8,162,358,749)
Proceeds from sales and maturities of investments	6,542,146,541	8,006,414,109
Proceeds from sales of assets held for disposition	3,917,278	1,776,126
Payments to maintain assets held for disposal	(8,933,727)	(12,156,812)
Interest and dividends on investments and cash equivalents	51,669,430	39,975,086
Net cash provided by (used) in investing activities	95,884,493	(126,350,240)
Net increase (decrease) in cash and cash equivalents	76,196,572	(178,704,832)
Cash and cash equivalents, beginning of year	234,640,233	413,345,065
Cash and cash equivalents, end of year	\$ 310,836,805	\$ 234,640,233

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Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 101,156,717	\$ 31,153,824
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	143,505,675	146,922,302
Miscellaneous income	1,924,205	1,845,549
Impairment losses	—	85,286,382
Changes in assets and liabilities:		
Receivables, net of allowance	(3,255)	545,904
Inventories	(82,649)	50,451
Prepaid expenses and other	517,166	(347,035)
Vouchers and other payables	3,855,982	8,069,434
Deferred rent	(16,576,128)	(1,102,460)
Due to other City agencies	(896,309)	10,988,361
Compensated absences	173,570	163,553
Other operating liabilities	11,820,862	(6,757,124)
Net cash provided by operating activities	\$ 245,395,836	\$ 276,819,141

Noncash activities:

The Airport System issued bonds in the amount of \$449,590,000 and \$407,190,000 in 2006 and 2005, respectively, in order to refund debt. Net bond proceeds of \$465,989,377 and \$415,715,139 for 2006 and 2005, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of \$20,731,149 and \$10,901,979 were realized on the issuance of bonds in 2006 and 2005, respectively.

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2006 and 2005

**(1) Organization and Reporting Entity**

**(a) Nature of Operations**

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

**(b) Reporting Entity**

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2006. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

During the year ended December 31, 2006, the Airport System adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement establishes and modifies requirements

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**MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

related to restrictions of net assets resulting from enabling legislation. The impact of this standard on the Airport System was immaterial.

During the year ended December 31, 2005, the Airport System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This Statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Airport System's ability to provide services and meet its obligations as they become due.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury Securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

**(c) Investments**

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2006 and 2005. The Airport System's investments are maintained in segregated pools at the City and include U.S. Treasury securities, U.S. Agency securities, commercial paper, and repurchase agreements.

**(d) Inventories**

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

**(e) Capital Assets**

Capital assets are recorded at cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at Denver International. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2006 and 2005 was \$4,547,332 and \$4,696,585, respectively. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life.

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Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

**(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)**

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

**(g) Assets Held for Disposition**

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

**(h) Compensated Absences Payable**

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

**(i) Deferred Rent**

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

**(j) Net Assets**

**2006**

The Airport System's assets exceeded liabilities by \$702,769,048 as of December 31, 2006, a \$62,573,081 increase in net assets from the prior year-end. Of the Airport System's 2006 net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts represent \$543,978,207 which is externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represent \$0.

The remaining net assets include unrestricted net assets of \$370,969,769 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally

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designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212,178,928) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**2005**

The Airport System's assets exceeded liabilities by \$640,195,967 as of December 31, 2005, a \$44,564,269 decrease in net assets from the prior year-end. Of the Airport System's 2005 net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts represented \$480,040,793 that was externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represented \$8,296,639.

The remaining net assets included unrestricted net assets of \$388,058,574 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236,200,039) represented the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**(k) *Restricted and Unrestricted Resources***

Use of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

**(l) *Operating Revenues and Expenses***

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, and grants from the federal government and Stapleton demolition and remediation expenses.

**(m) *Governmental Grants***

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

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**(n) Rates and Charges**

The Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2006 and 2005, the Airport System had accrued a liability, included in current other liabilities, of \$14,799,763 and \$3,259,726, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at \$40,000,000 for all years. The Net Revenues credited to the airlines totaled \$40,000,000 for both 2006 and 2005. Liabilities for these amounts were accrued as of December 31, 2006 and 2005, respectively, and are reported in the statement of net assets as revenue credit payable.

**(o) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

**(p) Reclassifications**

Certain 2005 balances have been reclassified to conform with the 2006 financial statements presentation.

**(3) Cash, Cash Equivalents, and Investments**

**(a) Deposits**

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the PDPA. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under

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the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name."

At December 31, 2006, the carrying amount of the Airport System's deposits, excluding certificates of deposit, was \$0 and the bank balance was \$0. At December 31, 2006, the Airport System owned \$11,354,644 of certificates of deposit issued by Colorado Business Bank, a certified eligible public depository.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities.

St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2006 was \$236,881. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

**(b) Investments**

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Revenue (the Manager), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy. The City does not currently invest with external investment pools.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The investment policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.



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At December 31, 2006 and 2005, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Money Market Funds	\$ 55,796	\$ 43,507
Certificate of Deposit	11,355	—
Commercial paper	246,001	305,092
Repurchase agreements	125,706	142,035
U.S. Treasury securities	87,446	190,203
U.S. Agency securities	601,111	417,668
	\$ 1,127,415	\$ 1,098,505

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2006, is as follows (amount expressed in thousands).

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Cash on hand	\$ —	\$ 103
Cash and cash equivalents	39,549	7,587
Investments	363,132	387,010
Restricted cash equivalents	271,288	226,951
Restricted investments	453,446	476,854
	\$ 1,127,415	\$ 1,098,505

*Interest Rate Risk:* Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for the investment under the control of the manager by limiting the maximum maturity of investments. Bond reserve proceeds that are invested in U.S. Treasury and U.S. Agency securities can have a maximum maturity of ten years. All other U.S. Treasury and U.S. Agency securities can have a maximum maturity of five years. Repurchase agreements are open repurchase agreements and not exposed to interest rate risk.

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At December 31, 2006, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (amounts are expressed in thousands):

Investment type	Investments maturity in years				
	Fair value	Less than 1	1-5	6-10	Greater than 10**
Discount Commercial Paper	\$ 246,001	\$ 246,001	\$ —	\$ —	\$ —
U.S. Treasury securities	87,445	—	63,321	24,124	—
U.S. Agency securities	601,111	144,203	255,010	157,533	44,365
Total	\$ 934,557	\$ 390,204	\$ 318,331	\$ 181,657	\$ 44,365

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2006, the Airport System owned callable securities with a fair value of \$250,489,681. Of these, securities with scheduled increases to predetermined interest rates had a fair value of \$102,772,048.

\*\*The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

*Credit Risk:* Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Airport System. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government. The City's Investment Policy requires that commercial paper and bankers' acceptances be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase.

As of December 31, 2006, the Airport System owned \$ 246,000,560 in commercial paper that had minimum ratings of A-1, D-1 and F-1, by two rating agencies.

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the Airport System's investments owned at December 31, 2006, were subject to custodial credit risk.

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In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Government agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week and adjusted on an as needed basis. Collateral for all repurchase agreements are held by the City's custodian, J.P. Morgan. None of the Airport System's repurchase agreements owned at December 31, 2006 were subject to custodial risk.

*Concentration of Credit Risk:* The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper or certificates of deposit issued by any one provider. As of December 31, 2006, all investments in commercial paper and certificates of deposit are in compliance with this policy.

**(4) Accounts Receivables**

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2006 and 2005, an allowance of \$340,941 and \$323,486, respectively, had been established. No amount is reserved for United Airlines (United) in 2006. See further discussion regarding United in note 21 of the financial statements.

**(5) Capital Assets**

Changes in capital assets for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	<b>2006</b>				
	<b>January 1, 2006</b>	<b>Additions</b>	<b>Transfers of completed projects</b>	<b>Retirements and impairments</b>	<b>December 31, 2006</b>
Depreciable:					
Buildings	\$ 1,692,776	\$ —	\$ 26,318	\$ (4,382)	\$ 1,714,712
Improvements other than buildings	1,926,666	—	73,569	(4,496)	1,995,739
Machinery and equipment	530,719	4,808	23,420	(1,799)	557,148
	<u>4,150,161</u>	<u>4,808</u>	<u>123,307</u>	<u>(10,677)</u>	<u>4,267,599</u>
Less accumulated depreciation and amortization	<u>(1,243,928)</u>	<u>(143,506)</u>	<u>—</u>	<u>1,885</u>	<u>(1,385,549)</u>
	2,906,233	(138,698)	123,307	(8,792)	2,882,050
Nondepreciable:					
Construction in progress	163,483	125,763	(123,307)	(381)	165,558
Land, land rights, and air rights	295,306	—	—	—	295,306
Total capital assets	<u>\$ 3,365,022</u>	<u>\$ (12,935)</u>	<u>\$ —</u>	<u>\$ (9,173)</u>	<u>\$ 3,342,914</u>

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	2005				
	January 1, 2005	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2005
Depreciable:					
Buildings	\$ 1,669,551	\$ —	\$ 23,317	\$ (92)	\$ 1,692,776
Improvements other than buildings	1,907,899	—	18,767	—	1,926,666
Machinery and equipment	681,753	8,122	29,626	(188,782)	530,719
	4,259,203	8,122	71,710	(188,874)	4,150,161
Less accumulated depreciation and amortization	(1,200,725)	(146,922)	—	103,719	(1,243,928)
	3,058,478	(138,800)	71,710	(85,155)	2,906,233
Nondepreciable:					
Construction in progress	136,214	98,979	(71,710)	—	163,483
Land, land rights, and air rights	295,437	—	—	(131)	295,306
Total capital assets	\$ 3,490,129	\$ (39,821)	\$ —	\$ (85,286)	\$ 3,365,022

In 2004, the Airport System implemented GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB No. 42 describes the impairment of a capital asset as “a significant, unexpected decline in the service utility of a capital asset.” The significant and unexpected decline is based on events or changes in circumstances that were not anticipated when the capital asset was placed in service.

For the years ended December 31, 2006 and 2005, the Airport System experienced impairments of capital assets of \$0 and \$85.3 million, respectively. Capital assets which incurred significant impairment losses, and which comprise a majority of the \$85.3 million, included the Automated Baggage System and the Concourse A, B, and C sortation systems.

***Automated Baggage System (ABS)***

In September 2005, United Airlines discontinued use of the ABS and reverted to the traditional tug and cart system.

No other airlines used the ABS; therefore, this asset was no longer being used by the Airport System. Based on the requirements of GASB No. 42, there had been a significant, unexpected change in the service utility of the ABS. In order to determine if the ABS was temporarily or permanently impaired, the Airport System hired a consultant to identify what portion, if any, of the ABS should remain to support a future baggage system. Based upon the consultant’s findings, management concluded that a small portion (net book value of \$3.2 million) of structural steel and electrical infrastructure would be used to support a new system; therefore, this portion was judged temporarily impaired and retained on the books. The remaining net book value of the ABS of \$43.0 million was impaired and written off in September 2005.

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***Sortation Systems***

During 2005, the Airport System hired a consultant to determine if the idle sortation systems in Concourses A and C could be used for a future baggage handling system. Based upon the results of this study, management determined that the idle assets would not be used; thus, should be impaired for the remaining net book value.

In addition, United Airlines discontinued use of sections of the sortation system in Concourse B when it discontinued use of the ABS in September 2005. Based upon an investigation performed by management, the Airport System determined that the sections still in use totaled a net book value of \$8.7 million. This amount was not impaired and will be depreciated using the original useful life of the sortation system as management's expectation is that the remaining section of the system will continue to be used. The remaining net book value was considered impaired.

As a result, the Airport System recognized impairment losses in 2005 on the three sortation systems for approximately \$33.5 million.

**(6) Assets Held for Disposition**

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton was \$18,806,825 and \$22,724,103 at December 31, 2006 and 2005, respectively. The current accrued environmental liability for Stapleton was \$3,474,011 and \$8,033,010 at December 31, 2006 and 2005, respectively.

**(7) Due to Other City Agencies**

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2006 and 2005 totaled \$12,181,634 and \$12,239,690, respectively, and have been included in operating expenses.

In addition to the above services, the Airport System also pays directly salaries and wages for police, fire and other city personnel which are reflected as Personnel services expenses. The total services paid for City service and personnel are \$38,883,126 and \$39,213,224 at December 31, 2006 and 2005, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled \$17,186,337 and \$18,082,646 at December 31, 2006 and 2005, respectively.

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**(8) Bonds Payable**

Changes in long-term debt for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	2006				
	January 1, 2006	Additions	Refunded debt	Retirements	December 31, 2006
Airport System revenue bonds	\$ 3,928,480	\$ 449,590	\$ (539,123)	\$ (101,305)	\$ 3,737,642
Economic defeasance	54,880	—	—	—	54,880
Baggage defeasance	—	77,263	—	—	77,263
Less deferred loss on bonds	(275,305)	(43,778)	—	18,029	(301,054)
Plus unamortized premiums	9,577	20,731	13,946	(5,084)	39,170
Total bond debt	<u>\$ 3,717,632</u>	<u>\$ 503,806</u>	<u>\$ (525,177)</u>	<u>\$ (88,360)</u>	3,607,901
Less current portion					(107,085)
Noncurrent portion					<u>\$ 3,500,816</u>

	2005				
	January 1, 2005	Additions	Refunded debt	Retirements	December 31, 2005
Airport System revenue bonds	\$ 4,031,775	\$ 407,190	\$ (409,115)	\$ (101,370)	\$ 3,928,480
Economic defeasance	54,880	—	—	—	54,880
Less deferred loss on bonds	(244,015)	(44,425)	—	13,135	(275,305)
Plus unamortized premiums	(12,880)	12,766	12,081	(2,390)	9,577
Total bond debt	<u>\$ 3,829,760</u>	<u>\$ 375,531</u>	<u>\$ (397,034)</u>	<u>\$ (90,625)</u>	3,717,632
Less current portion					(97,805)
Noncurrent portion					<u>\$ 3,619,827</u>

The Airport System has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The variable rate bonds are issued in weekly mode. Auction rate bonds carry interest rates that are periodically reset for either 7 or 35-day periods. As such, the actual interest rate on the bonds will vary weekly, based on market conditions in the short-term tax-exempt bond market. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2006 are as follows:

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Airport system revenue bonds			
Series 1991A			
Term Bonds	November 15, 2008	14.00%	\$ 18,795,000
Series 1991D			
Term bonds	November 15, 2013	7.75%	96,708,140
Series 1992F,G*	November 15, 2025	3.95%	48,000,000
Series 1995C			
Term bonds	November 15, 2012	6.50%	10,625,000
Series 1997E			
Serial bonds	Annually November 15, 2011 and 2015	5.125-6.00%	87,882,258
Term bonds	November 15, 2017, 2023 and 2025	5.25-5.50%	310,685,000
Series 1998A			
Term bonds	November 15, 2025	5.00%	202,970,000
Series 1998B			
Term bonds	November 15, 2025	5.00%	103,395,000
Series 2000A			
Serial bonds	Annually November 15, 2006 to 2019	4.80-6.00%	236,240,000
Term bonds	November 15, 2023	5.625%	31,495,000
Series 2000B*	November 15, 2025	4.05%	200,000,000
Series 2000C*	November 15, 2025	3.95%	100,000,000
Series 2001A			
Serial bonds	Annually November 15, 2011 to 2017	5.00-5.625%	248,081,334
Series 2001B			
Serial bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D			
Serial bonds	Annually November 15, 2007 to 2024	5.00-5.50%	59,465,000
Series 2002A1 A3*	November 15, 2032	3.65-3.85%	273,975,000
Series 2002C*	November 15, 2024	3.95%	41,100,000
Series 2002E			
Serial bonds	Annually November 15, 2006 to 2023	4.00-5.50%	182,855,000

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Series 2003A			
Term bonds	November 15, 2026 and 2031	5.00%	161,965,000
Series 2003B			
Serial bonds	Annually November 15, 2016 to 2017	5.75%	8,540,000
Term bonds	November 15, 2033	5.00-5.50%	100,460,000
Series 2004A*	November 15, 2024	3.92%	73,300,000
Series 2004B*	November 15, 2024	3.96%	73,300,000
Series 2005A	Annually November 15, 2011 to 2025	4.00-5.00%	227,740,000
Series 2005B1-B2*	November 15, 2017	3.85%	88,800,000
Series 2005C1-C2	November 15, 2025	3.97-4.05%	85,000,000
Series 2006A	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000
Series 2006B	Annually November 15, 2007 to 2015	5.00%	170,005,000
Airport System subordinate revenue bonds			
Series 2001C1-C4*	November 15, 2022	3.64-3.75%	200,000,000
Economic defeasance LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
ABS baggage defeasance		5.00-7.75%	<u>77,263,268</u>
Total revenue bonds			3,869,785,000
Less current portion			(107,085,000)
Net unamortized discount			39,170,459
Deferred loss on refundings			<u>(301,053,878)</u>
Total bonds payable noncurrent			<u>\$3,500,816,581</u>

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

\*The variable rates are as of December 31, 2006

***Economic Defeasance***

On November 1, 1999, the Airport System entered into an economic defeasance of \$54,880,000 from certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under the 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the



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City. Escrow A proceeds will be used to defease \$40,080,000 of the Series 1992C maturing on November 15, 2025. Escrow B proceeds will be used to defease \$14,800,000 of the Series 1991D maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of \$90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account ABS Baggage System defeasance held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system.

***Bond Issuances***

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bond Series 2006A and 2006B, respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bond Series 2005A in a fixed rate mode for the purpose of currently refunding \$230,760,000 of the Airport 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

***Deferred Refunding***

The proceeds of the 2006A-B bonds were used, together with other Airport monies, to currently refund all of the outstanding Series 1996A, 1996D and all but \$12,605,000 of the 1996B and 1996C Airport System Revenue Bonds. Series 2006A-B bonds are structured to provide the Airport with maximum interest savings through 2010 which will be applied to meet a portion of the airline rates and cost reduction goals in the United Stipulated Order. Interest savings for refunding is \$39,808,609 and debt service savings is \$53,303,609 (including principal). The economic gain resulting from the transaction was \$32,671,373. The Airport realized a cash flow savings of \$985,173 with this transaction in 2006. The current refunding resulted in a defeasance of debt between the reacquisition price of \$474,320,556 and the net carrying amount less the unamortized portion of \$430,542,581, which resulted in a deferred loss on refunding amount of \$43,777,975. The deferred loss on refunding is being amortized over the remaining life of the old debt.

The proceeds of the 2005A, B1-B2 and C1-C2 bonds were used together with other Airport monies, to currently refund all of the outstanding series 1995A, 1995B, and all but \$10,625,000 of the 1995C Airport System Revenue Bonds. The Series 2005A bonds interest requirements are based on interest rates of 4.05% to 5.0%. The series 2005B1-B2 and 2005C1-C2 bonds are based on an assumed interest rate of 3.4%. Series 2005A, B1-B2, and C1-C2 bonds are structured to provide the Airport maximum interest savings through 2010 for purposes of the Stipulated Order by matching the principal amortization of the refunding bonds with that of the refunded bonds. The interest savings of \$70,425,785 and debt savings of \$63,056,480 (including principal), are expected to be achieved based upon the interest rate assumptions. The economic gain resulting

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from the transaction was \$45,502,306. The Airport realized a cash flow savings of \$1,176,945 with these transactions in 2005. The current refunding resulted in a defeasance of debt between the reacquisition price of \$426,093,727 and the net carrying amount less the unamortized portion of \$381,669,202 which resulted in a deferred loss on refunding amount of \$44,424,525. The deferred loss on refunding amount is being amortized over the remaining life of the defeased debt, which is shorter than the life of the refunding debt.

***Defeased Bonds***

The Airport System has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2006 and 2005, respectively, \$32,180,000 and \$32,180,000 of bonds outstanding are considered defeased.

**(9) Bond and Notes Payable Debt Service Requirements**

**(a) Bonds Payable**

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2006 are as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 107,085,000	\$ 191,059,701
2008	102,979,756	184,558,291
2009	100,158,339	178,314,618
2010	105,629,846	173,093,046
2011	128,981,929	167,449,534
2012 – 2016	768,891,862	726,337,496
2017 – 2021	1,033,520,000	505,916,076
2022 – 2026	1,143,460,000	211,339,097
2027 – 2031	169,495,000	45,786,750
2032 – 2033	77,440,000	6,032,000
Total	\$ 3,737,641,732	\$ 2,389,886,609

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Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 3,601,900
2008	—	3,601,900
2009	—	3,601,900
2010	—	3,601,900
2011	—	3,601,900
2012 – 2016	14,800,000	14,568,500
2017 – 2021	—	12,274,500
2022 – 2025	40,080,000	8,345,925
Total	<u>\$ 54,880,000</u>	<u>\$ 53,198,425</u>

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 4,496,304
2008	50,244	4,496,304
2009	3,636,661	4,492,470
2010	6,575,154	4,292,454
2011	7,608,071	3,869,204
2012 – 2016	34,063,138	12,358,992
2017 – 2021	21,635,000	4,034,642
2022 – 2026	3,695,000	568,500
Total	<u>\$ 77,263,268</u>	<u>\$ 38,608,870</u>

**(b) Notes Payable**

The Airport System entered into a \$60 million Master Installment Purchase Agreement with Siemens Financial Services on November 5, 2003 to fund the reimbursable portion of the construction of the in-line EDS baggage screening system. Payments are due annually in advance beginning December 31, 2006. The interest rate is 3.4% and is based on a 30/360 calculation. The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for \$20 million and one with GE Capital Public Finance Inc. for \$13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. Two agreements with Koch Financial Corporation for \$23.0

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million and \$2.0 million for a total of \$25.0 million and two agreements with GE Capital Public Finance for \$9.0 million and \$20.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2006. Under the Master Installment Purchase Agreements, the financing companies have a security interest in equipment purchased with the proceeds until the loans are repaid.

The payment schedule relating to note requirements as of December 31, 2006 is as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 27,497,017	\$ 3,423,670
2008	12,146,762	2,403,466
2009	11,477,785	1,911,463
2010	11,563,556	1,438,698
2011	9,194,019	949,031
2012 – 2016	17,106,347	1,870,769
	\$ 88,985,486	\$ 11,997,097

Changes in notes payable for the years ended December 31, 2006 and 2005 were as follows:

	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Notes payable	\$ 56,763,324	\$ 54,000,000	\$ (21,777,838)	\$ 88,985,486
Less current portion				(27,497,017)
Noncurrent portion				\$ 61,488,469

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Notes payable	\$ 76,212,912	\$ —	\$ (19,449,588)	\$ 56,763,324
Less current portion				(20,117,026)
Noncurrent portion				\$ 36,646,298

**(10) Demand Bonds**

Included in long-term debt are \$48,000,000 for Series 1992F,G; \$200,000,000 for Series 2000B; \$100,000,000 for Series 2000C; \$41,100,000 for Series 2002C; \$73,300,000 for Series 2004A; \$73,300,000

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for Series 2004B; \$85,000,000 for Series 2005C1-C2 of Airport System Revenue Bonds Series respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit were issued as collateral for the Series 1992F, 1992G, and 2002C revenue bonds in the amounts as follows:

<b>Bonds</b>	<b>Par amount outstanding</b>	<b>Letter of credit amount</b>	<b>Annual commitment fee</b>	<b>Letter of credit expiration date</b>
Series 1992F	\$ 26,200,000	\$ 31,059,400	0.370%	September 24, 2009
Series 1992G	21,800,000	25,829,467	0.370%	September 24, 2009
Series 2002C	41,100,000	51,232,000	0.370%	October 8, 2009

As of December 31, 2006 and 2005, no amounts have been drawn under any of the existing agreements.

**(11) Bond Ordinance Provisions**

***Additional Bonds***

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

***Airport System Revenue Bonds***

Under the terms of the Bond Ordinance, all bond series, except for the Series 2001 C1-C4 Bonds, (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 2001 C1-C4 Bonds are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

The Airport System is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport System is in compliance with the bond covenants listed in the bond ordinance.

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**(12) Swap Agreements**

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. In accordance with GAAP, the fair value of swap agreements is not reported in the financial statements.

**Summary of Interest Rate Swap Transactions**

<u>Counterparty</u>	<u>Trade date</u>	<u>Effective date</u>	<u>Notional amount (in millions)</u>	<u>Bond/Swap termination date</u>	<u>Associated debt series</u>	<u>Payable swap rate</u>	<u>Variable receivable swap rate</u>	<u>Fair values December 31, 2006</u>
1998 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	\$ 100	11/15/25	2000B	4.7600%	Bond rate	\$ (12,400,000)
Lehman Bros. Special Financing Inc.	1/22/98	10/4/00	100	11/15/25	2000B	4.7600	Bond rate	(12,400,000)
Societe Generale, New York, Branch	1/22/98	10/4/00	100	11/15/25	2000C	4.7190	Bond rate	(11,900,000)
1999 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	100	11/1/22	2001C1-4	5.6179	BMA	(20,150,000)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.5529	BMA	(9,760,000)
RFPC, LTD.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.6229	BMA	(10,100,000)
2002 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.33% LIBOR	1,500,000
RFPC, LTD.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.00% LIBOR	1,330,000
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70% LIBOR	(365,000)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6874	70% LIBOR	(365,000)
Jackson Financial Products, LLC	4/14/05	11/15/06	111.834	11/15/25	2006A	3.6560	70% LIBOR	(1,160,000)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6600	70% LIBOR	(365,000)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
Jackson Financial Products, LLC	8/9/06	11/15/06	111.834	11/15/25	2006A	BMA	4.0855%	2,280,000
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
2006A Swap Agreements								
Forward Starting Swap Agreements								
Bear Stearns Capital Markets Inc	6/1/06	11/15/07	180.850	11/15/25	(1)	4.0085	70% LIBOR	(6,928,000)
Lehman Bros. Special Financing	6/1/06	11/15/07	120.567	11/15/25	(1)	4.0085	70% LIBOR	(4,618,000)
GKB Financial Services Corp. II	6/1/06	11/15/07	60.283	11/15/25	(1)	4.0085	70% LIBOR	(2,309,000)

(1) The associated debt series for the 2006 swap agreement are the proposed issuance of Airport System Revenue Refunding Bonds for the 1997E bonds.

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Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2006. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2006. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

***Risks Associated with the Swap Agreements***

The following risks are generally associated with swap agreements:

***Credit Risk*** – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated, in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2006, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

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The ratings of the counterparties, or their credit support providers, as of December 31, 2006 are as follows:

<b>Counterparty (credit support provider)</b>	<b>Ratings of the counterparty or its credit support provider</b>		
	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	AA-	Aa3	AA-
Lehman Brothers Special Financing Inc. (Lehman Brothers Holdings Inc.)	A+	A1	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	AA-	Aa3	AA-
RFPC, LTD. (Ambac Assurance Corp.)	AAA	Aaa	AAA
Societe Generale, New York Branch	AA	Aa2	AA
Royal Bank of Canada	AA-	Aaa	AA
JP Morgan Chase Bank, N.A.	AA-	Aa2	AA-
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A+	Aa3	AA-
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services Morgan Stanley)	A+	Aa3	AA-

As of December 31, 2006, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives fair value.

**Termination Risk** – Any party to the Airport System’s swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap’s fair value. If any of the Airport System’s swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or nature of the basis risk associated with the swap agreement which may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

**Basis Risk** – Each of the Airport System’s swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System’s series of swaps is discussed more specifically in the descriptions of these swap agreements below.



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***Description of the Swap Agreements and Associated Debt***

*The 1998 Swap Agreements and Associated Debt* – On January 1, 1998, the Airport System entered into interest rate swap agreements (the 1998 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. Each 1998 Swap Agreement has a notional amount of \$100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing variable rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) plus 0.10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short-term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+ by Fitch or the long-term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index (BMA) and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event nor a downgrade of the short-term ratings for the year ended December 31, 2006.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

*The 1999 Swap Agreements and Associated Debt* – On July 28, 1999, the Airport System entered into interest rate Swap Agreements (the 1999 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of \$100 million, \$50 million and \$50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the BMA Index payable by the respective financial institutions. Historically, average BMA Index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under

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the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The net effect of the 1999 Swap Agreements, when considered together with the variable rate Series 2001 C1-C4 Subordinate Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2001 C1-C4 Subordinate Bonds and the Bond Market Association Index, on \$200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

*The 2002 Swap Agreements and Associated Debt* – On April 11, 2002, the Airport System entered into interest rate Swap Agreements (the 2002 Swap Agreements) with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index (BMA) to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). The 2002 Swap Agreements have a notional amount of \$200 million, relate to the 2001 C1-C4 bonds and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than BMA, to offset the actual rate paid on the Series 2001 C1-C4 bonds.

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

*The 2005 Swap Agreements* – In April 2005, the Airport System entered into interest rate Swap Agreements (the 2005 Swap Agreements) with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately \$56 million, \$56 million, \$112 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under "*The 2006B Swap Agreements*"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70% of 1-month LIBOR on \$280 million of obligations.

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The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between BMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

*The 2006A Swap Agreements* – On June 1, 2006, the City entered into interest rate swap agreements (the “2006A Swap Agreements”) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E bonds through the Airport System’s issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of approximately \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

The Airport System is exposed to market-access risk under the 2006A Swap Agreements. Market-access risk is the risk that the Airport System will not be able to enter the credit markets or that costs associated with entering the credit market will increase. If the 2006A Swap Agreements become effective and proposed refunding bonds are not issued, the Airport System would make net swap payments as required under the Swap Agreement. The Airport System would make fixed payments to the counterparties and receive variable payments of 70% of LIBOR. If the proposed variable rate bonds are issued, actual savings ultimately recognized by the transaction will be affected by the terms of the proposed variable rate refunding bonds and the net effect of the variable rate payments received under the swap and the payments on the bonds.

If the proposed variable rate refunding bonds are issued, and the 2006A Swap Agreements become effective, the Airport System will be exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate to be paid on the associated debt and 70% of LIBOR to be received under the 2006A Swap Agreements.

If the 2006A Swap Agreements become effective, the net effect, when considered together with the proposed variable rate refunding bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate of the variable rate refunding bonds and 70% of LIBOR on \$362.0 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

*The 2006B Swap Agreements*-On August 9, 2006 the Airport System entered into interest rate swap agreements (the “2006B Swap Agreements”) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.

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In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective (see “The 2005 Swap Agreements”). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

***Swap Payments and Associated Debt***

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2006, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Interest rate swaps net</u>	<u>Total</u>
Year:				
2007	\$ —	\$ 33,230,200	\$ 4,621,069	\$ 37,851,269
2008	—	33,230,200	4,621,069	37,851,269
2009	—	33,230,200	4,621,069	37,851,269
2010	—	33,230,200	4,621,069	37,851,269
2011	—	33,230,200	4,621,069	37,851,269
2012-2016	31,695,000	165,738,850	23,126,849	220,560,699
2017-2021	385,975,000	135,504,485	19,451,249	540,930,734
2022-2025	361,915,000	39,967,171	2,405,317	404,287,488
Total	<u>\$ 779,585,000</u>	<u>\$ 507,361,506</u>	<u>\$ 68,088,760</u>	<u>\$ 1,355,035,266</u>

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2006.

**(13) Denver International Special Facility Revenue Bonds**

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2006 and 2005, Special Facility Revenue Bonds outstanding totaled \$327,610,000 and \$332,320,000, respectively.

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**(14) Capital Lease**

The Airport System entered into a capital lease agreement for runway equipment with GE Capital Public Finance on July 1, 2003. The capital lease was paid off in 2006. Amortization of the capital lease is included in depreciation expense. The related net book value of the equipment as of December 31, 2005 was as follows:

Equipment	\$	6,009,746
Less accumulated depreciation		<u>(3,240,972)</u>
Net book value	\$	<u><u>2,768,774</u></u>

Changes in capital lease for the years ended December 31, 2006 and 2005 were as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2006</u>
Capital lease	\$ 1,061,885	\$ —	\$ (1,061,885)	\$ —
Less current				<u>—</u>
Noncurrent portion				<u><u>\$ —</u></u>

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Capital lease	\$ 3,114,679	\$ —	\$ (2,052,794)	\$ 1,061,885
Less current				<u>(1,061,885)</u>
Noncurrent portion				<u><u>\$ —</u></u>

**(15) Compensated Absences**

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2006 and 2005 are as follows:

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	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Compensated Absences payable	\$ 6,522,074	\$ 1,002,609	\$ (829,039)	\$ 6,695,644
Less current				(1,577,340)
Noncurrent portion				\$ 5,118,304

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Compensated Absences payable	\$ 6,358,521	\$ 701,537	\$ (537,984)	\$ 6,522,074
Less current				(1,165,067)
Noncurrent portion				\$ 5,357,007

**(16) Pension Plan**

*Plan Description*

Employees of the Airport System, as well as substantially all of the general employees of the City, are covered under the Denver Employees Retirement Plan (DERP). The following is a brief description of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information.

The DERP is a cost sharing multiple-employer, defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through 18.433.4 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vest the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan's assets. As of January 1, 2006, the date of the last actuarial valuation, the plan was underfunded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the plan. The Retirement Board monitors the plan continually to ensure an appropriate level of funding.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report is available by contacting:

Denver Employees Retirement Plan  
777 Pearl Street  
Denver, Colorado 80203

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***Pension Plan's Funding Policy and Annual Pension Cost***

For DERP, The City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2006, 2005 and 2004 were \$36,036,000, \$35,036,000 and \$33,108,000, respectively, which equaled the required contributions each year.

The City's annual pension cost for the current year and related information for the plan is as follows (dollar amounts expressed in thousands):

<b>Actuarially determined</b>	<b>DERP</b>	<b>DERP health benefits</b>
Contribution rates (as a percentage of covered payroll):		
Employer	8.31%	0.82%
Plan members	2.48%	0.25%
Annual pension cost	\$53,428	\$5,292
Total contributions made	\$49,245	\$5,264
Actuarial valuation date	1-1-06	1-1-06
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	28 years	28 years
Asset valuation method	5-year smoothed mkt.	5-year smoothed mkt.
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	3.0-7.7%	3.0-7.7%
*Includes inflation at	3.0%	0.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	—	—

Three-year trend information (dollar amounts expressed in thousands):

	<b>Year beginning 1-Jan</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
DERP Pension Benefits	2004	\$ 51,480	86.6 %	—
	2005	48,734	99.7	—
	2006	53,428	92.2	—
DERP Health Benefits	2004	4,072	96.5	—
	2005	4,723	96.7	—
	2006	5,292	99.5	—

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Underfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
DERP-Pension Benefits						
1/1/04	\$ 1,572,938,437	\$ 1,604,530,172	\$ 31,591,735	98.0%	\$ 501,966,050	6.3%
1/1/05	1,651,090,641	1,665,540,822	14,450,181	99.1%	495,003,210	3.0%
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3%	495,285,185	9.5%
DERP-Health Benefits						
1/1/04	87,110,400	105,478,904	18,368,504	82.6%	501,966,050	3.7%
1/1/05	88,527,589	116,567,764	28,040,175	75.9%	485,003,210	5.8%
1/1/06	90,227,891	123,775,074	33,547,183	72.9%	495,285,185	6.8%

**(17) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**(18) Commitments and Contingencies**

**(a) Commitments**

At December 31, 2006, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	\$ 124,489,128
Construction projects to be funded by bonded debt	208,771,710
Projects related to remediation – Stapleton	<u>11,672,406</u>
Total commitments	<u><u>\$ 344,933,244</u></u>



**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(b) Noise Litigation**

The City and Adams County entered into an intergovernmental agreement for Denver International dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

As of December 31, 2006, the Airport System accrued \$.5 million in the accompanying financial statements for noise violations and penalties.

**(c) Claims and Litigation**

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

**(d) Denver International Assets under Operating Leases**

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2006 and 2005 was \$61,479,426 and \$53,393,400, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2007	\$	45,635,800
2008		42,615,500
2009		41,786,300
2010		40,905,500
2011		38,868,900
2012-2016		80,636,200
2017-2021		52,600
Total minimum future rentals	\$	<u><u>290,500,800</u></u>

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2006 or 2005. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

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December 31, 2006 and 2005

**(e) Federal grants**

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and operations of the Airport.

**(19) Insurance**

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (includes all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of \$250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of \$25,000, \$100,000, and \$1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

**(20) Significant Concentration of Credit Risk**

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For the years ended December 31, 2006 and 2005, United Airlines represented approximately 59% and 59%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 13% and 12% of the Airport System's airline operating revenue. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

**(21) United Airlines**

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of

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passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 43 of the 95 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 56.4% and 56.4% of enplaned passengers at the Airport in 2006 and 2005.

In May 2005, the Airport System and United reached an agreement in principle for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System allocated \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on United's automated baggage system.

In the 2005-2 Amendment to the United Use and Lease Agreement, the Airport System agreed to a reduction in United's rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement in exchange for United's agreement to grow the Denver hub. This agreed reduction will be achieved by defeasing outstanding debt with available \$1.50 PFCs.

In the 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10.0 million per year, using available Capital Fund moneys and other legally available Airport funds. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The Concourse B Commuter Facility Project was completed April 23, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, and has relinquished a second Concourse A gate on November 30, 2006 and the remaining four Concourse A gates upon completion of the Concourse B Commuter Facility Project.

United emerged from bankruptcy in February 2006.

**(22) Subsequent Events**

The Airport System is seeking proposals from qualified participants to own, manage, finance and/or build a 500 room, four star, four diamond hotel to be connected to Jeppesen Terminal.

In April of 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with an outstanding principal of \$30 million.

The Airport is assisting United in refinancing its Special Facility bond obligations in the amount of \$270,000,000.

Delta Airlines emerged from Chapter 11 bankruptcy on April 30, 2007.

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Schedule of Compliance with Rate Maintenance Covenant  
as Defined in the 1984 Airport System General Bond Ordinance  
Airport Revenue Account (Unaudited)

Year ended December 31, 2006

Gross revenue:	
Facility rentals	\$ 237,394,015
Concession income	34,304,468
Parking income	110,534,937
Car rental income	41,641,365
Landing fees	92,389,849
Aviation fuel tax	12,714,401
Other sales and charges	11,871,715
Interest income	42,519,679
Miscellaneous income	<u>1,242,752</u>
Gross revenues as defined in the ordinance	584,613,181
Operation and maintenance expenses:	
Personnel services	97,592,363
Contractual services	139,652,041
Maintenance, supplies and materials	18,879,094
Miscellaneous expense	<u>1,500,000</u>
Operation and maintenance expenses as defined in the ordinance	<u>257,623,498</u>
Net revenue	326,989,683
Other available funds	<u>49,787,669</u>
Net revenue plus other available funds as defined in the ordinance	<u><u>\$ 376,777,352</u></u>
Debt service requirements as defined in the ordinance (1)	\$ 215,989,302
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	174%
(1) Net of irrevocably committed Passenger Facility Charges of \$74,702,000 applied under Supplemental Bond Ordinance.	

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(1) Bond Account**

There shall be credited to the Bond Account, in the following order of priority:

**(a) Interest Account**

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

<u>Bond series</u>	<u>Interest payment date</u>	<u>Balance interest due</u>	<u>Required interest account balance at December 31, 2006</u>
Series 1991A	05/15/07	\$ 1,315,650	\$ 219,275
Series 1991D	05/15/07	3,975,750	662,625
Series 1992F-G	01/01/07	152,918	152,918
Series 1995C	05/15/07	345,313	57,552
Series 1997E	05/15/07	11,168,913	1,861,485
Series 1998A	05/15/07	5,166,625	861,104
Series 1998B	05/15/07	2,584,875	430,813
Series 2000A	05/15/07	7,832,099	1,305,350
Series 2000B	01/01/07	656,603	656,603
Series 2000C	01/01/07	324,822	324,822
Series 2001A	05/15/07	7,778,416	1,296,403
Series 2001B	05/15/07	456,563	76,094
Series 2001D	05/15/07	1,566,113	261,019
Series 2002A1-A3	01/01/07	982,276	982,276
Series 2002C	01/01/07	140,325	140,325
Series 2002E	05/15/07	4,705,688	784,281
Series 2003A	05/15/07	4,049,125	674,854
Series 2003B	05/15/07	3,279,525	546,588
Series 2004A	01/01/07	236,729	236,729
Series 2004B	01/01/07	238,074	238,074
Series 2005A	05/15/07	5,690,975	948,496
Series 2005B1-B2	01/01/07	250,349	250,349
Series 2005C1-C2	01/01/07	255,105	255,105
Series 2006A	05/15/07	6,920,350	1,153,392
Series 2006B	05/15/07	4,250,125	708,354
			<u>\$ 15,084,886</u>

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(b) Principal Account**

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

<u>Bond series</u>	<u>Principal payment date</u>	<u>Balance principal due</u>	<u>Required principal account balance at December 31, 2006</u>
Series 1991A	11/15/07	\$ 8,780,000	\$ 731,667
Series 1991D	11/15/07	13,260,000	1,105,000
Series 1992 F, G	11/15/07	1,300,000	108,333
Series 2000A	11/15/07	12,520,000	1,043,333
Series 2001A	11/15/07	17,370,000	1,447,500
Series 2001D	11/15/07	2,905,000	242,083
Series 2002A1-A3	11/15/07	6,350,000	529,167
Series 2002C	11/15/07	1,300,000	108,333
Series 2002E	11/15/07	16,650,000	1,387,500
Series 2004A	11/15/07	1,300,000	108,333
Series 2004B	11/15/07	1,300,000	108,333
Series 2005B1-B2	11/15/07	3,525,000	293,750
Series 2005C1-C2	11/15/07	2,800,000	233,333
Series 2006B	11/15/07	17,725,000	1,477,083
Total principal account requirement			<u>\$ 8,923,748</u>

**(c) Sinking Account**

Required deposit monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. The 1991A Series and 1991D Series are subject to mandatory sinking fund redemption requirements.

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MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)  
Year ended December 31, 2006

**(d) Redemption Account**

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport System exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2006, the redemption account had a balance of \$17.1 million for the sixth runway and baggage system.

**(e) Bond Account Summary**

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	\$	24,008,634
Bond Account balance at December 31, 2006		24,008,634
Underfunded	\$	—

**(2) Bond Reserve Account**

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport System, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2006 is \$325,070,055. The minimum Bond Reserve Account requirement is \$325,070,055.

**(3) Operation and Maintenance Reserve Account**

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2007.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

Computation of minimum operation and maintenance reserve:

2005 Operation and maintenance expenses	\$ <u>231,128,857</u>
Minimum operations and maintenance reserve requirement for 2005	38,521,476
Operation and maintenance reserve account balance at December 31, 2006 (1)	<u>59,733,489</u>
Overfunded	\$ <u><u>21,212,013</u></u>

- (1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average. The City is in the process of increasing the reserve.



**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Summary of Insurance Coverage (Unaudited)

December 31, 2006

<u>Policy number</u>	<u>Company</u>	<u>Item covered</u>	<u>Expiration date</u>	<u>Annual premium</u>	<u>Coverage</u>
ESP2000-274	Quanta Speciality Lines	Pollution and remediation legal liability	12/23/07	\$ 246,465(1) \$	10,000,000
XSR 310244	Clarendon American	Excess auto	01/01/07	107,896	1,000,000
FL 254	FM Global	Property/boiler and machinery	01/01/07	2,478,342	1,000,000,000
L9900439	Lloyds of London	Excess liability	01/01/07	381,429	450,000,000
AAPN 00981771003	ACE Property and Casualty ACE American/AXA Art	Primary liability	01/01/07	572,398	50,000,000
Multi-participation	Ins./Lloyds Underwriters ACE American/AXA Art	Fine Arts	01/01/07	173,100/8,655(2)	250,000,000

(1) This is a three year prepaid amount. The policy term is 12/23/04 to 12/23/07.

(2) This is a multi-participation policy with coverage shared by DIA.

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## APPENDIX C

### GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also “APPENDIX E - PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for certain proposed amendments to the definitions.

“*AGTS*” means automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Additional Parity Bonds*” means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2007A-C Bonds.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The terms do not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System Fund,” created under the Senior Bond Ordinance.

“*Ambac Assurance*” means Ambac Insurance Corporation, the issuer of the Ambac Assurance Policy.

“*Ambac Assurance Policy*” means the financial guaranty insurance policy issued by Ambac Assurance that guarantees the payment of the principal of and interest on the Series 2007B Bonds.

“*Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund,” created in the Senior Bond Ordinance.

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

“*Bond Reserve Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund,” created under the Senior Bond Ordinance.

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

“*Business Day*” means, with respect to the Series 2007A-C Bonds, any day (1) on which commercial banks in New York, New York and Denver, Colorado, are not required or authorized to remain closed; and (2) on which The New York Stock Exchange is not closed.

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Senior Bond Ordinance.

“*Capitalized Interest Account*” means the special and separate subaccount within the Project Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account,” created under the Senior Bond Ordinance.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

“*City Council*” means the City Council of the City.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the “*Tax Code*” is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

“*Committed Passenger Facility Charges*” means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

“*Completion Bonds*” means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

“*Consent Agent*” means American National Bank (formerly The Bank of Cherry Creek, a Branch of Western National Bank) and any successor and assign thereof.

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

“*Credit Enhanced Bonds*” means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

“*Credit Facility Obligations*” means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

“*Debt Service Requirements*” for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate

Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate the Debt Service Requirement shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

“*Department of Aviation*” or “*Department*” means the Department of Aviation of the City and its successor in functions, if any.

“*DTC*” means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2007A-C Bonds.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Escrow Agreement*” means the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B, Escrow Agreement” by and between the City and the Escrow Bank.

“*Escrow Bank*” means Zions First National Bank, Denver, Colorado, and any successor and assign thereof.

“*Facilities*” or “*Airport Facilities*” means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

“*Favorable Opinion of Bond Counsel*” means an opinion of an attorney or firm of attorneys, selected by the City, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the General Bond Ordinance and the Series 2007A-C Supplemental Ordinances and will not adversely affect the exclusion of interest on the Series 2007A-C Bonds from gross income for federal income tax purposes.

“*Financial Consultant*” means any financial consultant which is appointed by the City with respect to any series of Bonds.

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

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

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” means the General Bond Ordinance approved by the City Council on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2007A-C Supplemental Ordinance.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City’s sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

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

“*Hedge Facility Obligations*” means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under the Senior Bond Ordinance on a parity with the Bonds.

“*Hedge Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or

(b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

“*Hedge Termination Payment*” means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

“*Independent Accountant*” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“*Interest Account*” means the special and separate subaccount within the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Interest Account,” created under the Senior Bond Ordinance.

“*Interest Payment Date*” means, with respect to the Series 2007A-C Bonds, each May 15 and November 15, commencing November 15, 2007.

“*Investment Securities*” means, to the extent the following are permitted investments under the City’s investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders’ equity (*e.g.*, capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements



with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the

agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

“*Manager*” means the manager of the City’s Department of Aviation, or his or her designee and successor in functions, if any.

“*Mayor*” means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

“*MBIA*” means MBIA Insurance Corporation, the issuer of the MBIA Policies.

“*MBIA Policies*” means the financial guaranty insurance policies issued by MBIA that guarantee the payment of the principal of and interest on the Series 2007A Bonds and the Series 2007C Bonds.

“*Minimum Bond Reserve*” means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Minimum Operation and Maintenance Reserve*” means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Ninth Supplemental Ordinance*” means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

“*Operation and Maintenance Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Senior Bond Ordinance.

“*Operation and Maintenance Reserve Account*” means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Senior Bond Ordinance.

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

“*Ordinance*” or “*Senior Bond Ordinance*” means the General Bond Ordinance of the City approved on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006, the Series 2007A-B Supplemental Bond Ordinance, and the Series 2007C Supplemental Bond Ordinance; and the PFC Supplemental Ordinance.

“*Other Available Funds*” means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

“*Outstanding*” when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered; and (d) except any Bonds held as Bank Bonds any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” means, when used with respect to the Series 2007A-C Bonds, the City Treasurer and any successors thereof.

“*PFC Debt Service Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Debt Service Account,” created under the Senior Bond Ordinance.

“*PFC Fund*” means the special and separate account designated as the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund,” created under the Senior Bond Ordinance.

“*PFC Project Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Project Account,” created under the Senior Bond Ordinance.

“*PFC Supplemental Ordinance*” means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

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

“*Principal Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Principal Account,” created under the Senior Bond Ordinance.

“*Project Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Project Fund,” created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

“*Proposed Amendments*” means the proposed amendments to the Senior Bond Ordinance as set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

“*Purchase Price*” means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

“*Rating Agencies*” means any of Moody’s, S&P, or Fitch, then maintaining ratings on any of the Bonds at the request of the City.

“*Redemption Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Redemption Account,” created under the Senior Bond Ordinance.

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Registrar*” means when used with respect to the Series 2007A-C Bonds, the City Treasurer and any successor thereof.

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

“*Report of the Airport Consultant*” means the report of the Airport Consultant entitled “Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007,” prepared for the City by Jacobs Consultancy Inc., which is attached to this Official Statement as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

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

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Senior Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, designated as the depository for the Series 2007A-C Bonds, and includes any nominee or successor thereof.

“*Senior Bond Ordinance*” means the General Bond Ordinance, as amended and supplemented by the Series 2007A-C Supplemental Ordinances and any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2007A-C Supplemental Ordinances.

“*Series 1990A Bonds*” means the Airport System Revenue Bonds, Series 1990A, issued on May 29, 1990, in the original aggregate principal amount of \$700,003,842.72.

“*Series 1991A Bonds*” means the Airport System Revenue Bonds, Series 1991A, issued on April 25, 1991, in the original aggregate principal amount of \$500,003,523.35.

“*Series 1991D Bonds*” means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of \$600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000.

“*Series 1994A Bonds*” means the Airport System Revenue Bonds, Series 1994A, issued on September 8, 1994, in the original aggregate principal amount of \$257,000,000.

“*Series 1995B Bonds*” means the Airport System Revenue Bonds, Series 1995B, issued on June 22, 1995, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$98,530,000.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of \$107,585,000.

“*Series 1996A Bonds*” means the Airport System Revenue Bonds, Series 1996A, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$146,110,000.

“*Series 1996B Bonds*” means the Airport System Revenue Bonds, Series 1996B, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$137,430,000.

“*Series 1996C Bonds*” means the Airport System Revenue Bonds, Series 1996C, issued on October 17, 1996, and additionally secured by municipal bond insurance (except for the Series 1996C Bonds maturing in 1998 through 2001), in the original aggregate principal amount of \$117,550,000.

“*Series 1996D Bonds*” means the Airport System Revenue Bonds, Series 1996D, issued on October 17, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$160,195,000.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$415,705,000.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$206,665,000.

“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$103,395,000.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$330,625,000.

“*Series 2000B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000B, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$200,000,000.

“*Series 2000C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000C, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$100,000,000.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of \$395,635,000.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of \$16,675,000.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$70,540,000.

“*Series 2002A1-A3 Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002A1-A3, issued on September 12, 2002, as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$300,000,000.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000.

“*Series 2002D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$29,000,000.

“*Series 2002E Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of \$203,565,000.

“*Series 2003A Bonds*” means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$161,965,000.



“*Series 2003B Bonds*” means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of \$125,000,000.

“*Series 2004A Bonds*” means the Airport System Revenue Bonds, Series 2004A, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2004B Bonds*” means the Airport System Revenue Bonds, Series 2004B, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2005A Bonds*” means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$227,740,000.

“*Series 2005B1-B2 Bonds*” means the Airport System Revenue Bonds, Series 2005B1-B2, issued on October 31, 2005, in two subseries as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$91,750,000.

“*Series 2005C1-C2 Bonds*” means the Airport System Revenue Bonds, Series 2005C1-C2, issued on October 31, 2005, in two subseries as variable rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$87,700,000.

“*Series 2006A Bonds*” means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$279,585,000.

“*Series 2006B Bonds*” means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$170,005,000.

“*Series 2007A Bonds*” means the Airport System Revenue Bonds, Series 2007A, in the original aggregate principal amount of \$188,350,000 offered pursuant to this Official Statement.

“*Series 2007A-B Supplemental Ordinance*” means the Series 2007A-B Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Series 2007B Bonds*” means the Airport System Revenue Bonds, Series 2007B, in the original aggregate principal amount of \$24,250,000 offered pursuant to this Official Statement.

“*Series 2007C Bonds*” means the Airport System Revenue Bonds, Series 2007C, in the original aggregate principal amount of \$34,635,000 offered pursuant to this Official Statement.

“*Series 2007C Supplemental Ordinance*” means the Series 2007C Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Series 2007A-C Supplemental Ordinances*” means, collectively, the Series 2007A-B Supplemental Ordinance and the Series 2007C Supplemental Ordinance.

“*Sinking Fund Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account,” created under the Senior Bond Ordinance.

“*Sinking Fund Requirements*” means for any period amounts required by the Senior Bond Ordinance or by Supplemental Ordinance to be credited to the Sinking Fund Account.

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

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

“*Stapleton*” means Stapleton International Airport, which is part of the Airport System.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

“*Subordinate Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

“*Subordinate Bond Ordinance*” means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

“*Subordinate Contract Obligations*” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

“*Subordinate Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

“*Subordinate Credit Facility Obligations*” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only the lien thereon of the Bonds and any Credit Facility Obligations.

“*Subordinate Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

“*Subordinate Hedge Facility Obligations*” means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Supplemental Ordinance*” means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

“*Treasurer*” or “*City Treasurer*” means the manager of the City’s Department of Revenue, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

“*Twenty-first and Twenty-seventh Supplemental Ordinances*” means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Underwriters*” means, with respect to the Series 2007A Bonds and the Series 2007B Bonds, Goldman, Sachs & Co., Harvestons Securities, Inc., J.P. Morgan Securities Inc. and RBC Capital Markets and, with respect to the Series 2007C Bonds, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and Ramirez & Co., Inc.

“*Variable Rate Bonds*” means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance, but which is subject to maximum limitations.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2007A-C BONDS.”

*Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

#### **Description of the Bonds**

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2007A-C Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

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

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

#### **Additional Parity Bonds**

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

- (a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service

Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

## **Security**

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment.

### **The Airport System Fund**

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

### **Application of Revenues**

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds;

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first

day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36<sup>th</sup> month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In



addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

#### **PFC Fund**

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2007	\$107,930,000
2008	111,707,000
2009	115,617,000
2010	119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

## **Project Fund**

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payment will comply with Section 142 of the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

## **Investments**

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the

cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

## **Insurance**

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

## **Records, Reports and Audits**

The City has covenanted that it will keep accurate books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with standard accounting practices; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

### **Defeasance**

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other

moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Modification of the Senior Bond Ordinance**

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Events of Default**

The Senior Bond Ordinance provides that each of the following events is an “Event of Default”:

- (a) the City’s failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable;
- (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the

City's failure to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after notice of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged; (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it shall not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

### **Remedies of Owners of Bonds**

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

### **Covenant Against Competing Facilities**

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and

nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

### **Corporate Existence**

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

### **Disposal of Airport Property**

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

### **Tax Covenant**

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

**Miscellaneous**

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

**Series 2007A-C Supplemental Ordinances**

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2007A-C Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

The Series 2007A-C Supplemental Ordinances include provisions required by MBIA and Ambac Assurance, including, without limitation, the right of MBIA to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007A Bonds or the Series 2007C Bonds; the designation of MBIA as the sole holder of the Series 2007A Bonds and the Series 2007C Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of MBIA to consent to the acceleration of the payment of the Series 2007A Bonds or the Series 2007C Bonds in the event of a default); the subrogation of MBIA to the rights of recipients of payments made by MBIA in respect of the Series 2007A Bonds and the Series 2007C Bonds; the right of Ambac Assurance to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007B Bonds; the designation of Ambac Assurance as the sole holder of the Series 2007B Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of Ambac Assurance to consent to the acceleration of the payment of the Series 2007B Bonds in the event of a default); and the subrogation of Ambac Assurance to the rights of recipients of payments made by Ambac Assurance in respect of the Series 2007B Bonds. See also “BOND INSURANCE.”

\* \* \*



## APPENDIX E

### PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

*The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007A-C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." **The Proposed Amendments are shown in blackline.***

#### DEFINITIONS–Section 102 A.

The following definitions are to be amended to read as follows:

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

**(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).**

**(47) "Minimum Bond Reserve" means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the**

**Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations.** With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ **(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~ **(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~ **(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

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

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

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

**(71.2) “Released Revenues” means revenues of the Airport System in respect of which the following have been filed with the Clerk:**

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

**(b) either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an**

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

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

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

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

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

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

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such

Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

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

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

The following new subparagraph (i) is to be added to the definition of “Gross Revenues”:

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

## OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

### **Section 709. Contract Obligations.**

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

A new Section 806 is to be added as follows:

### **Section 806. Loan Agreements for Special Facilities Bonds.**

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

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

**Section 1106. Notice to Rating Agencies.**

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

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

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

**OTHER CHANGES**

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

\* \* \*

## APPENDIX F

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and the DTC book-entry system has been obtained from sources believed to be reliable, but the City and the Department take no responsibility for the accuracy or completeness thereof. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007A-C Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007A-C Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2007A-C Bonds. The Series 2007A-C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2007A-C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to Direct Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of the Series 2007A-C Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2007A-C Bonds on DTC's

records. The ownership interest of each Beneficial Owner will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007A-C Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007A-C Bonds.

To facilitate subsequent transfers, all Series 2007A-C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007A-C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007A-C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007A-C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007A-C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007A-C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007A-C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2007A-C Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.



DTC may discontinue providing its services as depository with respect to the Series 2007A-C Bonds at any time by giving reasonable notice to the City, or the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2007A-C Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

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## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “Disclosure Undertaking”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “City”), in connection with the issuance of \$247,235,000 Airport System Revenue Bonds, Series 2007A-C (the “Bonds”), by the City, for and on behalf of its Department of Aviation (the “Department”). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 375, Series of 2007, and Ordinance No. 376, Series of 2007, both adopted by the City Council of the City on July 30, 2007 (collectively, the “Ordinance”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

“*Audited Financial Statements*” means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

“*Central Post Office*” means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

“*Commission*” means the Securities and Exchange Commission.

“*Events*” means any of the events listed in Section 3(a) of this Disclosure Undertaking.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*National Repository*” means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

“*Obligated Person*” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year

from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

“*Official Statement*” means the final Official Statement dated August 6, 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

“*Repository*” or “*Repositories*” means each National Repository and the State Repository.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State Repository*” shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

“*Treasurer*” means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines (“United”) is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

**Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an “obligated person” with respect to the Bonds within the

meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

## Schedule 1

“*Annual Financial Information*” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings “AVIATION ACTIVITY AND AIRLINES – Aviation Activity” and “CAPITAL PROGRAM,” data concerning outstanding debt, fund balances and results of operations of the type included under the heading “FINANCIAL INFORMATION” and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

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**APPENDIX H**

**FORM OF OPINIONS OF BOND COUNSEL**

Hogan & Hartson L.L.P.  
and  
Bookhardt & O'Toole  
Denver, Colorado

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citi Group Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2nd Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
Series 2007A-B - \$212,600,000  
Series 2007C - \$34,635,000

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and of \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds", together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007, and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an “enterprise” within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the form of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the “State”), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and

corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Internal Revenue Code, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued municipal bond new issue insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such municipal bond insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

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**APPENDIX I**  
**SPECIMEN OF THE MBIA POLICIES**

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# FINANCIAL GUARANTY INSURANCE POLICY

## MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Insurer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

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**APPENDIX J**

**SPECIMEN OF THE AMBAC ASSURANCE POLICY**

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**Financial Guaranty Insurance Policy**

Obligor:

Policy Number:

Obligations:

Premium:

**Ambac Assurance Corporation (Ambac)**, a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.



Authorized Officer of Insurance Trustee

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PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2007

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See “RATINGS” herein

In the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007D-E Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2007D-E Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations and (2) interest on the Series 2007E Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007D-E Bonds, under existing law and to the extent interest on the Series 2007D-E Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

AIRPORT SYSTEM REVENUE BONDS

\$178,245,000\* SERIES 2007D (AMT)

\$46,585,000\* SERIES 2007E (NON-AMT)

Dated: Date of Delivery

Due: November 15, as shown on the inside cover page

The Series 2007D-E Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto for the purpose of funding, together with other available Airport System moneys, capital improvements for the Airport, capitalized interest relating to the Series 2007D-E Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and paying costs of issuing the Series 2007D-E Bonds, all as described herein.

The Series 2007D-E Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2007D-E Bonds. Beneficial Ownership Interests in the Series 2007D-E Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007D-E Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2007D-E Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable on November 15, 2007, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2007D-E Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2007D-E Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D-E Bonds. The Series 2007D-E Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.

Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2007D Bonds.



Payment of the principal of and interest on the Series 2007E Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2007E Bonds.



The purchase and ownership of Beneficial Ownership Interests in the Series 2007D-E Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

Purchasers of Beneficial Ownership Interests in the Series 2007D-E Bonds will be deemed to have consented to certain proposed amendments to the City’s General Bond Ordinance as discussed herein.

The Series 2007D-E Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado. It is expected that delivery of the Series 2007D-E Bonds will be made through the facilities of DTC on or about August 29, 2007.

LEHMAN BROTHERS

CITI

PIPER JAFFRAY & COMPANY

RBC CAPITAL MARKETS

Dated: August , 2007

\* Preliminary, subject to change

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE**

**CITY AND COUNTY OF DENVER, COLORADO**

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$178,245,000\***

**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D**

(AMT)

(MBIA INSURED)

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP®</u> <u>No.<sup>1</sup></u>
2014	\$15,595,000	%	%	
2015	16,375,000			
2016	17,195,000			
2017	18,055,000			
2018	18,960,000			
2019	19,905,000			
2020	20,900,000			
2021	21,945,000			
2022	23,045,000			
2023	6,270,000			

**\$46,585,000\***

**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007E**

(NON-AMT)

(AMBAC ASSURANCE INSURED)

**\$46,585,000\***      % Series 2007E Term Bonds Due November 15, 2032 – Priced to Yield      %<sup>2</sup>  
CUSIP No. <sup>1</sup>

<sup>1</sup> The City and the Department take no responsibility for the accuracy of the CUSIP® numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007D-E Bonds.

<sup>2</sup> Subject to mandatory sinking fund redemption as described in “THE SERIES 2007D-E BONDS - Redemption Prior to Maturity - *Mandatory Sinking Fund Redemption.*”

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\* Preliminary, subject to change

**SELECTED CITY OFFICIALS AND CONSULTANTS**

**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  
Arlene V. Dykstra, Esq.....City Attorney  
LaCharles Keesee .....Manager of the Department of General Services/Deputy Chief Financial Officer  
Alvin J. LaCabe, Jr. ....Manager of the Department of Public Safety  
Peter J. Park .....Manager of Community Planning and Development  
Claude Pumilia .....Manager of the Department of Revenue/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, Ex-Officio Clerk**

Stephanie Y. O’Malley

**Department of Aviation**

Cheryl Cohen-Vader .....Chief Deputy Manager of Aviation  
Stan Koniz, CPA .....Deputy Manager of Aviation/Business and Technologies  
Patrick Heck .....Acting Deputy Manager of Aviation/Revenue Management and Business Development  
Sally Covington .....Deputy Manager of Aviation/Public Relations and Marketing  
John Kinney .....Deputy Manager of Aviation/Operations  
Ruth Rodriguez .....Deputy Manager of Aviation/Maintenance and Engineering  
Helen Raabe, Esq. ....Director of Airport Legal Services/Assistant City Attorney

**Airport Consultant**

Jacobs Consultancy Inc.  
Burlingame, California

**Financial Consultants**

First Albany Capital Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas
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**Bond Counsel**

Hogan & Hartson L.L.P. Denver, Colorado	Bookhardt & O’Toole Denver, Colorado
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**Special Counsel**

Peck, Shaffer & Williams LLP  
Denver, Colorado



This Official Statement does not constitute an offer to sell the Series 2007D-E Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2007D-E Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2007D-E Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2007D-E Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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**OFFICIAL STATEMENT**

**RELATING TO**

**CITY AND COUNTY OF DENVER, COLORADO**

**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**

**AIRPORT SYSTEM REVENUE BONDS**

**\$178,245,000\* SERIES 2007D  
(AMT)**

**\$46,585,000\* SERIES 2007E  
(NON-AMT)**

**INTRODUCTION**

**The Issuer**

This Official Statement, which includes the cover page, the inside cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “City”), for and on behalf of its Department of Aviation (the “Department”), of its Airport System Revenue Bonds, Series 2007D, in the principal amount of \$178,245,000\* (the “Series 2007D Bonds”), and its Airport System Revenue Bonds, Series 2007E, in the principal amount of \$46,585,000\* (the “Series 2007E Bonds”), referred to herein collectively as the “Series 2007D-E Bonds” and individually as a “Series.”

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX C – GLOSSARY OF TERMS.”

**The Airport System; the Senior Bond Ordinance**

The City is a political subdivision of the State of Colorado (the “State”). The Denver Municipal Airport System (the “Airport System”) is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the “Airport”) is the primary asset of the Airport System.

The Series 2007D-E Bonds are being issued by authority of the City’s home rule charter (the “City Charter”), the State’s Supplemental Public Securities Act and the General Bond Ordinance approved by the Denver City Council (the “City Council”) on November 29, 1984, as amended and supplemented (the “General Bond Ordinance”), and the Series 2007D-E Airport System Supplemental Bond Ordinance to be approved by the City Council prior to the delivery of the Series 2007D-E Bonds. The General Bond Ordinance, the Series 2007D-E Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2007D-E Supplemental Ordinance are referred to herein collectively as the “Senior Bond Ordinance.” The covenants and undertakings of the City with respect to the Series 2007D-E Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City that have not been adopted by the City Council (the “Proposed Amendments”). See “Consent to Proposed Amendments to the Senior Bond Ordinance” below, “THE SERIES 2007D-E BONDS – Authorization – Proposed Amendments to the Senior Bond Ordinance,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

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\* Preliminary, subject to change

## Denver International Airport

**General.** The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “THE AIRPORT SYSTEM,” “DENVER INTERNATIONAL AIRPORT” and “AVIATION ACTIVITY AND AIRLINES.”

**Passenger and Revenue Growth.** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport (“Stapleton”). Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 enplaned passengers at the Airport increasing 5.2% over 2002. The number of enplaned passengers at the Airport continued to increase by 12.7% in 2004, 2.6% in 2005 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. In 2006, the rentals, fees and charges received from airlines operating at the Airport under use and lease agreements and other agreements with the City constituted approximately 53.7% of the Gross Revenues of the Airport System.

In 2006, non-airline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 39.0% of the Gross Revenues of the Airport System. Non-airline revenues of the Airport System also recovered from the downturns experienced in 2001 and 2002, increasing 2.2% in 2003, 12.1% in 2004, 11.5% in 2005 and 12.2% in 2006, compared to the previous years, largely as the result of increases in passenger traffic.

The cost per enplaned passenger at the Airport also improved commensurately, declining from \$15.20 in 2002 to \$14.51 in 2003, \$13.05 in 2004, \$12.90 in 2005 and \$11.41 in 2006.

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 consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger growth at the Airport and revenue growth of the Airport System, see generally “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES,” “FINANCIAL INFORMATION – Historical Operations – Management’s Discussion and Analysis of Financial Performance – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Nonairline Revenue.”

**Major Air Carriers Operating at the Airport.** The principal air carrier operating at the Airport is United Airlines (“United”), one of the largest airlines in the world. The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “United Use and Lease Agreement”), United currently leases 43 of the existing 95 full service jet gates at the Airport, as well as the 16-gate regional jet facility on Concourse B. In 2006, United, together with its low-fare Ted unit and its United Express commuter affiliates (collectively, the “United Group”), accounted for approximately 56.4% of passenger enplanements at the Airport, as well as approximately 59.3% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 31.8% of the Airport System’s Gross Revenues (as defined in the Senior Bond Ordinance). Also, after over three years in bankruptcy reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code (the “Bankruptcy Code”) during which United continued operations, UAL Corporation (“UAL”) and 27 of its subsidiaries, including United, emerged from bankruptcy in February 2006.

Frontier Airlines (“Frontier”) has the second largest market share at the Airport, which serves as Frontier’s only hub. 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 (a related amendment to its Use and Lease Agreement to add these gates is pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. In 2006, Frontier, together with its Frontier JetExpress commuter affiliate (together, the “Frontier Group”), accounted for approximately 20.7% of passenger enplanements at the Airport, as well as approximately 13.0% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 6.9% of the Airport System’s Gross Revenues. Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation (“Lynx”), a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

Southwest Airlines (“Southwest”) commenced service at the Airport in January 2006. Southwest accounted for 3.3% of passenger enplanements at the Airport in 2006 and for 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period).

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues; however, as noted above Southwest has been accounting for an increasing share of passenger enplanements at the Airport.

For further information regarding the major air carriers operating at the Airport and the fare and service competition initiated by Southwest at the Airport see “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES – Airline Information – *United – Frontier – Southwest* – Aviation Activity,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “AIRLINE BANKRUPTCY MATTERS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND RATIONALE FOR FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Hub for United and Frontier Airlines.”

### **Airport Capital Program; 2007 Project**

The City has a Capital Program for the Airport System that represents the City’s current expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport

facilities in 2007 and in the six-year period from 2008 through 2013. A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project, each as described in “DENVER INTERNATIONAL AIRPORT - Terminal Complex,” was initially financed with the proceeds of Airport System Subordinate Commercial Paper Notes, Series A (the “Tax-Exempt Commercial Paper Notes”) and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the “2008-2013 Capital Program”) is described in “CAPITAL PROGRAM.” The Airport System’s capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The capital projects for the Airport to be funded in part with the net proceeds of the Series 2007D-E Bonds and the net proceeds of the Series 2007A-B Bonds being issued by the City concurrently with the Series 2007D-E Bonds as described below in “Plan of Financing” (the “2007 Project”) include the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project in the 2008-2013 Capital Program as described under “CAPITAL PROGRAM.”

### **The Series 2007D-E Bonds**

***Purpose.*** The proceeds of the Series 2007D-E Bonds, together with other available Airport System moneys, will be used to fund the 2007 Project, capitalized interest relating to the Series 2007D-E Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to pay the costs of issuing the Series 2007D-E Bonds. See “Plan of Financing” below, “APPLICATION OF PROCEEDS,” “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.”

***General Provisions.*** The Series 2007D-E Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates and in the amounts set forth on the cover page and inside cover page hereof. Interest on the Series 2007D-E Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2007, and semiannually thereafter on each May 15 and November 15, computed on the basis of a 360-day year of twelve 30-day months. The Series 2007D-E Bonds are subject to redemption prior to maturity as described in “THE SERIES 2007D-E BONDS – Redemption Prior to Maturity.”

***Book-Entry Only System.*** The Series 2007D-E Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2007D-E Bonds. Ownership interests in the Series 2007D-E Bonds (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“DTC Participants”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2007D-E Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2007D-E BONDS – General Provisions” and “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

***Security and Sources of Payment.*** The Series 2007D-E Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the “Senior Bonds.” The aggregate principal amount of Senior Bonds currently outstanding is approximately \$3.7 billion, and the

aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2007D-E Bonds, the Series 2007A-C Bonds and the Planned Series 2007F Bonds (as described below under “Plan of Financing”) is approximately \$4.1\* billion. See “FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds.*” None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “Owners”) or Beneficial Owners of the Series 2007D-E Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D-E Bonds. The Series 2007D-E Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues.”

***Bond Insurance.*** Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by a financial guaranty insurance policy (the “MBIA Policy”) to be issued by MBIA Insurance Corporation (“MBIA”) simultaneously with the delivery of the Series 2007D Bonds. See “BOND INSURANCE – Series 2007D Bonds” and “APPENDIX I – SPECIMEN OF THE MBIA POLICY.”

Payment of the principal of and interest on the Series 2007E Bonds when due will be insured by a financial guaranty insurance policy (the “Ambac Assurance Policy”) to be issued by Ambac Assurance Corporation (“Ambac Assurance”) simultaneously with the delivery of the Series 2007E Bonds. See “BOND INSURANCE – Series 2007E Bonds” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

MBIA will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007D Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007D Bonds in the event of a default. Likewise, Ambac Assurance will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007E Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007E Bonds in the event of a default.

***Further Information.*** For further information regarding the Series 2007D-E Bonds, the MBIA Policy, the Ambac Assurance Policy, MBIA and Ambac Assurance, see generally “THE SERIES 2007D-E BONDS,” “BOND INSURANCE,” “FINANCIAL INFORMATION – Senior Bonds,” “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE,” “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” “APPENDIX I – SPECIMEN OF THE MBIA POLICY” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

## **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (the “Financial Consultants”) have prepared the plan of financing (the “Plan of Financing”) in connection with the issuance of the Series 2007D-E Bonds, as well as the Series 2007A-C Bonds and the Planned Series 2007F Bonds described in the following paragraph. See “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Plan of Financing.”

Concurrently with the issuance of the Series 2007D-E Bonds, the City also plans to issue its (1) Airport System Revenue Bonds, Series 2007A, in the principal amount of \$188,350,000 (the “Series 2007A Bonds”), and its Airport System Revenue Bonds, Series 2007B, in the principal amount of \$24,250,000 (the “Series 2007B Bonds”), referred to herein collectively as the “Series 2007A-B Bonds,” for the purpose of funding the 2007 Project; and (2) its Airport System Revenue Bonds, Series 2007C, in

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\* Preliminary, subject to change



the principal amount of \$34,635,000 (the "Series 2007C Bonds"), for the purpose of advance refunding certain of its outstanding Airport System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"). The Series 2007A-B Bonds and the Series 2007C Bonds are referred to herein collectively as the "Series 2007A-C Bonds." Subject to market conditions, the City also plans to issue, on or prior to November 15, 2007, its Airport System Revenue Bonds, Series 2007F (the "Planned Series 2007F Bonds"), in the approximate principal amount of \$362 million to current refund and defease, together with other available Airport System moneys, certain of its outstanding Airport System Revenue Bonds, Series 1997E (the "Series 1997E Bonds"). See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

### **Report of the Airport Consultant**

Jacobs Consultancy Inc. (the "Airport Consultant") has been retained by the City as its Airport Consultant and in such capacity prepared the Report of the Airport Consultant dated July 25, 2007 (the "Report of the Airport Consultant"), included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a "Fiscal Year") 2007 through 2013, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "AVIATION ACTIVITY AND AIRLINES – Airline Information," "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing" and "REPORT OF THE AIRPORT CONSULTANT."

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds, the Series 2007D-E Bonds and the Planned Series 2007F Bonds. Accordingly, the Report of the Airport Consultant makes assumptions as to the principal amounts and Debt Service Requirements (as defined in "APPENDIX C – GLOSSARY OF TERMS") of the Series 2007A-B Bonds and the Series 2007D-E Bonds, and also assumes no debt service savings resulting from the issuance of the Series 2007C Bonds and the Planned Series 2007F Bonds and the related defeasance of the Series 2003B Bonds and the Series 1997E Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds and the Series 2007D-E Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of such Senior Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in respect of the issuance of the Series 2007A-B Bonds and the Series 2007D-E Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

### **Consent to Proposed Amendments to the Senior Bond Ordinance**

Purchasers of Beneficial Ownership Interests in the Series 2007D-E Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "THE SERIES 2007D-E BONDS – Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are set forth in "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

## **Continuing Disclosure**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Exchange Act”), as the same may be amended from time to time (“Rule 15c2-12”), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## **Additional Information**

Brief descriptions of the Series 2007D-E Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007D-E Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to Stan Koniz, Deputy Manager of Aviation/Business and Technologies, at (303) 342-2200. Inquiries regarding other City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Revenue, at (720) 865-7116.

## **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007D-E Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

## **Forward Looking Statements**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “RISKS AND OTHER INVESTMENT

CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

**Miscellaneous**

The cover page, inside cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2007D-E Bonds.

**APPLICATION OF PROCEEDS**

The following table presents the estimated sources and uses of funds in connection with the issuance of the Series 2007D-E Bonds.

	<u>Series 2007D</u> <u>Bonds*</u>	<u>Series 2007E</u> <u>Bonds*</u>
<b>Sources</b>		
Principal Amount of Series 2007D-E Bonds	\$178,245,000	\$46,585,000
Net Original Issue Premium/(Discount)	_____	_____
Total Sources	<u>\$</u> _____	<u>\$</u> _____
<b>Uses</b>		
Deposit to Related Project Account <sup>1</sup>	\$	\$
Deposit to Related Capitalized Interest Subaccount <sup>2</sup>		
Deposit to Bond Reserve Fund <sup>3</sup>		
Payment of Related Costs of Issuance <sup>4</sup>	_____	_____
Total Uses	<u>\$</u> _____	<u>\$</u> _____

<sup>1</sup> The Series 2007D Project Account and the Series 2007E Project Account are created in the Project Fund pursuant to the Series 2007D-E Supplemental Ordinance for the purpose of providing for the payment of a portion of the 2007 Project. See also “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Senior Bonds – Plan of Financing.”

<sup>2</sup> The Series 2007D Subaccount and the Series 2007E Subaccount are created in the Capitalized Interest Account of the Project Fund pursuant to the Series 2007D-E Supplemental Ordinance for the purpose of funding capitalized interest on portions of the Series 2007D Bonds and the Series 2007E Bonds through the various estimated completion dates of the projects included in the 2007 Project.

<sup>3</sup> To fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund.”

<sup>4</sup> Includes Underwriters’ discount, premiums for the MBIA Policy and the Ambac Assurance Policy, legal and other costs of issuance for the related series of Series 2007D-E Bonds. See also “UNDERWRITING.”

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\* Preliminary, subject to change

## **THE SERIES 2007D-E BONDS**

The following is a summary of certain provisions of the Series 2007D-E Bonds during such time as the Series 2007D-E Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2007D-E Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2007D-E Bonds upon an Event of Default under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2007D-E Bonds. Unless otherwise specified herein, reference in the following summary to the Series 2007D-E Bonds means each series of the Series 2007D-E and references to documents and defined terms mean such documents and defined terms as they relate to each series of the Series 2007D-E Bonds.

### **Authorization**

Pursuant to the home rule article of the Colorado Constitution, the State’s Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department. See “THE AIRPORT SYSTEM – Management.” The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2007D-E Bonds will be issued pursuant to the Senior Bond Ordinance and, if adopted, the Proposed Amendments. See “Proposed Amendments to the Senior Bond Ordinance” below, “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **General Provisions**

The Series 2007D-E Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates set forth on the cover page and inside cover page hereof, and are subject to redemption prior to maturity as described below in “Redemption Prior to Maturity.” Interest on the Series 2007D-E Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable on November 15, 2007, and semiannually on each May 15 and November 15 thereafter, each such date being referred to herein as an “Interest Payment Date.”

Principal and interest payments with respect to the Series 2007D-E Bonds will be payable by check or wire transfer by the Chief Financial Officer of the City (the “Chief Financial Officer”), in his or her capacity as paying agent for the Series 2007D-E Bonds (the “Paying Agent”) to Cede & Co., as the

Owner of the Series 2007D-E Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

### **DTC Book-Entry System**

The Series 2007D-E Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2007D-E Bonds. Beneficial Ownership Interests in the Series 2007D-E Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the registered owners of the Series 2007D-E Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2007D-E Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2007D-E Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Chief Financial Officer in his or her capacity as registrar for the Series 2007D-E Bonds (the “Registrar”) has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007D-E Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007D-E Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007D-E Bonds or (5) any other related matter.*

### **Redemption Prior to Maturity**

***Optional Redemption.*** The Series 2007D-E Bonds maturing on and after November 15, , are subject to redemption prior to maturity at the option of the City, on and after November 15, , in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to % of the principal amount of the Series 2007D-E Bonds to be redeemed plus accrued interest to the Redemption Date.

***Mandatory Sinking Fund Redemption.*** The Series 2007E Bonds are also subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on November 15 in each of the years and in the principal amounts set forth in the following table:

#### **Mandatory Sinking Fund Redemption Schedule Series 2007E Bonds**

<b><u>Year of Redemption</u></b>	<b><u>Principal Amount</u></b>
----------------------------------	--------------------------------

The City has the option of reducing the principal amount of the Series 2007E Bonds to be redeemed on any mandatory sinking fund redemption date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2007D-E Supplemental Ordinance or whole

multiples of such smallest denomination) up to the principal amount of such series of the Series 2007E Bonds which have been redeemed prior to or will be redeemed on such redemption date under any other provision of the Series 2007D-E Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of such series of the Series 2007E Bonds subject to mandatory sinking fund redemption). The City may exercise such option by delivering to the Paying Agent, on or before the 45<sup>th</sup> day preceding such redemption date, a written notice stating the amount of such reduction.

***Notice of Redemption.*** Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2007D-E Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2007D-E Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2007D-E Bonds is required to be given, moneys sufficient to redeem all of such Series 2007D-E Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2007D-E Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2007D-E Bonds properly called for redemption or any other action premised on that notice.

## **SECURITY AND SOURCES OF PAYMENT**

### **Pledge of Net Revenues**

The Series 2007D-E Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2007D-E Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below, and from funds made available under the MBIA Policy and the Ambac Assurance Policy as discussed in "BOND INSURANCE." The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund, the Bond Reserve Fund and the Project Fund (which are only on deposit in the Project Fund until such funds are spent on the 2007 Project) to the payment of the Senior Bonds. See also "APPLICATION OF PROCEEDS" and "CAPITAL PROGRAM." The Series 2007D-E Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D-E Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2007D-E Bonds.

"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the

operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges (“PFCs”), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. No Supplemental Ordinance has included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. “Operation and Maintenance Expenses” means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For a further description of the application of revenues under the Senior Bond Ordinance and the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **PFC Debt Service Account**

The City has, pursuant to the Senior Bond Ordinance, created the PFC Fund within the Airport System Fund and, within the PFC Fund, the PFC Debt Service Account and the PFC Project Account. In addition, pursuant to a Supplemental Ordinance (the “PFC Supplemental Ordinance”) approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through December 31, 2013, as further discussed in “FINANCIAL INFORMATION – Passenger Facility Charges – *PFC Debt Service Account; Irrevocable Commitment of Certain PFCs.*”

### **Bond Insurance**

Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by the MBIA Policy to be issued by MBIA simultaneously with the delivery of the Series 2007D Bonds; and payment of the principal of and interest on the Series 2007E Bonds when due will be insured by the Ambac Assurance Policy to be issued by Ambac Assurance simultaneously with the delivery of the Series 2007E Bonds. See “BOND INSURANCE,” “APPENDIX I – SPECIMEN OF THE MBIA POLICY” and “APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY.”

### **Rate Maintenance Covenant**

The City has covenanted in the Senior Bond Ordinance (the “Rate Maintenance Covenant”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements for the Fiscal Year. See “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Capital Fund.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this

requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “Signatory Airlines”) acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements.”

The term “Debt Service Requirements” in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See “APPENDIX C – GLOSSARY OF TERMS.” As described in “PFC Debt Service Account” above, the City has irrevocably committed a portion of the moneys collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through December 31, 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is excluded from the respective computations and is therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds in the years 2007 through 2013. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms “Committed Passenger Facility Charges” and “Maximum Committed Amounts” being used as defined in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*”) in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the additional \$1.50 PFC that commenced April 1, 2001 (the “Additional \$1.50 PFC”), being PFC revenues that do not constitute Committed Passenger Facility Charges, will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*.” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and all of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. The amount of such PFC revenues forecast by the Airport Consultant to be so applied to the payment of Debt Service Requirements is set forth in Exhibit C to the Report of the Airport Consultant. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”



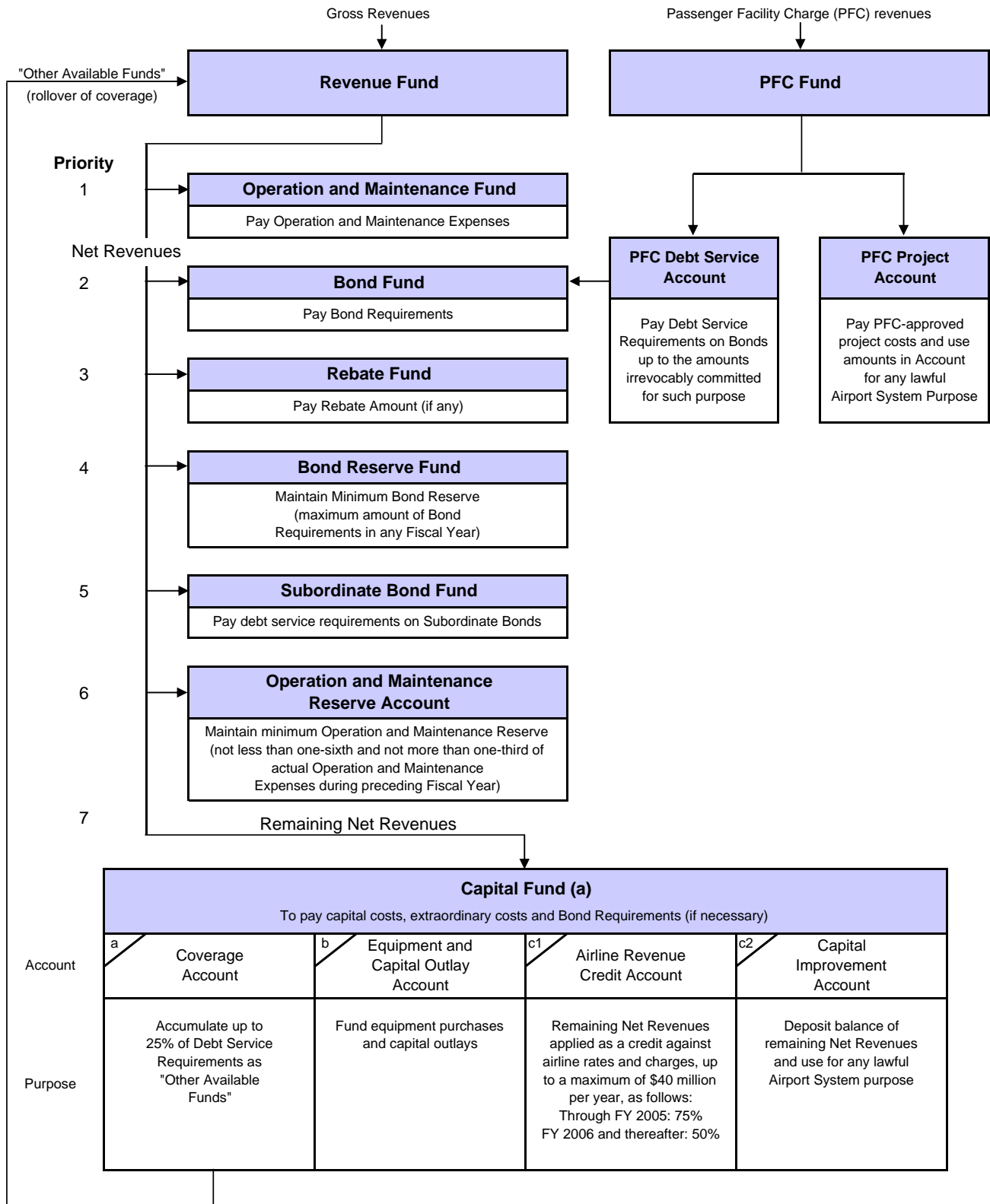
## **Flow of Funds**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates a special fund designated as the “Revenue Fund” and to which the City is required to set aside all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” for a complete description of the application of Gross Revenues.

The flow of funds under the Senior Bond Ordinance is illustrated on the following page.

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## FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.

## **Bond Reserve Fund**

Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of “Minimum Bond Reserve” in certain regards. See “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Upon the issuance of the Series 2007A-B Bonds and the Series 2007D-E Bonds, an amount at least equal to the Minimum Bond Reserve is expected to be on deposit in the Bond Reserve Fund. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. See “APPLICATION OF PROCEEDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues.”

## **Additional Parity Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance (“Additional Parity Bonds”) to pay the cost of acquiring, improving or equipping Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the “Additional Bonds Test”), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, only Committed Passenger Facility Charges may be considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See “PFC Debt Service Account” and “Rate Maintenance Covenant” above, “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

Since the Series 2007A-B Bonds and the Series 2007D-E Bonds are being issued for the purpose of funding capital improvements for the Airport, the Additional Bonds Test is applicable to their issuance. The Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A-B Bonds and the Series 2007D-E Bonds. See “APPLICATION OF PROCEEDS,” “FINANCIAL INFORMATION – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **Subordinate Bonds and Other Subordinate Obligations**

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of Subordinate Commercial Paper Notes (defined herein), and has also

entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See “FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations.”

### Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2002 through 2006 in accordance with the Rate Maintenance Covenant discussed in “Rate Maintenance Covenant” above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

#### Historical Net Revenues and Debt Service Coverage of the Senior Bonds

(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
Gross Revenues <sup>1</sup>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses <sup>1</sup>	216,791	201,573	220,254	231,733	257,623
Net Revenues	282,644	325,994	322,790	336,120	326,990
Other Available Funds <sup>2</sup>	46,751	50,807	54,849	55,173	49,787
Total Amount Available for Debt Service	\$329,395	\$376,801	\$377,639	\$391,293	\$376,777
Debt Service Requirements for the Senior Bonds <sup>3,4</sup>	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt Service Coverage <sup>4</sup>	162%	184%	171%	175%	189%

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in “FINANCIAL INFORMATION – Historical Financial Operations.” See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>2</sup> Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>3</sup> Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements. See “FINANCIAL INFORMATION – Passenger Facility Charges.” Debt service also does not include the debt service on certain Senior Bonds that have been economically defeased in the total principal amount of \$144,230,648. See “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

<sup>4</sup> The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

Sources: Financial statements of the Airport System for Fiscal Years 2002-2006, and Airport management and Department of Aviation management records

### Proposed Amendments to the Senior Bond Ordinance

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.” These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007D-E Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments,

either in whole or in part, substantially in the form set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

It is assumed in the Report of the Airport Consultant that any or all of the Proposed Amendments that the City may adopt during the forecast period would not materially change the forecast coverage results presented therein. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **BOND INSURANCE**

### **Series 2007D Bonds**

**General.** Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by the MBIA Policy to be issued by MBIA simultaneously with the delivery of the Series 2007D Bonds. Reference is made to “APPENDIX I – SPECIMEN OF THE MBIA POLICY” for a specimen of the MBIA Policy, which includes the procedures for payment thereunder.

***The following information has been furnished by MBIA for use in this Official Statement. None of the City, the Department or the Underwriters has reviewed such information or makes any representation as to the accuracy or completeness or as to the absence of material adverse changes therein.***

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading “BOND INSURANCE – Series 2007D Bonds.” Additionally, MBIA makes no representation regarding the Series 2007D Bonds or the advisability of investing in the Series 2007D Bonds.

***The MBIA Insurance Corporation Insurance Policy.*** The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the City to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007D Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007D Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a “Preference”).

The MBIA Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007D Bonds. The MBIA Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007D Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The MBIA Policy also does not insure against nonpayment of principal of or interest on the Series 2007D Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2007D Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Series 2007D Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007D Bonds or presentment of such other proof of ownership of the Series 2007D Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007D Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007D Bonds in any legal proceeding related to payment of insured amounts on the Series 2007D Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Series 2007D Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

***MBIA Insurance Corporation.*** MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions. In February 2007, MBIA Corp. incorporated a new subsidiary, MBIA México, S.A. de C.V. (“MBIA Mexico”), through which it intends to write financial guarantee insurance in Mexico beginning in 2007. To date, MBIA Mexico has had no operating activity.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

***Regulation.*** As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

***Financial Strength Ratings of MBIA.*** Moody’s Investors Service, Inc. (“Moody’s”) rates the financial strength of MBIA “Aaa.”

Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), rates the financial strength of MBIA “AAA.”

Fitch Ratings (“Fitch”) rates the financial strength of MBIA “AAA.”

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency’s current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007D Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007D Bonds. MBIA does not guaranty the market price of the Series 2007D Bonds nor does it guaranty that the ratings on the Series 2007D Bonds will not be revised or withdrawn.

***MBIA Financial Information.*** As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (audited), total liabilities of \$6.9 billion (audited), and total capital and surplus of \$4.0 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2007, MBIA had admitted assets of \$11.2 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$4.2 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2006 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2007 and for the three month period ended March 31, 2007 and March 31, 2006 included in the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2007, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

***Incorporation of Certain Documents by Reference.*** The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2006; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2007D Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007) are available (i) over the Internet

at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

### **Series 2007E Bonds**

**General.** Payment of the principal of and interest on the Series 2007E Bonds when due will be insured by the Ambac Assurance Policy to be issued by Ambac Assurance simultaneously with the delivery of the Series 2007E Bonds. Reference is made to "APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY" for a specimen of the Ambac Assurance Policy, which includes the procedures for payment thereunder.

***The following information has been furnished by Ambac Assurance for use in this Official Statement. None of the City, the Department or the Underwriters has reviewed such information or makes any representation as to the accuracy or completeness or as to the absence of material adverse changes therein.***

***Payment Pursuant to the Ambac Assurance Policy.*** Ambac Assurance Corporation has made a commitment to issue a financial guaranty insurance policy relating to the Series 2007E Bonds, effective as of the date of issuance of the Series 2007E Bonds. Under the terms of the Ambac Assurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Series 2007E Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Assurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2007E Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Assurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2007E Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2007E Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Series 2007E Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2007E Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Ambac Assurance Policy shall be fully discharged.

In the event the Paying Agent has notice that any payment of principal of or interest on a Series 2007E Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Assurance Policy does not insure any risk other than Nonpayment (as set forth in the Ambac Assurance Policy). Specifically, the Ambac Assurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;



2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Ambac Assurance Policy, payment of principal requires surrender of the Series 2007E Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2007E Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Ambac Assurance Policy. Payment of interest pursuant to the Ambac Assurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2007E Bond, appurtenant coupon, if any, or right to payment of the principal of or interest on such Series 2007E Bond and will be fully subrogated to the surrendering holder's rights to payment.

***Ambac Assurance Corporation.*** Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$10,194,000,000 (unaudited) and statutory capital of approximately \$6,557,000,000 (unaudited) as of March 31, 2007. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. S&P, Moody's and Fitch have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Ambac Assurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

Ambac Assurance makes no representation regarding the Series 2007E Bonds or the advisability of investing in the Series 2007E Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE – Series 2007E Bonds."

***Available Information.*** The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

***Incorporation of Certain Documents by Reference.*** The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007;  
and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information."

## **RISKS AND OTHER INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007D-E Bonds involve investment risk and considerations. Prospective investors are urged to read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2007D-E Bonds.

### **Dependence on Continued Level of Airline Traffic and Activity**

The Series 2007D-E Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2007D-E Bonds, through 2013. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. The future level of aviation activity and enplaned passenger traffic at the Airport will be dependant upon many local, regional, national and international factors, including economic and political conditions, aviation security concerns and, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. Many of these factors are discussed in detail in the Report of the Airport Consultant. If aviation activity at the Airport does not meet forecast levels, there will likely be a corresponding impact on both forecast Gross Revenues (absent an increase in Airport rentals, rates, fees and charges) and forecast PFC revenues. See "Air Travel Security Concerns" below, "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

### **Market Share Risk**

The United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, is the principal air carrier operating at the Airport. United currently leases all 43 of the full service jet gates on Concourse B, constituting approximately 45.3% of the current 95 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. The United Group also currently accounts for over 50% of (1) passenger enplanements at the Airport and (2) the airline rentals, fees and charges component of the Airport System's operating revenues and over 30% of Airport System Gross Revenues. After the United Group, the Frontier Group is the next largest air carrier operating at the Airport, currently accounting for approximately 20.7% of passenger enplanements at the Airport, and approximately 13.0% of airline rentals, fees and charges component of the Airport System's operating revenues and approximately 6.9% of the Airport System's Gross Revenues.

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. No assurances can be given with regard to the future level of activity of the United Group or the Frontier Group at the Airport, or that, in the event that the operations of the United Group or the Frontier Group at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "AVIATION ACTIVITY AND AIRLINES – Aviation Activity – Airline Information – *United – Frontier – Southwest – Other Airlines*," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

### **Airport Rates and Charges**

The Report of the Airport Consultant bases the forecasts of Net Revenues and Other Available Funds, debt service coverage and airline costs per enplaned passenger on the assumption that the airlines will pay the rates and charges established by the City, and while the City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See "The Rate Maintenance Covenant" below, "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FORECAST DEBT SERVICE COVERAGE – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Debt Service Coverage" for historical and forecast debt service coverage, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

### **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. See, for example, "AVIATION ACTIVITY AND AIRLINES – Security Matters." It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION – Passenger Facility Charges – *Federal Grants and Other Funding*."

### **Airport Use and Lease Agreements**

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements expire between 2008 and 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See "Risk of Future Airline Bankruptcies" below and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement."

## **Air Travel Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – *Aviation Security Concerns*.”

## **Risk of Future Airline Bankruptcies**

Since 2001, several airlines with operations at the Airport, including United, filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007D-E Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

## **Forward Looking Statements; Report of the Airline Consultant**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

## **THE AIRPORT SYSTEM**

### **General**

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton. The Airport System also includes certain land still owned by the City at the Stapleton site. See “FINANCIAL INFORMATION – Stapleton.”

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International, was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “AVIATION ACTIVITY AND AIRLINES.”

## **Management**

Under the City Charter, the management, operation and control of the Airport System is delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to the Mayor. The Manager of Revenue, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. At a special municipal election held on November 7, 2006, the City’s electors approved certain changes to the City Charter, to take effect on January 1, 2008, that created a new Department of Finance and the position of Manager of Finance, replacing the Department of Revenue and the Manager of Revenue. The newly created Department of Finance consolidates all of the City’s financial operations in one department, including the management of the debt and financial obligations of the City.

**Turner West** was appointed Manager of the Department of Aviation in April 2006 after having served as Co-Manager of the Department of Aviation since July 2003, Deputy Manager of Aviation/Maintenance and Engineering since October 2000, Acting Deputy Manager of Aviation/Maintenance and Engineering since July 1999 and Deputy Manager of Aviation/Maintenance since September 1985. Mr. West has 35 years of aviation industry experience, including 18 years of airline management experience. Prior to joining the City, Mr. West was with Frontier Airlines from 1979 to 1985, Texas International Airlines from 1978 to 1979, Otis Engineering Corp., a subsidiary of Halliburton Co., from 1975 to 1978 and Braniff International Airways from 1966 to 1975.

Mr. West recently announced his intention to retire from his position as Manager of the Department of Aviation in the spring of 2008. The City intends to conduct an international search for a new Manager of the Department of Aviation.

**Claude Pumilia** was appointed the City’s Chief Financial Officer and Manager of Revenue in April 2007, and is to officially begin serving as the Manager of Finance on January 1, 2008. Mr. Pumilia has over 15 years of experience as a senior financial and business executive at the Fortune 100 companies of Compaq Computer Corp., Hewlett-Packard Co. and, most recently, CA Inc., where he served as senior vice president of finance. Prior to working for these companies, Mr. Pumilia served as a strategy consultant with McKinsey & Company Inc., an associate at the law firm of Baker & Botts and an associate at Anderson Consulting.

**Cheryl Cohen-Vader** was appointed Chief Deputy Manager of Aviation in April 2006 after having served as Manager of Revenue for the City since January 1996. Ms. Cohen-Vader has over 21 years of professional experience in commercial and investment banking. Prior to her appointment as Manager of Revenue, she served as an investment banker in the public finance divisions of Kirkpatrick Pettis Smith Polian, Inc. (now D.A. Davidson & Co.), Weldon Sullivan Carmichael & Company and Citicorp Securities. From 1977 to 1981, Ms. Cohen-Vader worked as a corporate lending officer in the international division of the Bank of New York where she specialized in trade financing. Ms. Cohen-Vader served, as one of five public members, on the Municipal Securities Rulemaking Board for a three year period that commenced October 1, 1998.

**Stan Koniz**, a Certified Public Accountant, became Deputy Manager of Aviation/Business and Technologies in December 2006, having served in this position in an acting capacity since February 2005. Mr. Koniz had previously served as Assistant Deputy Manager of Aviation/Finance since August 1999. Prior to joining the City, Mr. Koniz worked for the Cyprus Amax Coal Company since 1997 in the positions of Market Development Manager and Vice President Customer Alliances. From 1981 through

1997, Mr. Koniz was a senior level financial manager with Public Service Company of Colorado where he held management positions in the accounting and procurement/contract administration areas.

**Patrick Heck** became Acting Deputy Manager of Aviation/Revenue Management and Business Development in June, 2007 after serving as Strategic Advisor for the Airport since August, 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

**Sally Covington** became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 21 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

**John Kinney, C.A.E., C.M.**, became Deputy Manager of Aviation/Operations in November 2006 after having served as Strategic Advisor for the Airport since September 2005. Prior to joining the City, Mr. Kinney has been actively involved in the management of airports for the past 23 years, serving in a variety of senior management functions at both commercial service and general aviation airports. Mr. Kinney was the airport director at Scottsdale Airport for 10 years after which he served the Department of Homeland Security in Chicago and throughout Montana in senior management positions as the Federal Security Director and Assistant Federal Security Director.

**Ruth Rodriguez** became Deputy Manager of Aviation/Maintenance and Engineering in October 2006, after having spent the prior 32 years in public and private management. Ms. Rodriguez has been a senior executive manager for local, county and federal government agencies and has worked in the private sector as an executive consultant and community development manager.

**Helen Raabe, Esq.**, became Director of the Airport Legal Services Section of the City Attorney's Office in February 2004. As supervising attorney for the Airport, Ms. Raabe is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Ms. Raabe has been with the Denver City Attorney's Office for 19 years. She was previously a trial attorney at the law firm of Coghill & Goodspeed in Denver and also served as a law clerk for the Honorable Richard P. Matsch, U.S. District Court for the District of Colorado.

## **DENVER INTERNATIONAL AIRPORT**

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road from Interstate 70.

### **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000-foot long by 150-foot wide, and the sixth runway is 16,000-foot long by 200-foot wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has

substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also “CAPITAL PROGRAM” for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a Federal Aviation Administration (“FAA”) air traffic control tower and base building structures, an airport maintenance complex, four “rapid response” aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases.”

### **Terminal Complex**

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses having a total of 95 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the newly completed Concourse B Commuter Facility Project described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The number of full service jet gates at the Airport is planned to be increased by 10 additional gates and the number of commuter aircraft parking positions is planned to be increased by 23 additional positions, all as part of the Concourse C Expansion Project discussed under “CAPITAL PROGRAM.” The terminal and concourses are connected by an underground automated guideway transit system, or “AGTS,” and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which 8 gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 43 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B have been improved recently in order to accommodate larger regional jet aircraft and provide various enhancements for passengers (the “Concourse B Commuter Facility Project”). The Concourse B Commuter Facility Project was opened in the spring of 2007. A portion of the costs of the Concourse B Commuter Facility Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A-B Bonds. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates to be increased by 10 additional full service jet gates as part of the Concourse C Expansion Project and commuter aircraft facilities to be expanded as part of the Concourse C Expansion Project. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of the existing concourses or the construction of two additional concourses. Approximately 60 different concessionaires currently operate in excess of 140 shops within the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement – Other Agreements – Terminal Complex Concessions.”

Two multi-level parking structures adjacent to the landside terminal provide in excess of 12,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces. A 1,714 parking space expansion of the west-side terminal parking structure (the “West/Terminal Parking Project”) is under construction. This expansion is currently scheduled to be opened in December 2007. A portion of the costs of the West/Terminal Parking Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds

of the Series 2007A-B Bonds. The 2008-2013 Capital Program includes plans to construct a future public parking structure and shuttle lot. See “CAPITAL PROGRAM” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking.*”

In April 2006, the City announced the award of a contract to CMCB Development Co. of Denver (“CMCB”) to develop a 17-acre retail development along Peña Boulevard, the major access highway to the Airport, near the Airport’s 45 minute waiting area. The development, known as the “Landings at DIA,” will incorporate the waiting area and constitutes the first phase in a planned 500-acre development that is designed to provide additional revenue to the Airport. CMCB will lead the development, with SullivanHayes Brokerage as leasing agent. The City recently entered into a related ground lease with the developers of this project. Groundbreaking for the project is expected to occur in the summer of 2007, with phase one of the project expected to be fully operational in the summer of 2008.

### **Request for Proposal for Airport Hotel**

In June 2007 the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the “Hotel RFP”). The Hotel RFP sought the proposal to the City of structures to own, manage, finance and/or construct a first-class hotel property (the “Airport Hotel”) to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the City. The City is in the process of evaluating the proposals received and cannot predict when or if it will complete a final agreement with any particular qualifying proposer for the construction and operation of an Airport Hotel.

### **Other Facilities**

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and the WorldPort at DIA Project, consisting of warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to Dobbs International Services and support facilities originally built for Continental Airlines (“Continental”) and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases” and “FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds.”

## **CAPITAL PROGRAM**

### **2007 Project; 2008-2013 Capital Program**

It is the City’s practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis. See “FINANCIAL INFORMATION – Historical Financial Operations – Management’s Discussion and Analysis of Financial Performance.”

The City has a current Capital Program for the Airport that represents the City’s expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. The Concourse B Commuter Facility Project was opened in the spring of 2007 and the West/Terminal Parking Project is currently scheduled to be opened in December 2007, all as described in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project was initially financed with the proceeds of the Tax-Exempt Commercial Paper Notes and available Airport System moneys. The six-year capital program developed for the Airport for the years



2008 through 2013 (the “2008-2013 Capital Program”) is set forth in the table below. The Airport System’s capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The 2007 Project for the Airport to be funded in part with the net proceeds of the Series 2007A-B Bonds and the Series 2007D-E Bonds includes the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project.

**Denver International Airport  
2008-2013 Capital Program Projects**

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

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

<sup>1</sup> A portion of each of these projects is planned to be funded with the proceeds of the Series 2007A-B Bonds and the Series 2007D-E Bonds.

Source: Department of Aviation management records

Planned Projects in the City’s 2008-2013 Capital Program include the projects described below.

**Airfield Improvements**

The City expects to continue and increase an existing paving and slab replacement program to gradually repair, rehabilitate and upgrade the runways and taxiways at the Airport. The total estimated cost of this program reflected in the 2008-2013 Capital Program is approximately \$150 million, of which approximately 57% is expected to be funded from FAA Federal Airport Improvement Program (“AIP”) discretionary and entitlement grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

In connection with the Concourse C Expansion Project described below in “Terminal and Concourse Improvements,” the City plans to construct a new apron around the new facilities for aircraft loading and provide the associated continuation of taxiways and a holding area for full-sized aircraft. The total estimated cost of this portion of the Concourse C Expansion Project is approximately \$48.4 million, of which approximately 41% is expected to be funded from AIP entitlement and discretionary grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

Other airfield improvements include upgrading runway and taxiway safety areas and maintaining and improving airfield lighting, drainage and other facilities. See “FINANCIAL INFORMATION – Federal Grants.”

## **Terminal and Concourse Improvements**

The City is planning to expand Concourse C (the “Concourse C Expansion Project”) to add 10 new full service jet gates to the east end of Concourse C and a one-story commuter jet aircraft facility to be connected to the expanded east end of Concourse C by a pedestrian bridge. The commuter facility is planned to support 23 commuter aircraft and include holdroom space, concessions and amenities for passengers. The Concourse C Expansion Project includes the related apron, taxiway, holding and runway paving described above under “Airfield Improvements” and a portion of the Concourse C Expansion Project is included in the 2007 Project. A design contract for the Concourse C Expansion Project has been awarded. The Concourse C Expansion Project, including the related airfield improvements, is expected to cost approximately \$280 million and to be completed in the spring of 2010. The City anticipates that various airlines will utilize the new full service jet gates and that Great Lakes Aviation will relocate from its current operations on Concourse A to the new commuter facility on Concourse C upon completion of the Concourse C Expansion Project.

The 2008-2013 Capital Program also includes a terminal complex project that will provide access from a new rail station to be constructed by the Regional Transportation District (“RTD”) to the Airport terminal. RTD, the public agency responsible for mass transit in the Denver metropolitan area, is currently in the environmental processing and preliminary engineering phases of providing commuter rail service from Denver Union Station, located in downtown Denver, to the Airport. Through the issuance of revenue bonds, Federal Transit Administration (“FTA”) grants and regional use and sales taxes, the RTD is planning to fund, design, build and operate a rail line to the Airport, as well as the station platforms and other rail transit amenities at the Airport station. The City, through the proceeds from future Airport System revenue bonds, is planning to design, build and operate the rail station facilities required to provide access from the rail station to the terminal building, including the elevators, escalators, baggage checking and security requirements necessary to accomplish this access. Construction on the 23-mile rail line and associated stations is expected to begin in 2011 and be completed by 2014, with the rail system becoming operational in 2015.

The City is planning a series of projects to improve the baggage system at the Airport in order to improve the efficiency of airline operations. These projects include the design and construction of a relocation project for terminal screening, the design and analysis of a spine system to deliver baggage from the terminal to the concourses and construction of phase one of the spine system and the renovation and upgrading of the Airport baggage system, including sortation carousels, baggage claim carousels, odd-size baggage systems and related right-of-way clearances in the terminal, the baggage tunnel and the concourses. Certain improvements to the Airport baggage system are included in the 2007 Project.

The 2008-2013 Capital Program includes a project to upgrade the automated guideway transit system or “AGTS” computer hardware and equipment located in the central control center for the AGTS and a project to extend the AGTS south of the terminal in order to accommodate additional trains, allowing the AGTS to handle six train system operations.

## **Roads, Parking and Ground Transportation Improvements**

The 2008-2013 Capital Program includes the construction of a new parking structure and shuttle lot, improvements to Peña Boulevard and the rehabilitation of pavement in targeted roadway and parking areas of the Airport.

## **Other Projects**

The 2008-2013 Capital Program also includes the improvement of Airport building systems such as the fire protection system, the baggage information display system, electrical and mechanical systems and elevators and the expansion of security screening checkpoints.

## **Proposed Improvements**

As part of an ongoing effort to upgrade the Airport's snow removal capabilities, the Department has proposed a new snow removal plan. The plan, which still requires approval by City Council, includes the use of multi-functional equipment, snow melters, contractors and additional facilities. The plan will be funded by a combination of Airport System Revenue Bonds, an installment purchase agreement and other Airport System moneys. The total capital cost of this new plan is not yet reflected in the 2008-2013 Capital Program.

## **AVIATION ACTIVITY AND AIRLINES**

### **Denver Air Service Region**

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

### **Aviation Activity**

***Passenger Traffic.*** Denver's central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006.

The tables set forth below under "*Passenger and Revenue Growth*" and "*Summary of Aviation Activity*" illustrate the total enplanements and market share of individual airlines serving the Airport for the past five years and the first three months of 2006 and 2007.

***Passenger and Revenue Growth.*** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and Stapleton. Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. According to U.S. Department of Transportation T-100 database information, the national average of enplaned passengers increased by 8.3% in 2004, 4.2% in 2005 and 0.3% in 2006, compared to the previous years. See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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 of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly “RISKS AND OTHER INVESTMENT CONSIDERATIONS” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic.”

**Enplaned Passengers<sup>1</sup>  
Denver International Airport**

<u>Year<sup>4</sup></u>	<u>Major/National Airlines<sup>2</sup></u>		<u>Regional/Commuter Airlines<sup>3</sup></u>		<u>Charter/Miscellaneous Airlines</u>		<u>Total Airlines</u>	
	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>
2002	16,891,218	(2.1)%	669,432	44.4%	268,914	(19.4)%	17,829,564	(1.2)%
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
<b><u>Jan.-March<sup>4</sup></u></b>								
2006 <sup>5</sup>	4,664,269	9.2%	858,406	16.4%	46,791	(14.0)%	5,569,466	10.0%
2007	4,838,296	3.7	933,480	8.7	61,109	30.6	5,832,885	4.7

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers.

<sup>2</sup> Includes Ted beginning in 2004 and Southwest Airlines beginning in 2006.

<sup>3</sup> See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – *Enplaned Passenger Market Shares*” for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low-cost and regional/commuter airlines.

<sup>4</sup> See “AVIATION ACTIVITY AND AIRLINES” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” for a discussion of factors affecting enplanements since 2002.

<sup>5</sup> Percentage changes are from the same period in 2005.

Source: Department of Aviation management records

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**Percentage of Enplaned Passengers by Airline  
Denver International Airport**  
(Totals may not add due to rounding)

<u>Airline</u>	<u>Calendar Year</u>					<u>January-March</u>	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.8%	34.2%
Ted <sup>1</sup>	--	--	6.3	7.8	8.5	9.3	9.1
United Express <sup>2</sup>	8.0	9.2	11.1	12.8	12.6	12.7	12.7
Total United Group	62.6	60.2	59.0	56.4	56.4	56.9	56.0
Frontier	10.5	13.8	14.8	17.3	18.7	18.0	18.7
Frontier JetExpress	0.5	0.8	1.8	2.2	2.0	2.0	1.6
Total Frontier Group	11.0	14.5	16.7	19.4	20.7	20.0	20.3
American Airlines <sup>3</sup>	5.4	4.7	3.7	4.1	3.8	4.0	3.8
America West Airlines <sup>4</sup>	1.6	1.8	1.9	1.7	1.2	1.7	0.0
Continental <sup>3</sup>	2.9	2.7	2.3	2.4	2.3	2.5	2.3
Delta Airlines <sup>3,5</sup>	4.7	3.9	3.7	3.4	2.4	2.5	2.2
Northwest Airlines <sup>5</sup>	2.9	2.8	2.9	2.8	1.9	2.0	1.9
Southwest <sup>6</sup>	--	--	--	--	3.3	2.6	4.8
US Airways <sup>4</sup>	1.9	2.0	1.8	1.8	1.3	1.3	2.3
Other	6.9	7.4	8.1	8.0	6.6	6.5	6.4
	26.4	25.2	24.3	24.2	22.9	23.1	23.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>2</sup> Includes Chautauqua Airlines from 2005, GoJet from 2005, Great Lakes Aviation through January 2002, Mesa Airlines from 2003, Shuttle America from 2005, SkyWest Airlines from 2002, Trans States Airlines in 2004 and 2005 and Air Wisconsin through 2006.

<sup>3</sup> Does not include commuter affiliates.

<sup>4</sup> The parent companies of America West Airlines ("America West") and US Airways, Inc. ("US Airways") merged effective September 27, 2005.

<sup>5</sup> Delta Airlines, Inc. ("Delta") and Comair, Inc. ("Comair"), a Delta subsidiary that operates as Delta Connection, emerged from bankruptcy on April 30, 2006 and Northwest Airlines, Inc. ("Northwest") emerged from bankruptcy on May 31, 2007. See also "Airline Information – United" and "AIRLINE BANKRUPTCY MATTERS."

<sup>6</sup> Southwest commenced service at the Airport on January 3, 2006.

Sources: Department of Aviation management records and the Report of the Airport Consultant

**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first three months of 2006 and 2007.

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**Summary of Aviation Activity  
Denver International Airport**  
(Totals may not add due to rounding)

	Calendar Year <sup>1</sup>					January-March	
	2002	2003	2004	2005	2006	2006	2007
<b>Enplaned Passengers (millions)</b>							
United	9.732	9.575	8.802	7.775	8.365	1.941	1.994
Ted <sup>2</sup>	--	--	1.340	1.690	2.011	0.519	0.531
United Express	1.431	1.721	2.337	2.776	2.971	0.708	0.740
Total United Group	11.162	11.295	12.479	12.241	13.347	3.168	3.265
Frontier	1.869	2.581	3.130	3.749	4.427	1.004	1.089
Frontier Jet Express	0.091	0.149	0.391	0.468	0.478	0.112	0.093
Total Frontier Group	1.960	2.729	3.521	4.217	4.904	1.116	1.181
Other	4.707	4.736	5.144	5.244	5.414	1.285	1.386
Total	17.830	18.761	21.144	21.702	23.665	5.569	5.833
Percent Change from Prior Year	(1.2)%	5.2%	12.7%	2.6%	9.0%	10.0%	4.7%
Total Originating Passengers (millions)	9.644	10.266	11.395	11.984	13.249	3.204	3.438
Percent of Total Enplaned	54.1%	54.7%	53.9%	55.2%	56.0%	57.5%	58.9%
United Group Percent of Total Originating	40.5%	38.9%	39.4%	40.3%	41.2%	42.2%	40.9%
Frontier Group Percent of Total Originating	13.1%	17.5%	18.3%	19.0%	21.0%	20.6%	22.0%
Total Connecting Passengers (millions)	8.185	8.495	9.749	9.718	10.416	2.366	2.395
Percent Connecting of Total Enplaned	45.9%	45.3%	46.1%	44.8%	44.0%	42.5%	41.1%
United Group Percent of Total Connecting	88.6%	86.0%	82.0%	76.2%	75.7%	76.8%	77.7%
Frontier Group Percent of Total Connecting	8.6%	10.9%	14.7%	20.0%	20.3%	19.3%	17.8%
United Group Passengers <sup>3</sup> :							
Percent Originating	35.0%	35.3%	36.0%	39.5%	40.9%	42.7%	43.0%
Percent Connecting	65.0%	64.7%	64.0%	60.5%	59.1%	57.3%	57.0%
Frontier Group Passengers:							
Percent Originating	64.2%	65.9%	59.4%	54.0%	56.8%	59.2%	63.9%
Percent Connecting	35.8%	34.1%	40.6%	46.0%	43.2%	40.8%	36.1%
<b>Average Daily Departures:</b>							
Passenger Airlines:							
United and Ted	244	233	238	213	230	222	228
United Express	113	119	156	182	191	182	196
Frontier	68	80	94	107	125	116	128
Frontier JetExpress	8	11	21	25	24	25	22
Other	202	195	208	194	203	194	208
Total Passenger Airlines	635	638	719	722	772	739	782
All-Cargo Airlines	23	29	31	30	28	29	27
Total	659	666	750	752	801	767	810
Percent Change from Prior Year	2.9%	1.2%	12.5%	0.4%	6.4%	6.2%	5.5%
<b>Landed Weight (billion pounds):</b>							
Passenger Airlines:							
United and Ted	14.483	13.173	13.418	12.254	13.364	3.132	3.242
United Express	1.879	2.054	2.731	3.282	3.512	0.845	0.913
Frontier	2.907	3.630	4.434	5.222	6.087	1.416	1.565
Frontier JetExpress	0.140	0.181	0.526	0.616	0.617	0.150	0.132
Other	7.066	6.663	7.025	6.734	6.837	1.616	1.780
Total Passenger Airlines	26.474	25.701	28.134	28.108	30.418	7.159	7.633
All-Cargo Airlines	1.567	1.495	1.516	1.541	1.430	0.358	0.327
Total	28.041	27.195	29.651	29.649	31.848	7.517	7.961
<b>Enplaned Cargo (million pounds)<sup>3</sup></b>	328.078	326.843	321.204	312.663	280.534	77.056	64.539
Percent Change from Prior Year	(10.6)%	(0.4)%	(1.7)%	(2.7)%	(10.3)%	(9.0)%	(16.2)%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	338,049	323,610	330,674	384,552	428,794	101,568	109,120
Air Taxi/Commuter/Military/General Aviation	171,180	186,665	235,847	183,006	180,723	42,109	41,057
Total	509,229	510,275	566,521	567,558	609,517	143,677	150,177
Percent Change from Prior Year	0.3%	0.2%	11.0%	0.2%	7.4%	5.9%	4.5%

<sup>1</sup> See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements.

<sup>2</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>3</sup> The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records

## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Passenger Demand – Passenger Demand Components” for data on the economy of the Denver region and other determinants of originating passenger traffic.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2006, approximately 10.4 million passengers (44.0%) of the approximately 23.7 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of Frontier and its regional affiliates operating as Frontier JetExpress. United and Frontier accounted for approximately 75.7% and 20.3%, respectively, of the connecting passengers at the Airport in 2006. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

## Airlines Serving the Airport

The following airlines currently provide scheduled passenger service at the Airport:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
AirTran Airways	Big Sky Airlines	Air Canada
Alaska Airlines	Comair (operating as Delta Connection) <sup>1</sup>	British Airways
American Airlines	ExpressJet (Continental Express)	Lufthansa German Airlines
Continental	GoJet Airline (operating as United Express)	Mexicana de Aviacion
Delta <sup>1</sup>	Great Lakes Aviation	Aero Mexico
Frontier	Horizon Air (operating as Alaska Airlines and Frontier Jet Express) <sup>3</sup>	
JetBlue Airways	Mesa Airlines (operating as United Express and America West Express)	
Midwest Airlines	Pinnacle Airlines, Inc. (operating as Northwest Airlink)	
Northwest <sup>1</sup>	Republic Airlines (operating as Frontier JetExpress)	
Southwest	Shuttle America (operating as United Express)	
United/Ted	SkyWest Airlines (operating as United Express and Delta Connection)	
US Airways <sup>2</sup>	Trans States Airlines (operating as United Express and American Connection)	

<sup>1</sup> Delta and Comair (a Delta subsidiary) emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See “AIRLINE BANKRUPTCY MATTERS.”

<sup>2</sup> The parent companies of America West and US Airways merged in September 2005.

<sup>3</sup> Horizon Air is a sister airline of Alaska Airlines and operates at the Airport under its own livery and as Frontier JetExpress under a code-share agreement with Frontier.

Source: Department of Aviation management records

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, and several all-cargo airlines, including, among others, ABX Air, Inc., Air Transport

International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, provide service at the Airport.

### Airline Information

**United.** United, one of the world’s largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 43 of the existing 95 full service gates at the Airport, as well as a 16-gate regional jet facility described as the Concourse B Commuter Facility Project in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” These 43 gates and the regional jet facility are all of the gates on Concourse B. In addition, the United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years.

**United Group Percent of Airport Operations**

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	62.6%	60.2%	59.0%	56.4%	56.4%	56.9%	56.0%
United Group Percent Originating Passengers	35.0	35.3	36.0	39.5	40.9	42.7	43.0
United Group Percent Connecting Passengers	65.0	64.7	64.0	60.5	59.1	57.3	57.0
Percent of Airport Originating Passengers	40.5	38.9	39.4	40.3	41.2	42.2	40.9
Percent of Airport Connecting Passengers	88.6	86.0	82.0	76.2	75.7	76.8	77.7
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	58.2	66.3	61.3	58.6	59.3	Not Available	
Percent of Airport System Gross Revenues	35.5	39.4	36.3	33.5	31.8	Not Available	

Source: Department of Aviation management records

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

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 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. No assurances can be given with regard to the future level of aviation activity of the United Group at the Airport or that, in the event that the operations of the United Group at the Airport are discontinued, for whatever reason, such operations would be replaced by other carriers. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement,” “FINANCIAL INFORMATION – Special Facilities Bonds” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

**Frontier.** Frontier has the second largest market share at the Airport, which serves as Frontier’s only hub. Frontier currently leases 15 full service jet gates at the Airport on Concourse A, uses six additional full service gates on Concourse A (a related amendment to its Use and Lease Agreement to add



these gates is currently pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the past five years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

#### Frontier Group Percent of Airport Operations

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	11.0%	14.5%	16.7%	19.4%	20.7%	20.0%	20.3%
Frontier Group Percent Originating Passengers	64.2	65.9	59.4	54.0	56.8	59.2	63.9
Frontier Group Percent Connecting Passengers	35.8	34.1	40.6	46.0	43.2	40.8	36.1
Percent of Airport Originating Passengers	13.1	17.5	18.3	19.0	21.0	20.6	22.0
Percent of Airport Connecting Passengers	8.6	10.9	14.7	20.0	20.3	19.3	17.8
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	5.9	8.3	10.3	12.1	13.0	Not Available	
Percent of Airport System Gross Revenues	3.6	4.9	6.1	6.9	6.9	Not Available	

Source: Department of Aviation management records

Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation ("Lynx") a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

**Southwest.** Southwest commenced service at the Airport in January 2006. Southwest accounted for approximately 3.3% of passenger enplanements at the Airport in 2006 and for approximately 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period). In 2006, Southwest accounted for approximately 2.7% of the airline rentals, fees and charges component of the Airport System and approximately 1.4% of the Airport System's Gross Revenues.

**Other Airlines.** Other than the United Group and the Frontier Group, no airline currently accounts for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. American currently accounts for approximately 3.8% of passenger enplanements at the Airport and Delta, Continental and Northwest currently account for approximately 2.2%, 2.3% and 1.9%, respectively, of passenger enplanements at the Airport. See "Aviation Activity – Passenger Traffic" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements."

**Availability of Information Concerning Individual Airlines.** Certain of the airlines or their parent corporations, including UAL and Frontier, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington, DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the

SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

*None of the City, the Department or the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC or the DOT web sites.*

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

### **AGREEMENTS FOR USE OF AIRPORT FACILITIES**

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

#### **Passenger Airlines Use and Lease Agreements**

The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 87 leased gates, 8 gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

#### **Passenger Airlines Use and Lease Agreements With Leased Gates**

<u>Airline</u>	<u>Number of Gates</u>	<u>Concourse</u>	<u>Lease Expiration</u>
AirTran Airways	1	C	February 2011
Alaska Airlines	1	C	December 2010
American Airlines	3	C	December 2010
Continental	3	A	February 2010
Delta <sup>1</sup>	3	C	December 2010
Frontier <sup>2</sup>	21	A	February 2010
Midwest Airlines	1	C	December 2010
Northwest <sup>1</sup>	3	C	December 2010
Southwest <sup>3</sup>	5	C	December 2010
United	43	B	February 2025
US Airways <sup>3</sup>	3	C	December 2010
	<u>87</u>		

<sup>1</sup> Delta emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See "AIRLINE BANKRUPTCY MATTERS."

<sup>2</sup> Frontier also currently utilizes one common use international gate on a subordinated use basis and it is expected that in the fall of 2007 Frontier will use two additional full service jet gates on Concourse C.

<sup>3</sup> The parent companies of America West and US Airways merged on September 27, 2005.

The following five international airlines and 18 other airlines have executed Use and Lease Agreements with the City that do not include leased gates but in many cases include other leased premises such as ticket counters: Aero Mexico, Air Canada, ATA, Atlantic Southeast Airlines, Big Sky Transportation Co., British Airways, Chautauqua Airlines, Comair, ExpressJet/Continental Express, GoJet, Great Lakes Aviation, Horizon Air, JetBlue, Key Lime Air, Lufthansa German Airlines, Mesa Airlines, Mexicana de Aviacion, Pinnacle Airlines, Republic Airlines, Shuttle America, SkyWest, Trans States Airlines. These airlines sublease gates from or use gates pursuant to code-sharing arrangements

with airlines leasing gates at the Airport or use common use international gates on Concourse A. These Use and Lease Agreements expire between 2008 and 2012.

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year (the "Majority in Interest") and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of \$40 million. For Fiscal Years 2003, 2004, 2005 and 2006, the maximum of \$40 million was credited to the Airline Revenue Credit Account. See also "FINANCIAL INFORMATION – Capital Fund."

The City may terminate an airline Use and Lease Agreement after a 30 day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30 day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so

long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 (in 1990 dollars) as discussed in "United Use and Lease Agreement" below.

### **United Use and Lease Agreement**

United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "Passenger Airlines Use and Lease Agreements" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. The United Use and Lease Agreement as described below includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed \$20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the \$20 threshold. The cost per enplaned passenger for 2005 was \$11.19 (in 1990 dollars) and has been forecast in the Report of the Airport Consultant to not exceed \$15.01 (in 1990 dollars) during the forecast period. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by \$4 million per year from 2004 through 2010, an aggregate amount of \$28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of \$50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional \$1.50 PFC, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport revenue bonds. The City met the \$4 million per year cost reduction goals through 2006. Because the net amount available for revenue sharing in 2004, 2005 and 2006 was in excess of \$55 million in each year, it has not been necessary to further reduce airline rates and charges. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated

baggage system are to continue to be charged to the airlines. See “FINANCIAL INFORMATION – Plan of Financing – Rentals, Fees and Charges for the Airport.” However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by \$4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

In the 2005 amendments to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: for 2006, 7.5 million; for 2007, 7.6 million; and for 2008 and subsequent years, 7.7 million. The United Group had 7.4 million revenue connecting passengers in 2005 and 7.9 million revenue connecting passengers in 2006. If United fails to meet this “Base Hub Commitment” in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City’s commitment to reduce rates and charges to United will decline by \$6.00, such amount to be set-off against United’s share of the Net Revenues credit described above. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Inc., Air Transport International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, as well as with several companies having only ground handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. Several other cargo carriers are operating at the Airport on a non-signatory basis.

In 2000, the City, for and on behalf of the Department, entered into a 30-year Master Lease with WorldPort LLC for the construction of up to seven buildings, as well as ramp areas, for air cargo support activities at the Airport. These facilities were to be owned by the City and subleased by WorldPort LLC to air cargo companies and other tenants. Only two of the seven buildings that were planned to be developed were completed by WorldPort LLC, and only one of the buildings has been leased. Special Facilities Bonds were issued by the City to finance construction of the WorldPort project, payable solely from facilities rentals to be received from WorldPort LLC and not from general Airport Revenues. It is expected that the special facilities bonds that remain outstanding for the WorldPort project will be redeemed on August 1, 2007. Following the redemption, the City intends to enter into negotiations with JP Morgan Chase Bank, the provider of the direct pay letter of credit for the bonds, for the City to buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes. See “FINANCIAL INFORMATION – Special Facilities Bonds.”

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be adversely affected. The Airport receives revenue from

cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

### **Other Building and Ground Leases**

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. The City also has leased a 12.4-acre site for 30 years, with a 10-year renewal option, to AMR Combs, which has financed and constructed general aviation facilities on the site and, in May 2007, the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – Terminal Complex," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – *Assumption or Rejection of Agreements.*"

### **Effect of Bankruptcy on Airline Agreements and Other Obligations**

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

### **Systems Leases**

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

### **Other Agreements**

The City has also entered into various agreements in addition to those described above that generate a significant portion of Airport Gross Revenues. The following is a brief description of some of these additional agreements, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

***Terminal Complex Concessions.*** Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. In 2006, revenues from terminal complex concessions constituted approximately 5.9% of Airport Gross Revenues.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has over 60 concession companies who operate from over 140 different locations in the terminal complex.

**Public Parking.** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces called “WallyPark.” In 2006, public parking revenues constituted approximately 18.0% of Airport Gross Revenues.

**Rental Cars.** The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. In 2006, rental car privilege fee revenues constituted approximately 5.6% of Airport Gross Revenues.

**Other.** Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2002 through 2006. See also “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005” and “Management’s Discussion and Analysis of Financial Performance” below.

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**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	Fiscal Year				
	2002	2003	2004	2005	2006
Operating revenues:					
Facility rentals	\$204,867	\$207,540	\$210,461	\$203,800	\$197,353
Concession income	23,977	25,933	30,638	32,566	34,304
Parking income	77,619	80,381	88,411	97,919	110,535
Car rentals	31,551	33,530	33,780	37,175	41,641
Landing fees	86,865	88,473	88,741	94,695	92,390
Aviation fuel tax	10,644	12,104	15,402	16,996	12,714
Other sales and charges	8,398	9,133	10,232	11,341	11,872
Total operating revenues	443,921	457,093	477,665	494,491	500,810
Operating expenses:					
Personnel services	86,490	88,414	90,005	92,979	97,592
Contractual services	129,732	112,339	117,091	122,193	139,652
Maintenance, supplies and materials	12,654	11,160	14,117	15,956	18,903
Bad debt (revenue) expense <sup>1</sup>	9,608	--	--	--	--
Total operating expenses	238,484	211,913	221,214	231,129	256,147
Operating income before depreciation and amortization and asset impairment	205,437	245,180	256,451	263,363	244,662
Depreciation and amortization <sup>2</sup>	125,692	144,758	130,379	146,922	143,506
Impairment losses <sup>3</sup>	--	--	18,007	85,286	--
Operating income	79,745	100,422	108,065	31,154	101,157
Nonoperating revenues (expenses)					
Passenger facility charges <sup>4</sup>	62,730	64,057	62,040	84,000	93,510
Investment income	41,840	25,762	22,486	35,823	56,147
Interest expense	(208,267)	(213,762)	(221,296)	(205,142)	(207,385)
Grants	4,568	373	241	241	566
Other revenue (expense) <sup>5</sup>	(20,716)	(11,700)	(2,051)	(22,187)	(10,609)
Net operating revenues (expenses)	(119,845)	(135,271)	(138,581)	(107,265)	(67,772)
Change in net assets before capital contributions	(40,100)	(34,849)	(30,515)	(76,112)	33,385
Capital contributions:					
Capital grants <sup>6</sup>	84,140	26,029	42,083	31,547	29,188
Capital contributions <sup>6</sup>	--	6,625	--	--	--
Capital passenger facility charges <sup>4</sup>	7,013	7,888	20,122	--	--
Change in net assets	\$ 51,052	\$ 5,693	\$ 31,690	\$(44,564)	\$ 62,573

<sup>1</sup> This constitutes the net prepetition receivable of United that was recognized in 2002 and paid in 2003.

<sup>2</sup> Depreciation and amortization increased significantly in 2003 due in part to assets placed in service in 2003, including the Sixth Runway; decreased in 2004 due primarily to the partial write-off of the automated baggage system; and increased again in 2005 due primarily to the completion of an explosive detection system project implemented for the screening of checked baggage (the "EDS").

<sup>3</sup> In accordance with GASB No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, implemented by the City in 2004, the City concluded that sections of the automated baggage system were permanently impaired, being a significant, unexpected decline in the service utility of a capital asset, and removed them from its books, resulting in the impairment losses stated in the table in 2004 and 2005. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement" and Note 5 to the Fiscal Year 2006 and 2005 financial statements of the Airport System appended to this Official Statement.

<sup>4</sup> These amounts are net of the PFC collection fee retained by the airlines. The PFC revenues recorded as nonoperating revenues include the revenues of the \$3.00 portion of the PFC and a part of the revenues from the \$1.50 portion of the PFC not related to capital projects. The PFC revenues recorded as capital contributions constitute the balance of the revenues of the \$1.50 portion of the PFC that may be used for FAA-approved capital projects. For 2005 and 2006, all capital PFC revenue was reallocated to the payment of debt service related to the automated baggage system and, in 2006, the original cost of the Airport. See "Passenger Facility Charges" below.

<sup>5</sup> Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

<sup>6</sup> Capital contributions constitute amounts received pursuant to a Memorandum of Agreement and a Letter of Intent under which the Transportation Security Administration (the "TSA") reimbursed the City for a portion of the cost of the EDS. The amount received in 2003 was classified as capital contributions; the amounts received in 2004, 2005 and 2006 have been classified as capital grants. The final TSA federal grant payment was received in 2006.

Sources: Audited financial statements of the Airport System for Fiscal Years 2002-2006



## Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2002 through 2006. All figures presented below are approximate unless otherwise stated.

**2006 vs. 2005.** Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.0% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the EDS project in 2005, which was federally funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2006 compared to 2005 is included as part of the financial statements of the Airport System appearing as "APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005."

**2005 vs. 2004.** Operating revenues at the Airport were \$494.5 million, an increase of \$16.8 million (3.5%) for the year ending December 31, 2005, as compared to December 31, 2004. The increase in revenue was related primarily to the increase in passenger traffic, which led to an increase in concession, parking and car rental revenues, as well to an increase in landing fees. Passenger traffic increased 2.6% for the year ended December 31, 2005. Operating expenses, exclusive of depreciation, were \$231.1 million, an increase of \$9.9 million (4.5%) for the year ended December 31, 2005, as compared to December 31, 2004. The increase was attributable to an increase in personnel costs, electricity, natural gas rates, diesel fuel and gasoline costs and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which resulted from an increase in yields and more cash being invested long term. In addition, non-capital PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic, as well as no PFC's being expended on capital projects. Lastly, there was a decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$23.3 million in environmental costs associated with remediation of Stapleton. See "Stapleton" below.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the EDS project, which was federally funded. Also, in 2005 there was no capital PFC revenue, while in 2004 capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFC's revenues from the capital projects to the payment of debt service related to the automated baggage system.

In 2005, net assets decreased by \$44.6 million, compared to an increase of \$31.7 million in 2004. Income from operations decreased \$76.9 million (71.2%) due to an increase in operating expenses of \$9.9 million and an increase in depreciation and impairment loss of \$83.8 million as a result of the write down of a portion of the automated baggage system.

**2004 vs. 2003.** Operating revenues at the Airport in 2004 were \$477.7 million, an increase of 4.5% as compared to 2003. The increase in revenues was related primarily to an increase in passenger traffic which led to an increase in facility rentals, concession and parking revenues. Operating expenses, exclusive of depreciation, increased by \$9.3 million (4.4%) to \$221.2 million in 2004 as compared to 2003, attributable to an increase in personnel, utility rates and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, increased by \$3.3 million to \$138.6 million in 2004. The increase was due primarily to an increase in interest expense of \$7.5 million (3.5%) as the result of issuance of new debt for capital projects. The decrease in investment income of \$3.3 million (13.0%) was due to an unrealized loss on investments and a decrease in yields. In addition, non-capital PFC revenues decreased \$2.0 million (3.1%). These were offset by a decrease in other expenses of \$9.6 million. The decrease was the result of the near completion of environmental and demolition costs associated with Stapleton.

In 2004 and 2003, capital grants totaled \$11.3 million and \$26.0 million, respectively, while capital PFCs totaled \$20.1 million and \$7.9 million, respectively. The increase in capital PFCs was due to the increase in passenger traffic and reallocation of PFCs from operating to capital. Other capital contributions of \$30.8 million and \$6.6 million were received in 2004 and 2003, respectively, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project.

In 2004, net assets increased by \$31.7 million, compared to an increase of \$5.7 million in 2003. Income from operations increased \$7.6 million (7.6%) due to an increase in operating revenues of \$20.6 million, offset by an increase in operating expenses of \$9.3 million and an increase in depreciation of \$3.6 million as a result of the write-off of a portion of the automated baggage system.

**2003 vs. 2002.** Operating revenues at the Airport in 2003 were \$457.1 million, an increase of 3.0% as compared to 2002. The increase in revenue was primarily related to the increase in passenger traffic, parking revenues and landing fee rates. Operating expenses, exclusive of depreciation, decreased by \$26.6 million (11.1%) in 2003 as compared to 2002. The significant decrease was attributable to the recognition of the Adams County noise penalty settlement that was accrued for in 2002 of \$14.5 million compared to \$2.5 million in 2003, the payment of previously recognized bad debt related to United's prepetition receivable and other reductions resulting from budgetary control and fiscal restraint.

In 2003, net assets increased by \$5.7 million, compared to an increase of \$51.1 million in 2002. Income from operations increased \$20.7 million (25.9%), due primarily to the increase in operating revenues and a decrease in operating expenses, offset by an increase in depreciation and amortization of \$19.0 million.

Total nonoperating expenses, net, increased by \$15.4 million to \$135.3 million. The increase was due primarily to a decrease in investment income of \$16.1 million (38%) resulting from a decrease in yields. In 2003 there was a decrease of \$4.2 million (92%) in non-capital grants received from the federal government. The increase in PFCs of \$1.3 million (2.1%) was due to an increase in passenger traffic.

Interest expense increased by \$5.5 million (2.6%) as the result of the reclassification of deferred refunding from other expense to interest expense, offset by both lower interest rates realized from debt refunding and a decline in variable interest rates paid on several series of outstanding Senior Bonds and Subordinate Bonds.

In 2003 and 2002, capital grants totaled \$26.0 million and \$84.1 million, respectively, while capital PFCs totaled \$7.9 million and \$7.0 million, respectively. Other capital contributions of \$6.6 million were also received in 2003, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project. The decrease in capital grants and capital PFCs was due to the completion of the Sixth Runway that was heavily grant funded.

## **Senior Bonds**

*Outstanding Senior Bonds.* The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2007A-B Bonds, the Series 2007D-E Bonds and the Planned Series 2007F Bonds and the related advance refunding and defeasance of certain of the outstanding Series 2003B Bonds and the planned current refunding and defeasance of certain of the outstanding Series 1997E Bonds. See also “Plan of Financing” below.

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**City and County of Denver, Colorado, Department of Aviation  
Senior Bonds**

	<b>Principal Amount Outstanding</b>	
<b>Issue</b>	<b>As of the Date Hereof</b>	<b>After Issuance of the Series 2007A-C Bonds, the Series 2007D-E Bonds and the Planned Series 2007F Bonds</b>
Series 1991A Bonds <sup>1</sup>	\$ 18,795,000	\$ 18,795,000
Series 1991D Bonds <sup>1,2</sup>	117,400,000	117,400,000
Series 1992C Bonds <sup>2</sup>	40,080,000	40,080,000
Series 1992F Bonds <sup>3</sup>	26,200,000	26,200,000
Series 1992G Bonds <sup>3</sup>	21,800,000	21,800,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds <sup>4</sup>	415,705,000	62,220,000*
Series 1998A Bonds	206,665,000	206,665,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds	267,735,000	267,735,000
Series 2000B Bonds <sup>3,5</sup>	200,000,000	200,000,000
Series 2000C Bonds <sup>3,5</sup>	100,000,000	100,000,000
Series 2001A Bonds	282,620,000	282,620,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	59,465,000	59,465,000
Series 2002A1 Bonds <sup>6</sup>	68,500,000	68,500,000
Series 2002A2 Bonds <sup>6</sup>	105,025,000	105,025,000
Series 2002A3 Bonds <sup>6</sup>	100,450,000	100,450,000
Series 2002C Bonds <sup>3</sup>	41,100,000	41,100,000
Series 2002E Bonds	182,855,000	182,855,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds	125,000,000	91,460,000
Series 2004A Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2004B Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2005B1 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005B2 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005C1 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2005C2 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2006A Bonds <sup>5</sup>	279,585,000	279,585,000
Series 2006B Bonds <sup>5</sup>	170,005,000	170,005,000
Series 2007A Bonds	--	188,350,000
Series 2007B Bonds	--	24,250,000
Series 2007C Bonds	--	34,635,000
Series 2007D Bonds	--	178,245,000*
Series 2007E Bonds	--	46,585,000*
Planned Series 2007F Bonds	--	362,000,000*
	<b><u>\$3,669,785,000</u></b>	<b><u>\$4,116,825,000*</u></b>

<sup>1</sup> A portion of Series 1991A Bonds and Series 1991D Bonds are capital appreciation bonds shown at their principal value at maturity.

<sup>2</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease \$54,880,000 of Series 1991D Bonds and Series 1992C Bonds. In 2006, the City used revenues from PFCs to establish an escrow to defease \$90 million of Senior Bonds. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2006 appended to this Official Statement.

<sup>3</sup> These constitute variable interest rate obligations that are additionally secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>4</sup> Certain of the outstanding Series 2003B Bonds will be advance refunded with the proceeds of the Series 2007C Bonds, and certain of the outstanding Series 1997E Bonds are planned to be current refunded with the proceeds of the Planned Series 2007F Bonds. See "Plan of Financing."

<sup>5</sup> The Series 2000B Bonds, the Series 2000C Bonds and the 2006A Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligation*" below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement, effectively converting the floating rates of the Series 2000B Bonds and Series 2000C Bonds to fixed rates and converting the fixed rates of the Series 2006A Bonds to variable rates.

<sup>6</sup> These constitute auction rate bonds.

Sources: The Department of Aviation and First Albany Capital Inc.

\* Preliminary, subject to change

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

**Debt Service Requirements.** The following table sets forth the aggregate Debt Service Requirements for the Senior Bonds (1) prior to the issuance of the Series 2007A-C Bonds, the Series 2007D-E Bonds and the Planned Series 2007F Bonds, and (2) after the issuance of the Series 2007A-C Bonds and the Series 2007D-E Bonds and defeasance of certain of the outstanding Series 2003B Bonds.

**City and County of Denver, Colorado, Department of Aviation**  
**Senior Bonds Debt Service Requirements<sup>1,2,3</sup>**  
(Rounded)

<u>Year</u>	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds and the Series 2007D-E Bonds</u>
2007	\$ 294,392,418	\$
2008	283,818,445	
2009	278,332,500	
2010	281,328,413	
2011	299,639,775	
2012	299,861,638	
2013	311,589,385	
2014	299,684,463	
2015	299,951,238	
2016	300,424,390	
2017	300,299,303	
2018	283,650,113	
2019	261,889,504	
2020	258,118,512	
2021	257,511,273	
2022	295,771,396	
2023	328,437,782	
2024	340,922,598	
2025	363,523,455	
2026	43,261,250	
2027	43,186,750	
2028	43,108,500	
2029	43,038,250	
2030	42,962,000	
2031	42,886,250	
2032	42,812,000	
2033	40,655,000	
	<u>\$5,981,056,597</u>	<u>\$</u>

<sup>1</sup> Includes the Debt Service Requirements for the economically defeased Senior Bonds. See "Outstanding Senior Bonds" above.

<sup>2</sup> The interest rate for variable rate bonds is assumed to be 4.00%.

<sup>3</sup> Interest on the Series 2000B and 2000C Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See "Subordinate Bonds and Other Obligations – Subordinate Hedge Facility Obligations" below.

Source: First Albany Capital Inc.

## Subordinate Bonds and Other Obligations

**Subordinate Bond Ordinance.** Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the “Subordinate Bond Ordinance”).

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds, Junior Lien Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to \$800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager’s certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

**Outstanding Subordinate Bonds.** The following table sets forth the Subordinate Bonds currently outstanding.

<b>City and County of Denver, Colorado</b>	
<b>Department of Aviation</b>	
<b>Outstanding Subordinate Bonds</b>	
<b><u>Issue</u></b> <sup>1,2</sup>	<b><u>Outstanding Principal Amount</u></b>
Series 2001C1 Subordinate Bonds	\$ 50,000,000
Series 2001C2 Subordinate Bonds	50,000,000
Series 2001C3 Subordinate Bonds	50,000,000
Series 2001C4 Subordinate Bonds	<u>50,000,000</u>
	<u>\$200,000,000</u>

<sup>1</sup> The outstanding Subordinate Bonds are Periodic Auction Reset Securities, or “PARS<sup>sm</sup>.” PARS<sup>sm</sup> is a service mark of Goldman, Sachs & Co.

<sup>2</sup> The outstanding Subordinate Bonds have been hedged with the 1999 Swap Agreements and 2002 Swap Agreements discussed below.

Sources: The Department of Aviation and First Albany Capital Inc.

***Subordinate Commercial Paper Notes.*** On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (defined herein as the Tax-Exempt Commercial Paper Notes), and its Airport System Subordinate Commercial Paper Notes, Series B, (Taxable) (collectively, the “Series A-B Commercial Paper Notes”), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of \$300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Commercial Paper Notes. The Series A-B Commercial Paper Notes are currently secured by a letter of credit issued severally by JPMorgan Chase Bank, National Association (as successor to JPMorgan Chase Bank) (62.893%) and Bayerische Landesbank (now Bayern LB), acting through its New York Branch, individually and as agent (37.107%), in the original stated amount of \$55 million, but which may be increased to a maximum of \$127.2 million. The Tax-Exempt Commercial Paper Notes are currently outstanding in the amount of \$30 million, which amount was issued in 2007 to fund the costs of certain Airport capital projects, including the West/Terminal Parking Project and the Concourse B Commuter Facility Project. The Tax-Exempt Commercial Paper Notes are to be current refunded with a portion of the net proceeds of the Series 2007A-B Bonds. See “CAPITAL PROGRAM” and “Plan of Financing” below.

***Subordinate Hedge Facility Obligations.*** In 1998, 1999, 2002, 2005 and 2006, 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 the outstanding Senior Bonds. Detailed information regarding these swap agreements is set forth in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement. See “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR THE FISCAL YEARS 2006 AND 2005.” The City has not entered into any additional Subordinate Hedge Facility Obligations in 2007.

### **Special Facilities Bonds**

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and recently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the “1992 Special Facilities Bonds”), United executed a 31-year combined special facilities and ground lease (the “1992 Lease”) for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of \$270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the “2007 Special Facilities Bonds”) issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the “Amended Lease”). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See “DENVER INTERNATIONAL AIRPORT – Other Facilities” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases.”

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its \$36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A, \$38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B, and \$3,105,000 Airport Development Revenue Bonds (Rental Car Projects), Taxable Series 1999C, currently outstanding in the aggregate principal amount of \$45,675,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport. In addition, two of the rental car companies executed nine-year Loan Agreements with the City to acquire shuttle vehicles.

In 2000, WorldPort LLC financed a portion of the cost of the WorldPort at DIA project with Special Facilities Bonds. These bonds were secured by a Master Lease between the City and WorldPort LLC and an irrevocable, direct pay letter of credit issued by JP Morgan Chase Bank. The bonds are payable solely from revenues of WorldPort LLC and not from general Airport Revenues. Of the original authorized \$53,780,000 Airport Special Facilities Revenue Bonds (WorldPort at DIA Project), Series 2000A, the principal amount currently outstanding is \$12,170,000. On June 26, 2007, a Notice to Redeem this outstanding amount was sent to HSBC Bank as Trustee. It is expected that the bonds will be fully redeemed on August 1, 2007, by JP Morgan Chase Bank, as the letter of credit provider for the bonds.

### **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, 2006, the Master Installment Purchase Agreements were outstanding in the total principal amount of \$88,985,485.

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.

### **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have prepared the Plan of Financing in anticipation of the issuance of the Series 2007D-E Bonds, the Series 2007A-C Bonds and the Planned Series 2007F Bonds. The Plan of Financing, which forms the basis for certain elements of the financial forecasts in the Report of the Airport Consultant, assumes: (1) the issuance of the Series 2007A-B Bonds to fund a portion of the costs of the 2007 Project, including the current refunding of the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects, capitalized interest relating to the Series 2007A-B Bonds and an increase in the amount on deposit in the Bond Reserve Fund; (2) the issuance of the Series 2007C Bonds to advance refund and defease certain of the outstanding Series 2003B Bonds; (3) the issuance of the Series 2007D-E



Bonds to fund a portion of the costs of the 2007 Project, capitalized interest relating to the Series 2007D-E Bonds and an increase in the amount on deposit in the Bond Reserve Fund; (4) the issuance of the Planned Series 2007F Bonds in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds; and (5) additional Senior Bonds and Commercial Paper Notes between 2009 and 2012 for the purpose of funding certain projects in the 2008-2013 Capital Program. The issuance of such additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will be dependent upon various factors, including market conditions, the continued need for particular projects in the 2008-2013 Capital Program, the eventual scope and timing of particular Planned Projects and the financial feasibility of issuing additional Senior Bonds or Commercial Paper Notes at particular times. Consequently, there can be no assurance that any of the additional Senior Bonds and/or Commercial Paper Notes assumed in the Plan of Financing will be issued. See also “Subordinate Bonds and Other Obligations – *Subordinate Commercial Paper Notes – Subordinate Hedge Facility Obligations*” above, “CAPITAL PROGRAM” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Capital Fund**

The amount on deposit in the Capital Fund as of March 31, 2007, was approximately \$180.3 million. Amounts in the Capital Fund have been designated by the City as follows: (1) \$67.1 million for the Coverage Account (constituting Other Available Funds); (2) \$5.7 million to cover existing obligations and contingencies; and (3) \$107.5 million for any lawful Airport System purpose. See also “SECURITY AND SOURCES OF PAYMENT – Flow of Funds.”

### **Rentals, Fees and Charges for the Airport**

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatory to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally “AGREEMENTS FOR USE OF AIRPORT FACILITIES.”

### **Passenger Facility Charges**

**General.** Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. §40117 (the “PFC Enabling Act”). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs.

Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected and remitted to \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also “AIRLINE BANKRUPTCY MATTERS – PFCs” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2004, 2005 and 2006 increased 14.2%, 2.2% and 11.3%, respectively, compared to the corresponding prior periods. See also “THE REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

The City’s authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through March 2007, the City had collected approximately \$850.4 million of PFC revenues. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”) and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City’s ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds.

***Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*** The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. To date, no Supplemental Ordinance has included PFC revenues in the definition of Gross Revenues. The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See “APPENDIX C – GLOSSARY OF TERMS” and “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds.”

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined “Committed Passenger Facility Charges” to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from \$3.00 of the \$4.50 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority: (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the “Maximum Committed

Amounts”); and (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied in clause (1). The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through December 31, 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The PFC revenues forecast to be deposited in the PFC Debt Service Account are less than the Maximum Committed Amounts in each year of the forecast period. See “*Treatment of PFCs in the Report of the Airport Consultant*” below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current \$4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through December 31, 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds.

***Treatment of PFCs in the Report of the Airport Consultant.*** In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast to be less than the Maximum Committed Amounts in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the Additional \$1.50 PFC (*i.e.*, PFC revenues that do not constitute Committed Passenger Facility Charges) will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “*Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and the portion of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. The Report of the Airport Consultant assumes that future aviation fuel tax revenues will continue to be remitted to the City each year. State aviation fuel tax receipts remitted to the Airport in 2006 were approximately \$6.2 million.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2006 totaled approximately \$6.5 million.

## Federal Grants and Other Funding

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (the "AIP"). AIP grants include entitlement funds that are apportioned annually based upon enplaned passengers and discretionary funds that are available at the discretion of the FAA based upon a national priority system. In accordance with the laws and regulations relating to PFCs, because the City imposes a PFC at the rate of \$4.50, annual AIP entitlement grants available to the Airport are reduced by the amount of PFC revenues received during such year, with a maximum reduction of 75% of the amount of the available entitlement grants. See "Passenger Facility Charges" above.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate unless and until a reauthorization bill is passed. For purposes of the Report of the Airport Consultant, it is assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding or PFC collection authority will occur. Under the FAA's proposed reauthorization bill, large-hub airports, including the Airport, would no longer receive entitlement grants beginning in federal fiscal year 2010, but would continue to be eligible for discretionary grants.

## Stapleton

***Agreements Regarding Disposition.*** When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton's approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the "Redevelopment Plan"). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation ("SDC"), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period at land values set forth in a December 1999 appraisal (approximately \$123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has to date sold a total of approximately 1,330 acres of Stapleton property for a total of approximately \$44.33 million, and there are approximately 292 acres of pending sales in the amount of approximately \$9.6 million. An additional 437 acres of open space has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund.

The City allocated approximately \$120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the "Stapleton Airlines Agreement"), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of \$15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of \$85 million. This amount has been funded as follows: \$13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; \$30 million from Airport System Revenue Bonds; and \$41.9 million advanced from the Capital Fund. The debt service on these bonds is

being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional \$20 million for such additional remediation from the City's share of Airport Net Revenues. The City has paid \$10 million to date for such additional remediation, and does not expect to incur any additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

***Related Assumptions in the Report of the Airport Consultant.*** Proceeds from the sale of Stapleton are not included in the definition of Gross Revenues under the Senior Bond Ordinance, although the City used approximately \$15.7 million received from the sale of Stapleton assets to retire then outstanding Subordinate Bonds.

During the period covered by the Report of the Airport Consultant, no proceeds from the sale of Stapleton assets are assumed to be received by the Airport System, but it is assumed that all overhead and maintenance expenses associated with Stapleton will be paid by the SDC, and that the City will fund certain Stapleton disposition expenditures and will continue to amortize its investment in the Airfield Cost Center at the Airport over 25 years as discussed above.

### **Noise Agreement with Adams County**

The City and Adams County, Colorado, from which a portion of land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "Intergovernmental Agreement"), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

When calculated noise levels, based on a full year of data, exceed the Intergovernmental Agreement standards, the City and Adams County agreed to jointly petition the FAA to implement changes in flight procedures or Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition. If the City does not act within 90 days following the FAA's failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County \$500,000 for each annual Class II violation that occurs at any grid point (when individual grid point values are exceeded by at least two decibels), or the noise contour restriction is exceeded.

Since the opening of the Airport, twelve annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2006, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time the potential Class II violations have decreased to the extent that the annual noise reports for calendar years ending December 31, 2005 and 2006 reflected only one potential Class II violation for each year (maximum potential liability of \$500,000 per year) and that the noise contour restriction in the Intergovernmental Agreement had not been exceeded in either year. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise

violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. In the City's judgment, it is likely that noise levels at a limited number of grid points may continue to exceed the levels established under the Intergovernmental Agreement.

### **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in "Investment Securities" as defined therein. See "APPENDIX C – GLOSSARY OF TERMS."

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

### **Property and Casualty Insurance**

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. Airport real and personal property is insured based on a total loss limit of \$1 billion, subject to a \$250,000 per occurrence deductible, on a reported value of approximately \$2.9 billion. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sub-limits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$70.9 million. Terrorism and non-certified acts of terrorism are included under the Airport's property insurance at a sub-limit of \$1 million per occurrence and \$5 million in the aggregate. As an additional cost savings initiative, Airport management has determined that it is not cost-effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately \$1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A \$50 million per occurrence liability limit is currently provided with various aviation specific sub-limits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of \$450 million per occurrence in excess of the \$50 million primary layer. Prior to the events of September 11, 2001, war risk/terrorism insurance was provided as a free rider to the Airport's general liability insurance policy. After such events the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Airport, although not in meaningful amounts and at a cost that Airport management has determined to be prohibitive.

## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of Article X, Section 20 of the State Constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. “Enterprises” are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **AIRLINE BANKRUPTCY MATTERS**

Since 2001, several airlines with operations at the Airport, including United, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007D-E Bonds. The following is a discussion of various impacts to the Airport of an airline bankruptcy.

### **Assumption or Rejection of Agreements**

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages, the amount of which in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. However, the amount ultimately received in the event of a rejection of a Use and Lease Agreement or other agreement could be considerably less than the maximum claim amounts allowed under the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country (such as Air Canada as described above), the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

## **Prepetition Obligations**

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

## **PFCs**

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections, however, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

## **REPORT OF THE AIRPORT CONSULTANT**

Jacobs Consultancy Inc., as the Airport Consultant, prepared the Report of the Airport Consultant, dated July 25, 2007, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2007 through 2013. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were prepared taking into account analyses of (1) historical long-term trends in passenger traffic growth at the Airport, (2) short-term monthly passenger traffic trends at the Airport, (3) historical and forecast economic indicators for the Denver metropolitan area and (4) forecasts developed by the FAA. It was assumed that airline traffic at the Airport will increase as a function of both growth in the population and the economy of the Denver metropolitan area,



continued airline competition and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant.”

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2007A-B Bonds, the Series 2007D-E Bonds and additional Airport System Revenue Bonds and Commercial Paper Notes that may be issued during the forecast period to fund Planned Projects in the Airport’s current capital program. The financial forecasts do not include any debt service savings from the issuance of the Series 2007C Bonds, the Planned Series 2007F Bonds or other refunding bonds that the City may issue during the forecast period. Based on the Plan of Financing, the Report of the Airport Consultant assumes that all of such additional Airport System Revenue Bonds will be Senior Bonds. See “THE SERIES 2007D-E BONDS – Security and Sources of Payment – *Additional Parity Bonds*.” The forecasts do not reflect any Airport System Revenue Bonds the City may issue for (1) Demand Responsive Projects at the Airport, or (2) refundings of outstanding Airport System Revenue Bonds in or after 2007. See “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.” In addition, the estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds and that are forecasted to be received during the forecast period plus other PFC revenues that the City intends to use to pay Debt Service Requirements during the forecast period. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

The following table summarizes the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds as presented in the Report of the Airport Consultant. Net Revenues, together with Other Available Funds, are forecast to be sufficient to meet the Rate Maintenance Covenant in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds, as well as historical debt service coverage figures, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” See also “THE SERIES 2007D-E BONDS – Historical Debt Service Coverage.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds, the Series 2007D-E Bonds and the Planned Series 2007F Bonds. Accordingly, the Report of the Airport Consultant makes assumptions as to the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds and the Series 2007D-E Bonds, and also assumes no debt service savings resulting from the issuance of the Series 2007C Bonds and the Planned Series 2007F Bonds and the related defeasance of certain of the outstanding Series 2003B Bonds and the Series 1997E Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds and the Series 2007D-E Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of such Senior Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in respect of the issuance of the Series 2007A-B Bonds and the Series 2007D-E Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – *Additional Parity Bonds*” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – *Additional Parity Bonds*.”

**Net Revenues and Other Available Funds, Debt Service  
Requirements and Debt Service Coverage on Senior Bonds**  
(In thousands, except coverage ratios)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenues and Other Available Funds <sup>1</sup>	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements on Senior Bonds <sup>2</sup>	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Debt Service Coverage <sup>2</sup>	178%	173%	181%	185%	166%	170%	166%

<sup>1</sup> Other Available Funds include amounts forecast to be available in the Coverage Account of the Capital Fund to be applied to help meet the Rate Maintenance Covenant of the Senior Bond Ordinance.

<sup>2</sup> Excludes Debt Service Requirements forecast to be paid from PFC revenues. See "FINANCIAL INFORMATION – Passenger Facility Charges."

Sources: Report of the Airport Consultant and audited financial statements of the Airport System

Forecasts of revenues to be derived from airline landing fees, terminal rentals and other use charges are often expressed on a per enplaned passenger basis for the purpose of comparing airline costs at different airports. The following table shows the forecast amounts of revenues and average cost per enplaned passenger for all airlines as presented in the Report of the Airport Consultant.

**Cost Per Enplaned Passenger for All Airlines**  
(In thousands except cost per passenger)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net airline rentals, fees and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	24,602	25,351	25,936	26,332	26,730	27,068	27,293
Cost per passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

Source: Report of the Airport Consultant

For a more detailed discussion of forecast airline rates and charges and forecast Gross Revenues, see "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – EXHIBIT E – Airline Rentals, Fees and Charges."

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Jacobs Consultancy Inc. as airport consultants.

## LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

## FORWARD LOOKING STATEMENTS

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results

to differ materially from those contemplated in such forward looking statements. For a discussion of certain of such risks and possible variations in results, see “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” as well as “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **RATINGS**

Moody’s, S&P and Fitch have published ratings of “Aaa,” “AAA” and “AAA,” respectively, with respect to the Series 2007D-E Bonds based on the understanding that upon delivery of the Series 2007D-E Bonds, the MBIA Policy and the Ambac Assurance Policy insuring the payment when due of principal of and interest on the Series 2007D Bonds and the Series 2007E Bonds will be issued by MBIA and Ambac Assurance, respectively. See “BOND INSURANCE.”

Moody’s, S&P and Fitch have published underlying ratings with respect to the outstanding Senior Bonds of “A1,” “A+” and “A+,” respectively, in each case with a rating outlook of “stable.”

The City, MBIA and Ambac Assurance have furnished to these rating agencies the information contained in the Official Statement and certain other materials and information relating to the Series 2007D-E Bonds, the Airport System, MBIA and Ambac Assurance, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007D-E Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007D-E Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2007D-E Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007D-E Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007D-E Bonds.

## **UNDERWRITING**

The Series 2007D-E Bonds are being purchased from the City by the underwriters set forth on the cover page hereof (the “Underwriters”) as follows: for the Series 2007D Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2007D Bonds less an underwriting discount of \$ \_\_\_\_\_; and for the Series 2007E Bonds, at a price equal to \$ \_\_\_\_\_, being the aggregate principal amount of the Series 2007E Bonds less an underwriting discount of \$ \_\_\_\_\_.

Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Lehman Brothers, as representative of the Underwriters (the “Series 2007D-E Bond Purchase Agreement”), the Underwriters agree to accept delivery of and pay for all of the Series 2007D-E Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007D-E Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

### **CONTINUING DISCLOSURE**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, in order to provide certain continuing disclosure with respect to the Series 2007D-E Bonds in accordance with Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

### **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2007D-E Bonds are subject to the approval of Hogan & Hartson L.L.P., Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado.

### **TAX MATTERS**

The following discussion is a summary of the opinions of Bond Counsel that are to be rendered on the tax-exempt status of interest on the Series 2007D-E Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2007D-E Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2007D-E Bonds, Hogan & Hartson L.L.P., Bond Counsel, and Bookhardt & O’Toole, Bond Counsel, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a “substantial user” of the Airport System or a “related

person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2007E Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation’s adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings include interest on the Series 2007E Bonds. An increase in a corporation’s alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2007D-E Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2007D-E Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2007D-E Bonds.

The opinions of Bond Counsel will also provide to the effect that, under existing law and to the extent interest on any Series 2007D-E Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Bond Counsel have further advised the City and the Underwriters that under existing law and to the extent interest on any Series 2007D-E Bonds is excluded from gross income for federal income tax purposes, any original issue discount on such Series 2007D-E Bonds will be treated as interest that is excluded from gross income for federal income purposes with respect to such holder, and will increase such holder’s tax basis in any such Series 2007D-E Bonds. Generally, original issue discount is the excess of the stated redemption price at maturity of any Series 2007D-E Bond over the issue price of the Series 2007D-E Bond. Purchasers of any such Series 2007D-E Bonds should consult with their own tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2007D Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability in such year even though no cash attributable to such original issue discount has been received in such year.

If a holder purchases a Series 2007D-E Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2007D-E Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2007D-E Bond, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2007D-E Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2007D-E Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2007D-E Bond. Purchasers of Series 2007D-E Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2007D-E Bonds.

Other than the matters specifically referred to above, Bond Counsel express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007D-E Bonds. Prospective purchasers of the Series 2007D-E Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2007D-E Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007D-E Bonds or, in the case of financial institutions, that portion of a holder’s interest expense allocated to interest on the Series 2007D-E Bonds;

(2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2007D-E Bonds; (3) interest on the Series 2007D-E Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2007D-E Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2007D-E Bonds.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2007D-E Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2007D-E Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2007D-E Bonds could adversely affect their value and liquidity.

Bond Counsel will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are not binding on the courts or the IRS; rather, such opinions represent Bond Counsel’s legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2007D-E Bonds, the exclusion of interest on the Series 2007D-E Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2007D-E Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences. For example, on May 21, 2007, the United States Supreme Court agreed to hear an appeal from a Kentucky state court which ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by the state and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions.

**Prospective purchasers of Series 2007D-E Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007D-E Bonds in light of their particular tax situation.**

## **EXPERTS**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2007D-E Bonds and in such capacity have prepared the Plan of Financing. Jacobs Consultancy Inc. has served as the Airport Consultant to the City with respect to the Series 2007D-E Bonds and in such capacity has prepared the Report of the Airport Consultant.

## **FINANCIAL STATEMENTS**

The financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005 are attached to this Official Statement as “APPENDIX B – ANNUAL FINANCIAL REPORT

OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005.” BKD, LLP, the City’s independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of APPENDIX B was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

**MISCELLANEOUS**

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007D-E Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

**CITY AND COUNTY OF DENVER, COLORADO**

By \_\_\_\_\_  
Manager of Aviation

By \_\_\_\_\_  
Manager of Revenue

\* \* \*

**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**



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Appendix A

**REPORT OF THE AIRPORT CONSULTANT**

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007

Prepared for

City and County of Denver  
Denver, Colorado

Prepared by

Jacobs Consultancy  
Burlingame, California

July 25, 2007

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555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

July 25, 2007

Mr. Turner West  
Manager of Aviation  
Department of Aviation  
City and County of Denver  
Denver International Airport  
Room 9860, Airport Office Building  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant, City and County of Denver,  
Colorado, for and on behalf of its Department of Aviation, Airport  
System Revenue Bonds, Series 2007

Dear Mr. West:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Airport System Revenue Bonds, Series 2007 (the 2007 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport and the site of the former air carrier airport (Stapleton International Airport) serving the region, which is also owned by the City, constitute the Airport System.

The 2007 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance) with a first lien on the Net Revenues\* of the Airport System. (Capitalized terms in this report are used as defined in the General Bond Ordinance\*\* or the Airport use and lease agreements, discussed later.)

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (a) issuing additional Bonds, (b) establishing rates, fees, and charges as provided under the Rate Maintenance Covenant, and (c) paying

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\*Net Revenues equal Gross Revenues less Operation and Maintenance Expenses.

\*\*See Appendix D of the Official Statement.

Mr. Turner West  
July 25, 2007

Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

This feasibility report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2007 through 2013, referred to in this report as the forecast period\*, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance following the issuance of the 2007 Bonds.

## **2007 BONDS**

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to the Financial Consultants,\*\* the 2007C Bonds are to be issued at the time the 2007A-B Bonds are issued, which would be followed by issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the principal of outstanding Bonds. As such, any mention of the 2007 Bonds in this report refers to the 2007A-B Bonds and 2007D-E Bonds.

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\*Coincides with the last year of the Airport Capital Program (2013).

\*\*First Albany Capital and Estrada Hinojosa & Company, Inc.

Mr. Turner West  
July 25, 2007

The City expects to issue the 2007A-B Bonds and the 2007D-E Bonds in the approximate principal amounts and for the uses indicated below.

Series	Principal to be issued (millions)	Uses of 2007A-B and 2007D-E Bonds (millions) (a)		
		Refund Outstanding Commercial Paper Notes	Reimburse Airport equity	Fund Airport Capital Program costs
2007A-B Bonds	\$224,016	\$30,000	\$40,000	\$130,170
2007D-E Bonds	<u>250,020</u>	<u>--</u>	<u>--</u>	<u>201,700</u>
Total (a)	<u>\$474,036</u>	<u>\$30,000</u>	<u>\$40,000</u>	<u>\$331,870</u>

(a) Issuance costs are not reflected above and, as such, the total principal amount to be issued does not equal the amounts to be used to refund the Commercial Paper Notes and to fund project costs.

Sources: First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants).

According to the Financial Consultants, the 2007A Bonds and the 2007D Bonds are to be issued as alternative minimum tax (AMT) Bonds, and the 2007B and the 2007E Bonds are to be issued as non-AMT Bonds.

The Airport Capital Program costs to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds are part of a broader City plan to expand and improve Airport facilities, as discussed later in this report.

The 2007A-B Bonds and the 2007D-E Bonds are considered “additional Bonds” under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to issuance of those Bonds. The City retained Jacobs Consultancy as the Airport Consultant and compliance with the additional Bonds test for the 2007A-B Bonds has been demonstrated, as provided in a separate letter to the City for those Bonds. The additional Bonds test for the 2007D-E Bonds is to be undertaken and the results are to be provided to the City in connection with the proposed issuance of those Bonds.

## **AIRPORT CAPITAL PROGRAM**

The Airport Capital Program includes projects to expand, maintain, and reconstruct Airport facilities in 2007, as well as the 6-year period from 2008 through 2013.

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From 2007 through 2013, the Department expects to invest approximately \$1.22 billion in Airport facilities from the net proceeds of the 2007A-B Bonds, the 2007D-E Bonds, and additional Bonds (the Future Planned Bonds\*) the City expects to issue during the forecast period to fund projects from 2008 through 2013, as well as certain other sources of funds.

As certain projects in the 2007-2013 Capital Program are ready for their intended use, certain assumptions have been incorporated into the financial forecasts presented in this report regarding additional (a) Gross Revenues from airline rentals, fees, and charges and/or other sources, (b) O&M Expenses, and (c) debt service associated with the 2007 Bonds and the Future Planned Bonds.

### **Project Costs to Be Funded with 2007A-B and 2007D-E Bond Proceeds**

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to include the following:

- Construct 10 new mainline gates and additional apron area by expanding Concourse C to the east
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C
- Extend Taxiway K in the north-south direction to the east of Concourse C
- Extend the east-west taxilanes to the north and south of Concourse C
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C
- Improve baggage systems to increase the efficiency of airline operations
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes
- Construct a new public parking structure adjacent to the Landside Terminal, which was previously funded with Commercial Paper Notes and Airport equity

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\*The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.

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According to the Department, the 2007 Project is expected to cost approximately \$401.9 million.

### **Future Planned Bonds**

The projects (i.e., the 2008-2013 Airport Capital Program) to be funded from the net proceeds of the Future Planned Bonds are expected to include, but are not limited to, the following:

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Continue improving the baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators
- Construct a FasTracks rail station on the south side of the Landside Terminal to provide rail service between Denver Union Station and the Airport
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the Landside Terminal to accommodate additional trains
- Expand the security screening checkpoint
- Construct future public parking structure and shuttle lot; improve Peña Boulevard; rehabilitate pavement in targeted roadway and parking areas

According to the Department, the 2008-2013 Airport Capital Program is estimated to cost approximately \$822.7 million.



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## **RATE MAINTENANCE COVENANT**

The Rate Maintenance Covenant of the General Bond Ordinance states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year,\* Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. Based on audited data for 2006 and unaudited data for the first 3 months of 2007, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

Under various approvals from the Federal Aviation Administration (FAA), the City has the authority to collect a \$4.50 passenger facility charge (PFC) up to \$3.3 billion in PFC revenues; the City collected approximately \$850.4 million of its total approval through March 31, 2007. Through an adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

In general, the irrevocable commitment equals the revenues received from \$3.00 of each \$4.50 PFC\*\* imposed by the City, which extends through December 31, 2011. Following the date of this report and prior to the issuance of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through December 31, 2013.

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\*The City's Fiscal Year is the same as the calendar year.

\*\*Less the airline collection fee amount.

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The City expects that, during the forecast period, all of the revenues from the remaining \$1.50 PFC would be irrevocably committed to one of the following purposes:

- Payment of debt service on Senior Bonds
- Defeasance of the outstanding principal of certain Senior Bonds, which would reduce the level of debt service that would have otherwise been payable from Net Revenues

Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

## **AIRPORT USE AND LEASE AGREEMENTS**

In 2006, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City constituted approximately 53.7% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources represented the remaining 46.3% of 2006 Gross Revenues.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.
- The annual recalculation of airline rentals, fees, and charges.
- The distribution of 50% of Net Revenues remaining at the end of the year\* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of \$40 million.
- An increase in rentals, fees, and charges at the Airport such that Net Revenues, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance.

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\*Only after all other requirements of the General Bond Ordinance have been satisfied.

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The City has executed Airport use and lease agreements, which include leased gates, with the passenger Signatory Airlines listed below. Of the 95 gates at the Airport, 87 are leased by the following airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1)	Midwest Airlines (1)
Alaska Airlines (1)	Northwest Airlines (3)
American Airlines (3)	Southwest Airlines (5)
Continental Airlines (3)	United Airlines (43)
Delta Air Lines (3)	US Airways (3) (b)
Frontier Airlines (21) (a)	

- 
- (a) Frontier leases 15 gates and an agreement amendment is pending for an additional 6 gates. Also, Frontier is expected to use or lease two gates on Concourse C, which are not included in the totals above.
- (b) The parent companies of America West Airlines and US Airways merged in September 2005.

The City also has Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain airlines listed above. In addition, the City has Airport use and lease agreements with five foreign-flag passenger airlines, and six all-cargo airlines.

Most of the passenger and cargo airline use and lease agreements at the Airport are scheduled to expire during the forecast period (in 2010). As of the date of this report, the City intends to negotiate similar agreements with lease terms of 5 years and substantially similar business terms.

United Airlines operates a major connecting hub at the Airport under an Airport use and lease agreement with the City that expires in 2025. The United's operations at the Airport include service by United mainline, Ted (a low-fare unit of United), and the United Express regional airline partners (collectively, the United Airlines Group). In 2006 and the first 3 months of 2007, the United Airlines Group enplaned 56.4% and 56.0%, respectively, of all passengers enplaned at the Airport.

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## **SCOPE OF REPORT**

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The Airport Capital Program from 2007 through 2013, giving particular attention to major projects in the Capital Program and when those projects are expected to be completed and ready for their intended use.
- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed 2007 Bonds and the Future Planned Bonds.
- Historical relationships among Gross Revenues, O&M Expenses, airline traffic, and other factors that may affect future Gross Revenues and O&M Expenses.
- Audited financial results for the Airport System in 2006, the City's current estimate of O&M Expenses for 2007, and the City's preliminary budget of O&M Expenses for 2008.
- The City's policies and contractual agreements relating to the use and lease of the Airport; the calculation and adjustment of airline rentals, fees, and charges; the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.
- Certain cost reduction goals in the United Airport use and lease agreement, as amended.
- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance, and the proposed terms of the PFC Supplemental Bond Ordinance to be adopted by the City following the date of this report.

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We also identified key factors upon which the future financial results of the Airport System may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of the attachment to this letter and summarized herein.

**FORECAST DEBT SERVICE COVERAGE**

Exhibit H (as mentioned above, all financial exhibits are provided at the end of the attachment) and the table on the following page summarize forecasts of Net Revenues and Other Available Funds, Debt Service Requirements, and debt service coverage, taking into consideration.

- The estimated debt service on the proposed 2007A-B Bonds and the 2007D-E Bonds and the Future Planned Bonds
- Additional Gross Revenues and O&M Expenses resulting from the completion of projects in the 2007-2013 Airport Capital Program

Exhibit C presents the estimated debt service on the 2007 Bonds and the Future Planned Bonds. As stated earlier, the forecasts do not reflect any Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

<b>DEBT SERVICE COVERAGE CALCULATION INCLUDING THE FUTURE PLANNED BONDS</b>							
(in thousands, except coverage)							
	Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net Revenues and Other Available Funds	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements (a)							
Senior Bonds	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>
Total	\$232,228	\$233,705	\$226,670	\$229,044	\$277,068	\$275,196	\$292,136
Debt service coverage							
Senior Bonds	178%	173%	181%	185%	166%	170%	166%
All Bonds	169%	164%	172%	175%	159%	162%	159%

(a) The Financial Consultants.

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Estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include both the revenues from \$3.00 of the PFC that are required to be deposited in the PFC Debt Service Account plus all of the revenues from the \$1.50 PFC that the City intends to credit to the PFC Debt Service Account to pay Debt Service Requirements or use to defease certain Senior Bonds during the forecast period, as discussed earlier. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

The calculation of debt service coverage indicates compliance with the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period.

**AIRLINE COST PER ENPLANED PASSENGER**

As shown in Exhibit E, airline rentals, fees, and charges include Terminal Complex rentals, landing fees, and other fees and charges. These airline payments (costs) are expressed on a per enplaned passenger basis, as presented in the following table.

<b>AVERAGE COST PER ENPLANED PASSENGER FOR ALL AIRLINES</b>							
(in thousands, except cost per enplaned passenger)							
	Estimated 2007	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net passenger airline rentals, fees, and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	<u>24,602</u>	<u>25,351</u>	<u>25,936</u>	<u>26,332</u>	<u>26,730</u>	<u>27,068</u>	<u>27,293</u>
Cost per enplaned passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

The average cost per enplaned passenger, as shown above, is forecast to be approximately \$12.63 between 2007 and 2013, compared to costs per enplaned passenger at the Airport from 1996 (the first full year of Airport operations) through 2006, which ranged between \$11.41 and \$16.07.

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**ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS**


The accompanying financial forecasts are based on information and assumptions that were either provided by, or reviewed with and agreed to by, Airport management. Accordingly, the forecasts reflect management’s expected course of action during the forecast period and, in management’s judgment, present fairly the expected financial results of the Airport System.

The key factors and assumptions that are significant to the forecasts are set forth in the attachment, “Background, Assumptions, and Rationale for the Financial Forecasts.” The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the assumptions underlying the financial forecasts provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

\* \* \* \* \*

We appreciate the opportunity to serve as the City’s Airport Consultant in connection with this proposed financing.

Respectfully submitted,  
  
JACOBS CONSULTANCY

Attachment

**BACKGROUND, ASSUMPTIONS, AND RATIONALE  
FOR THE FINANCIAL FORECASTS**

City and County of Denver, Colorado



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## **AIRLINE TRAFFIC ANALYSIS**

### **AIRPORT FACILITIES**

Denver International Airport occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six runways and a related system of taxiways and aircraft aprons. Four of the runways are oriented north-south and two are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal and three airside concourses (A, B, and C). The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Landside Terminal, surface parking lots, and a remote shuttle bus lot. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and Concourses A, B, and C via an underground automated guideway transit system (AGTS). In addition, a pedestrian passenger bridge provides access to Concourse A. Concourses A, B, and C provide 95 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 24 are leased by Continental Airlines and Frontier Airlines. Concourse B has 43 gates, all of which are leased by United Airlines. Concourse C has 22 gates, 20 of which are leased by Alaska Airlines, America West Airlines/US Airways, American Airlines, Delta Air Lines, Midwest Airlines, Northwest Airlines, and Southwest Airlines; 2 gates were added in 2006.

As discussed later in this report, the City intends to expand the number of Concourse C gates, expand the public parking facilities, and make various improvements and upgrades to the Landside Terminal.

### **AIRPORT ROLE**

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned), the primary commercial service airport for the State of Colorado, and a hub for United and Frontier.



The top-five ranking of the Airport among the busiest domestic airports in the United States based on total passengers reflects the Airport's (1) central geographic location, (2) large origin-destination passenger base, and (3) role as a hub for United and Frontier.

### Central Geographic Location

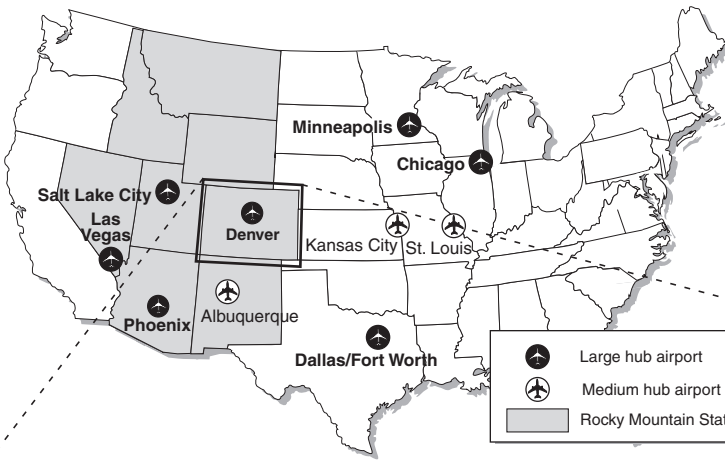
Located near the geographic center of the United States mainland, Denver has long been a major air transportation hub in the route system of United Airlines and other airlines, including Continental Airlines in the past and Frontier Airlines more recently. Denver's natural geographic advantage as a connecting hub location is enhanced by the capabilities of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. Figure 1 shows the central geographic location of the Denver hub compared with other U.S. hub airports.

### Fifth Busiest U.S. Airport

According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2006, as shown in Table 1. The seven largest domestic passenger airlines all serve the Airport, providing service to 159 destinations, including 138 within the continental United States, 1 in Alaska, 3 in Hawaii, and 17 international destinations. All of the large domestic all-cargo airlines provide regular service at the Airport.

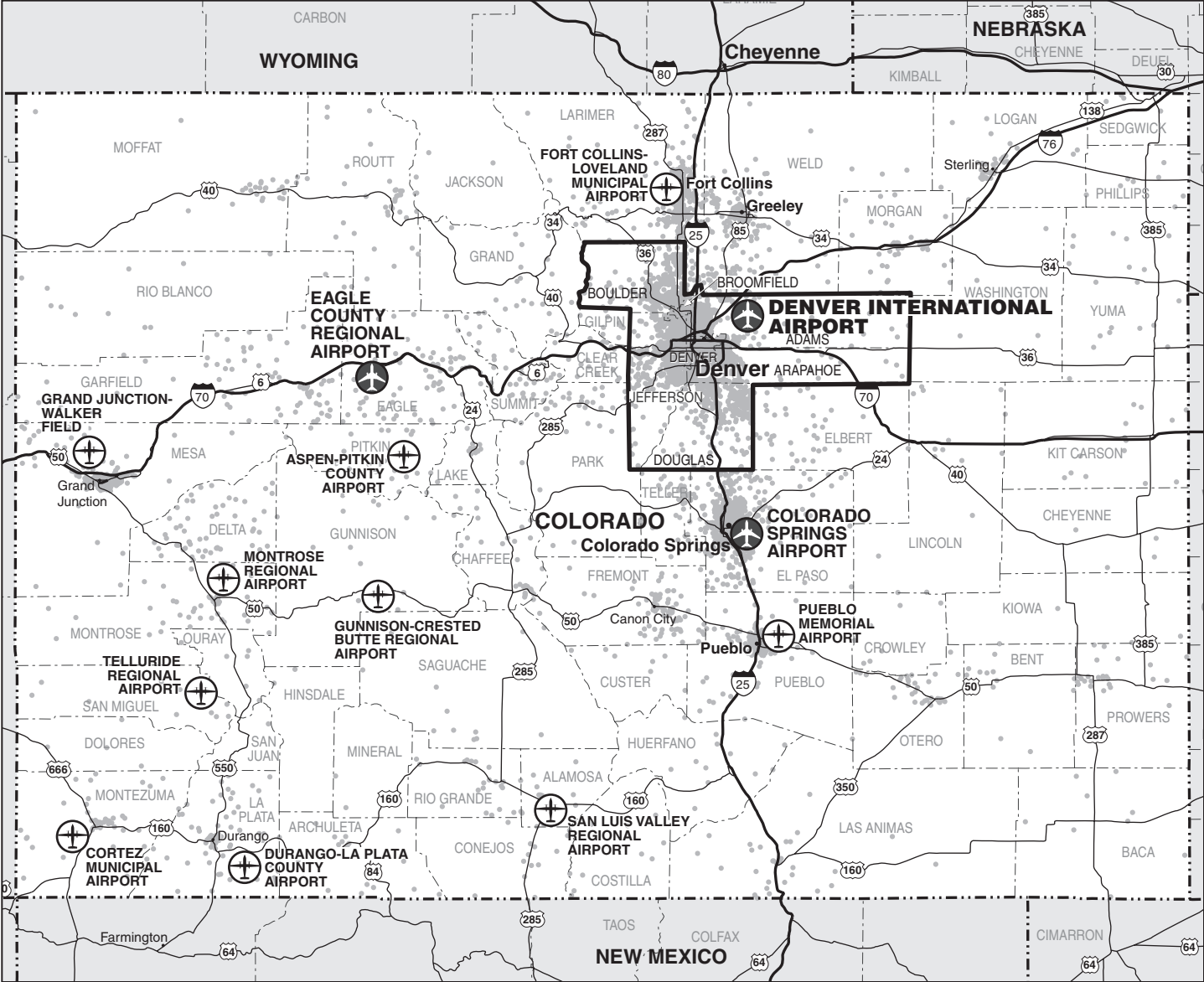
Rank 2006	City (airport)	Total passengers (millions) (a)					Average annual increase 2002-2006
		2002	2003	2004	2005	2006	
1	Atlanta (Hartsfield-Jackson)	76.9	79.1	83.6	85.9	84.8	2.5%
2	Chicago (O'Hare)	66.6	69.4	75.5	76.8	77.0	3.7
3	Los Angeles (International)	56.2	55.0	60.7	61.5	61.0	2.1
4	Dallas/Fort Worth	52.8	53.2	59.4	59.1	60.2	3.3
<b>5</b>	<b>Denver</b>	<b>35.7</b>	<b>37.5</b>	<b>42.4</b>	<b>43.3</b>	<b>47.3</b>	<b>7.3</b>
6	Las Vegas (McCarran)	35.0	36.3	39.5	44.0	46.2	7.2
7	New York (John F. Kennedy)	29.9	31.7	37.5	41.9	43.8	10.0
8	Houston (Bush Intercontinental)	33.9	34.1	36.5	39.7	42.6	5.9
9	Phoenix (Sky Harbor)	35.5	37.4	41.4	41.2	41.4	3.9
10	New York (Newark Liberty)	29.2	29.4	31.9	34.0	36.7	5.9
	Average for airports listed						3.7%

(a) Enplaned plus deplaned passengers.  
Source: Airports Council International, *Worldwide Airport Traffic Report*, for years noted.



Road miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	868
Vail/Eagle	100

- Large hub airport
- Medium hub airport
- Rocky Mountain States



**LEGEND**

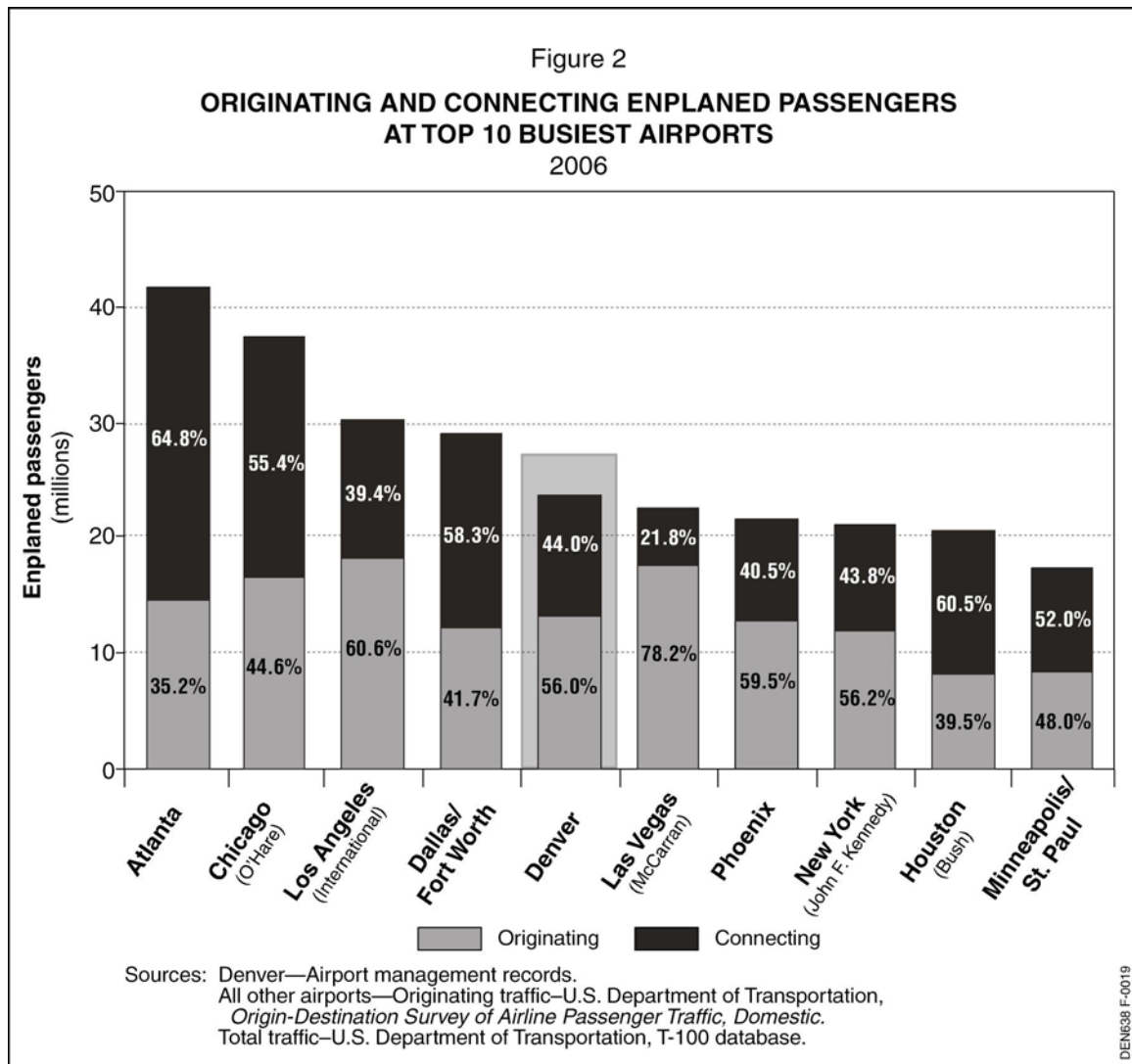
- Primary service region
- County boundary
- Passenger air carrier service
- Commuter service airport
- Population density: 1 dot equals 500 people

Figure 1  
**DENVER AIRPORT SERVICE REGION**  
 Denver International Airport  
 July 2007



Source: U.S. 2000 Census data.

In 2006, approximately 44% of the approximately 23.7 million passengers enplaned at the Airport, or about 10.4 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports, in terms of enplaned passengers, the Airport has the fifth largest share of originating passengers (56%), which reflects the strength of the Denver market and its role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.



### Large Origin-Destination Passenger Base

The Airport's large origin-destination passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier. This large base of local passengers allows United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections. The flights of 13.2 million passengers originated in Denver in 2006 (i.e., these originating passengers did not connect from another

flight). In 2006, the Airport ranked fifth in the nation in numbers of originating passengers.

### Hub for United and Frontier Airlines

As stated earlier, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2006 reflect the Airport’s central geographic location, with the western United States (Rocky Mountain and Pacific states) accounting for 49% of connecting passengers and the eastern United States (Northeast, Midwest, and South states) accounting for 46% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United’s shares of connecting passengers parallel those for the Airport as a whole, while Frontier’s shares differ for some regions as a result of its smaller route network. As shown in Table 2, the Airport accounts for the sixth highest number of daily scheduled seats at U.S. connecting hub airports in August 2007.

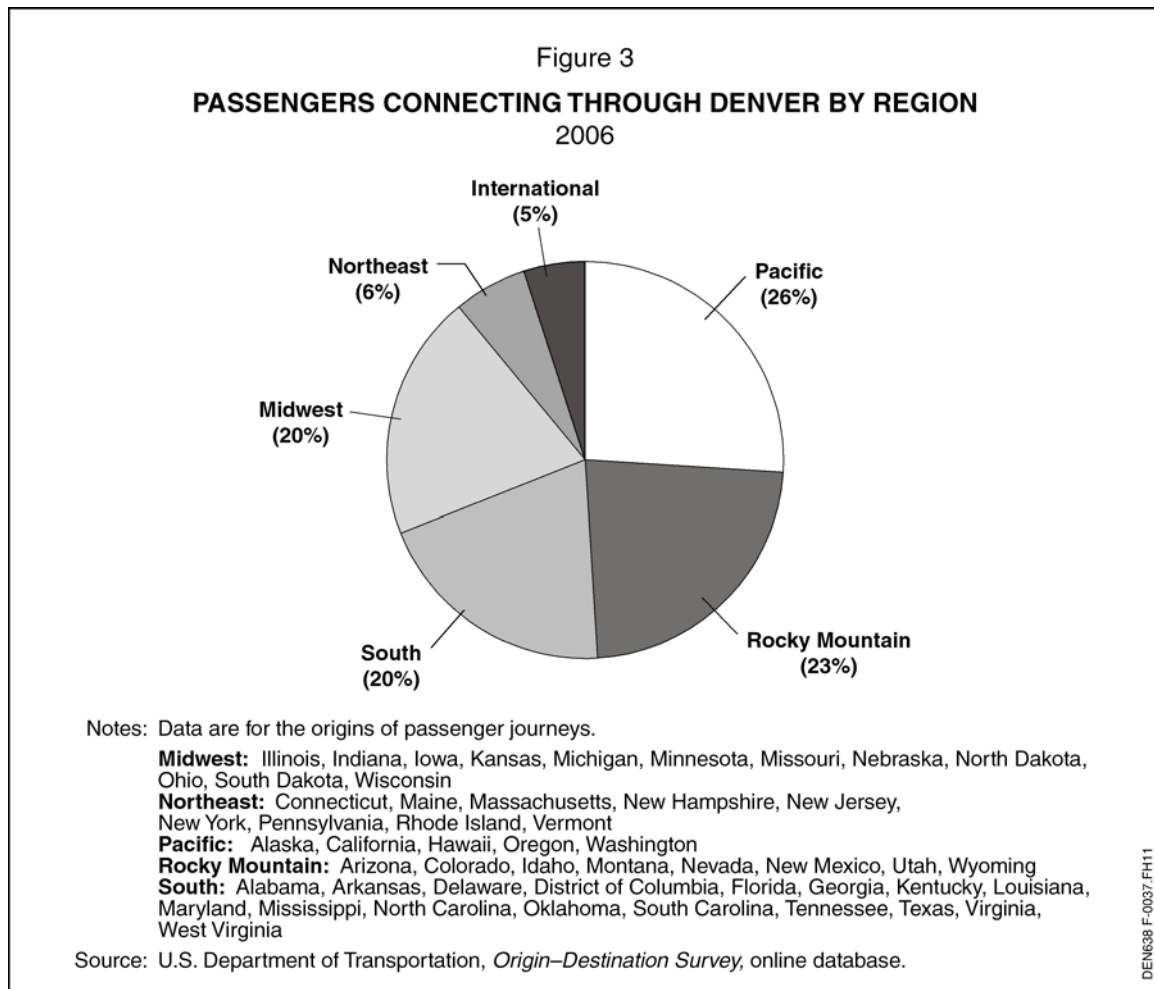


Table 2  
**SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS**  
 August 2007

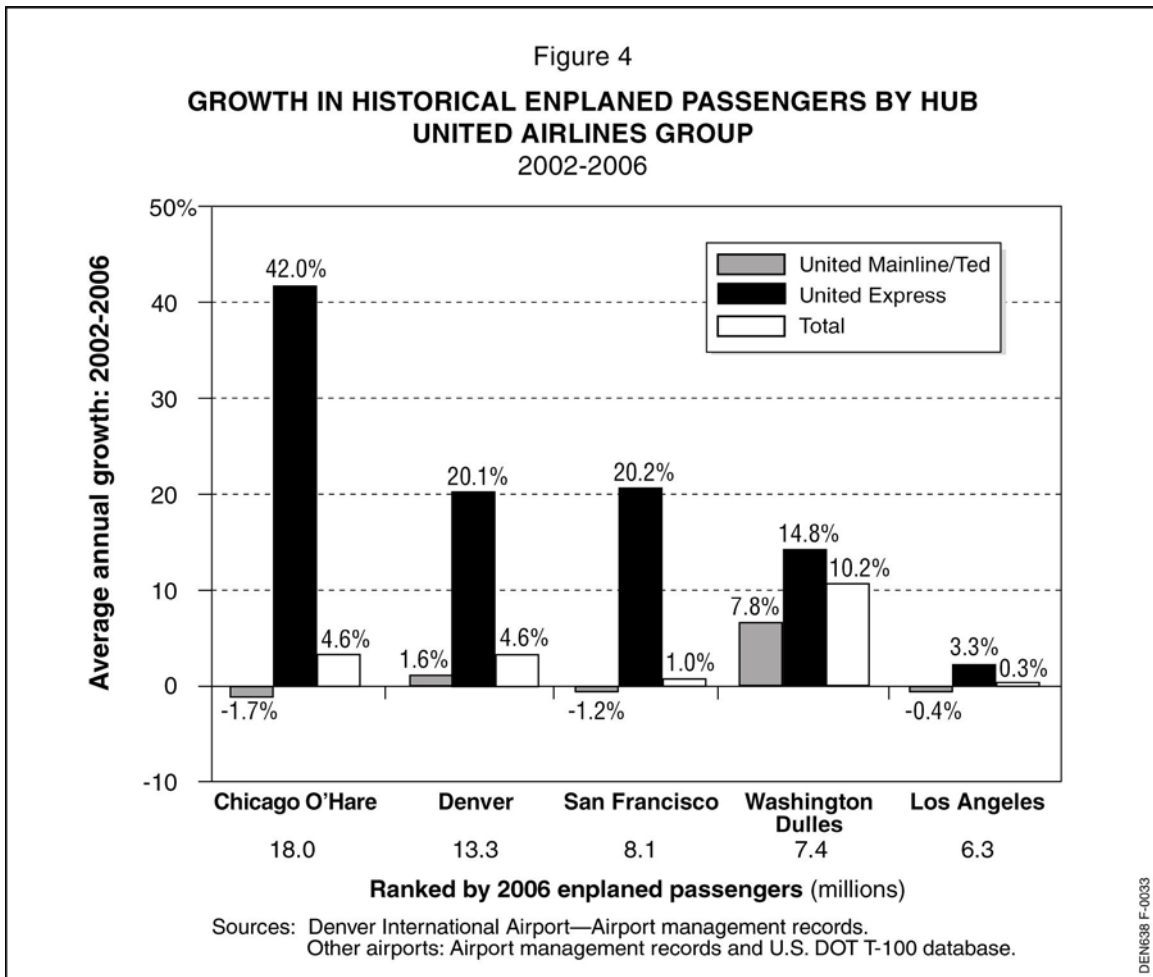
City (airport)	Average daily scheduled seats			Busiest airline(s)		
	International	Domestic	Total	Airline (a)	Average daily scheduled seats	Airline share of airport total
Atlanta (Hartsfield-Jackson)	17,509	144,511	162,020	Delta	115,416	71.2%
Chicago (O'Hare)	22,613	113,883	136,496	AirTran	32,422	20.0
				United	64,679	47.4
Los Angeles (International)	32,217	82,952	115,169	American	48,779	35.7
				United	22,058	19.2
Dallas/Fort Worth	9,813	95,868	105,681	American	89,212	84.4
New York (Kennedy)	43,129	47,561	90,689	JetBlue	24,560	27.1
				Delta	19,180	21.1
<b>Denver</b>	<b>3,722</b>	<b>85,537</b>	<b>89,259</b>	<b>United</b>	<b>45,422</b>	<b>50.9</b>
				<b>Frontier</b>	<b>20,804</b>	<b>23.3</b>
Las Vegas (McCarran)	3,627	74,746	78,373	Southwest	30,208	38.5
Phoenix (Sky Harbor)	3,000	74,075	77,075	US Airways	35,542	46.1
Houston (Bush Intercontinental)	14,692	60,758	75,450	Continental	65,432	86.7
New York (Newark Liberty)	21,403	46,754	68,157	Continental	46,996	69.0
Detroit (Metropolitan)	7,301	57,400	64,700	Northwest	48,835	75.5
San Francisco	15,368	49,123	64,491	United	30,050	46.6
Philadelphia	8,109	55,268	63,377	US Airways	39,966	63.1
Orlando	3,441	58,920	62,361	Southwest	15,163	24.3
Minneapolis/St. Paul	4,146	58,059	62,205	Northwest	48,648	78.2
Charlotte	3,658	57,715	61,373	US Airways	53,122	86.6
Seattle-Tacoma	4,861	55,815	60,676	Alaska	29,830	49.2
Miami	29,351	28,645	57,995	American	39,915	68.8
Boston	8,274	46,685	54,959	US Airways	9,734	17.7
New York (LaGuardia)	2,631	48,981	51,612	Delta	12,060	23.4
Washington, D.C. (Dulles)	11,610	33,138	44,749	United	26,810	59.9
Baltimore/Washington	1,064	41,528	42,592	Southwest	23,225	54.5
Salt Lake City	1,075	39,014	40,089	Delta	28,807	71.9
Washington, D.C. (Reagan National)	776	36,809	37,584	US Airways	16,344	43.5
Chicago (Midway)	198	37,170	37,368	Southwest	28,571	76.5
Honolulu	6,638	30,261	36,899	Hawaiian	11,202	30.4
San Diego	502	34,218	34,721	Southwest	12,489	36.0
Tampa	347	32,231	32,578	Southwest	10,832	33.2
Cincinnati/Northern Kentucky	1,548	29,175	30,722	Delta	27,536	89.6

Note: Rows may not add to totals shown because of rounding.

(a) Including regional airline affiliates.

Source: Official Airline Guides, Inc., online database for August 2007.

**The Airport's Role in United's System.** The United Airlines Group, which includes United mainline, United Express—the regional/commuter airline affiliates operating as United Express, and Ted—United's low-fare airline, accounted for 56% of the passengers enplaned at the Airport in 2006. From 2002 to 2006, the number of enplaned passengers at Denver and Chicago O'Hare international airports, United's two largest hubs, increased an average of 4.6% per year as the result of increases in the number of passengers enplaned by United Express, as shown on Figure 4. The



increasing use of regional airline affiliates is also evident in the growth in the number of enplaned passengers at United's other hubs and is part of an overall airline industry trend to outsource short-haul and low-density routes to regional airline partners in order to optimize airline revenues. United's plans to optimize revenue performance include a reduction in its 2007 mainline domestic capacity (to meet increased international passenger demand) and a 4% to 5% increase in the systemwide capacity of its regional/commuter airline affiliates\*. It is expected that

\*United Airlines Group, press release dated May 17, 2007, as reported at its corporate web site.

United’s revenue optimization strategies will vary each year, but the large number of regional airline affiliates at United’s hubs—five United affiliates serve Denver—underlines the airline’s continued plans to use United Express carriers and the continued role and development of the Airport as a connecting hub in United’s system.

In addition to the revenue enhancing advantages of using regional affiliates in short-haul markets, the increased use of regional affiliates also allows United to compete with low cost and other airlines in terms of service frequencies. As shown on Figure 5, United’s regional affiliates provide nearly as many nonstop daily departures as United’s mainline and Ted operations at the Airport. Similarly, at Chicago O’Hare International Airport, the regional affiliates operate more daily nonstop departures than United mainline.

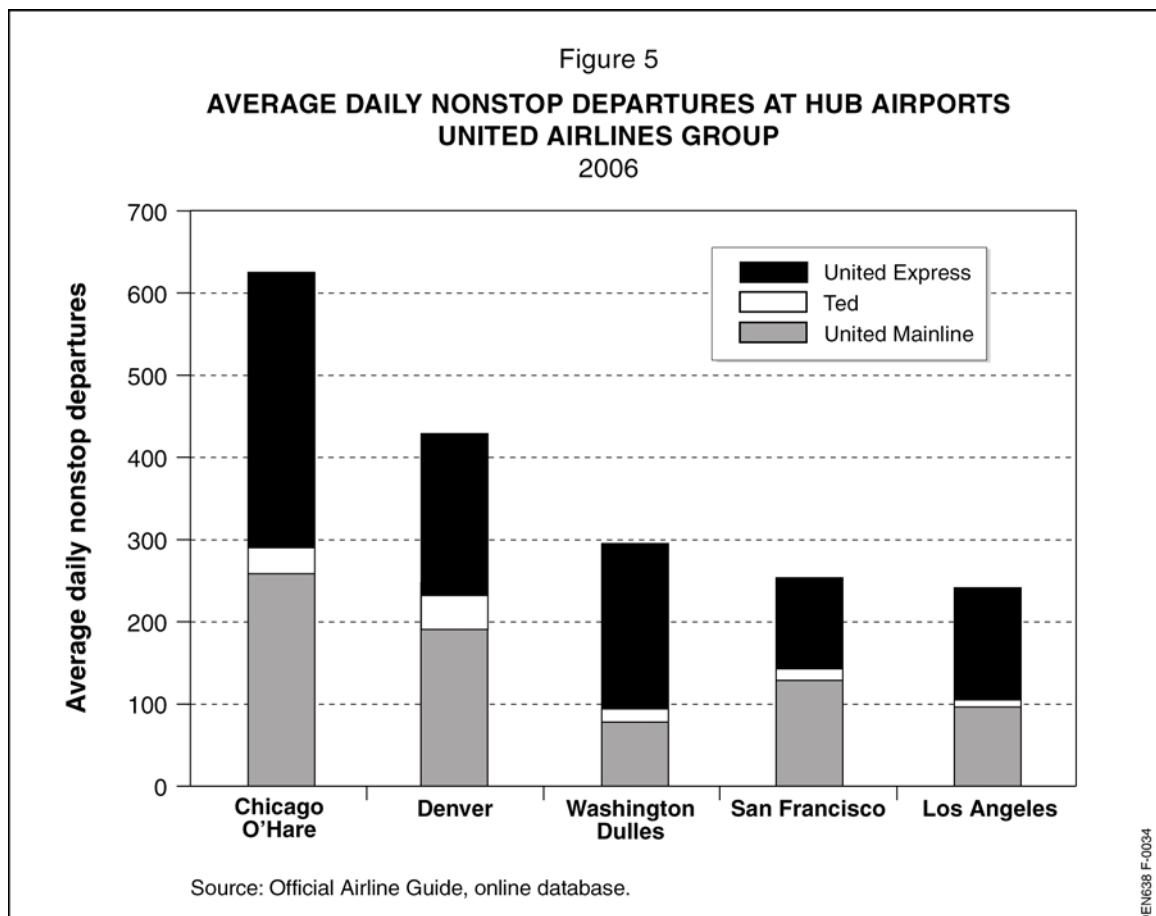


Table 3 presents trends in the numbers of passengers enplaned by United Airlines Group at the Airport in 1995 and 2000 through the first 3 months of 2007. Between 1995, when the Airport opened, and 2000—the year prior to the terrorist attacks on September 11, 2001, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2006, United’s number of connecting passengers at the Airport fluctuated, reflecting

Table 3

**HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	5,215,773	--%	6,114,051	--%	11,329,824	--%	54.0%
2000	5,422,369	0.8%	7,915,705	5.3%	13,338,074	3.3%	59.3
2001	4,824,409	(11.0)	7,240,233	(8.5)	12,064,642	(9.5)	60.0
2002	3,907,030	(19.0)	7,255,448	0.2	11,162,478	(7.5)	65.0
2003	3,991,803	2.2	7,303,606	0.7	11,295,409	1.2	64.7
2004	4,489,565	12.5	7,989,301	9.4	12,478,866	10.5	64.0
2005	4,830,836	7.6	7,409,702	(7.3)	12,240,538	(1.9)	60.5
2006	5,461,372	13.1	7,885,944	6.4	13,347,316	9.0	59.1
January – March							
2006	1,351,520	--%	1,816,706	--%	3,168,226	--%	57.3
2007	1,404,425	3.9	1,860,703	2.4	3,265,128	3.1	57.0
Average annual increase (decrease)							
1995-2000		0.8%		5.3%		3.3%	
2000-2006		0.1		(0.1)		0.0	

Source: Airport management records.

the national recovery from the 2001 events, United's emergence from Chapter 11 bankruptcy protection, and United's efforts to balance mainline domestic capacity and optimize its revenue performance. Overall, the total number of passengers enplaned by United at the Airport in 2006 approximately equaled the number enplaned in 2000.

Table 4 presents a comparison of connecting passenger trends for the United Airlines Group at the Airport and at United's other hub airports from 2002 through 2006. As shown, United Airline Group's number of connecting passengers at the Airport increased an average of 2.1% per year between 2002 and 2006, faster than at its Los Angeles and San Francisco hubs but slower than at its Chicago and Washington, D.C. (Dulles) hubs. The strong growth in United Airline Group's numbers of connecting passengers at Washington Dulles International Airport—an average of 11.9% per year—reflects the continued development of United's domestic and international hub operations.



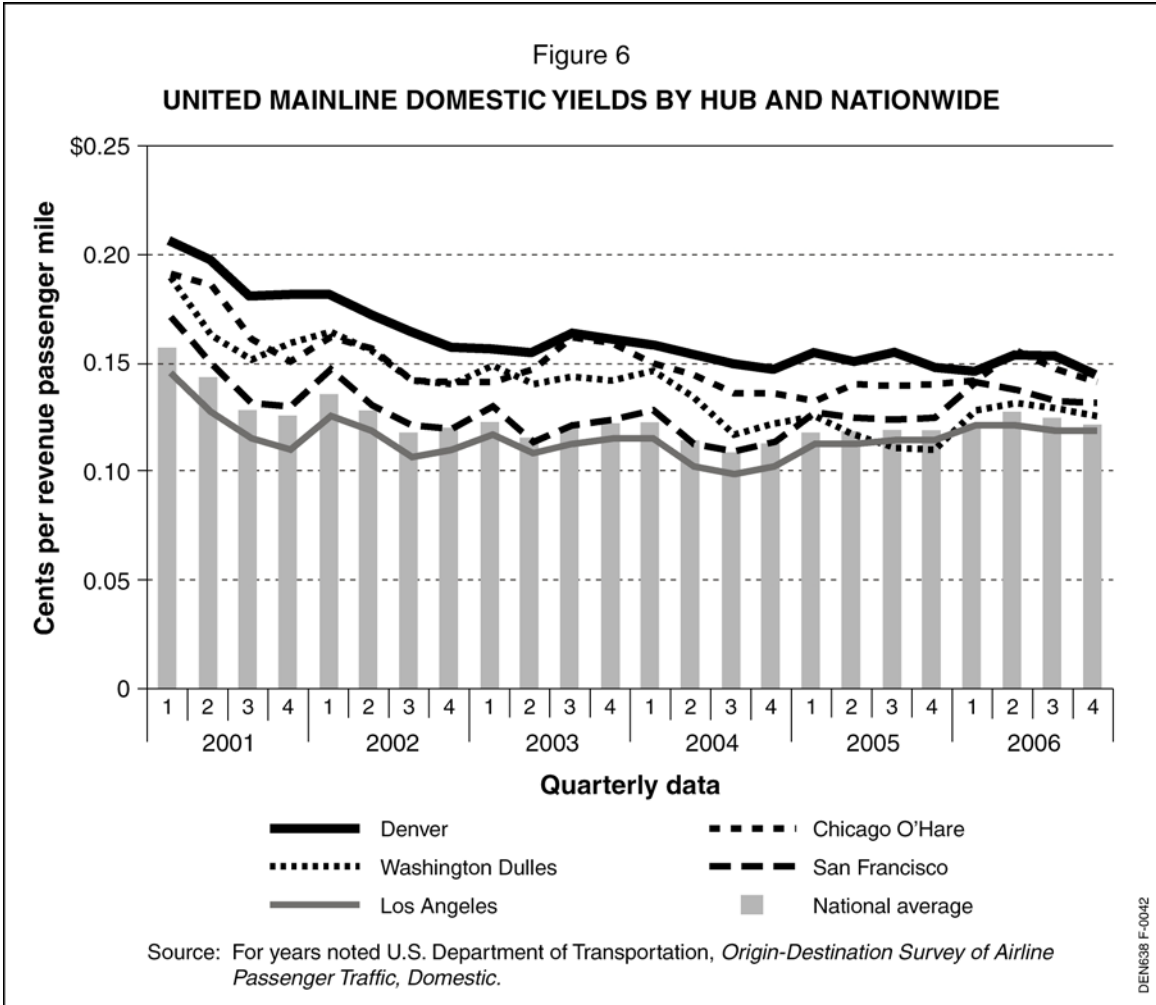
Table 4

**CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP**

United Airlines Group Hub	2006		Average annual increase (decrease) 2002-2006
	Connecting passengers (millions)	Percent of enplaned passengers	
Chicago O'Hare International Airport	11.5	62%	2.5%
<b>Denver International Airport</b>	<b>7.9</b>	<b>59</b>	<b>2.1</b>
Washington Dulles International Airport	3.8	53	11.9
San Francisco International Airport	3.8	45	1.4
Los Angeles International Airport	2.8	42	(0.3)

Sources: Denver International Airport: Airport management records.  
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database.

Figure 6 summarizes comparative United mainline yields (cents per revenue passenger mile) at United's hub airports. As shown, United has generally realized the highest yield at Denver International Airport compared with its yields at its other hub airports since 2001, suggesting that the Airport has a more attractive market relative to the other airports shown. The relatively high historical average yields for United at the Airport (approximately 15% higher than the national average in 2006) are attributable, in part, to the shorter average itinerary length of United flights from the Airport (approximately 5% shorter than United's system average) and, in part, to the status of the Airport as a connecting hub, with United dominating service in many travel markets. Since 2001, average yields for United at the Airport has decreased as the share of low cost carriers have increased, resulting in decreased yields in many markets.



**The Airport's Role in Frontier's System.** The Airport is the only hub in Frontier Airlines' system and accounts for nearly half of its scheduled departing seats. Because Frontier operates only one hub, no airport, other than Denver International Airport, accounts for more than 5% of the airline's total system seats. As a result, Frontier is sensitive to changes in the Denver market, including service and fare competition on its Denver routes. Frontier is also susceptible to adverse weather conditions and other traffic delays in the Rocky Mountain region that may affect it more than other airlines that may be better able to spread the traffic risks over larger route networks. Table 5 presents passenger trends for Frontier and Frontier JetExpress and, in particular, the growth in Frontier's connecting activity at the Airport.

Table 5  
**HISTORICAL ENPLANED PASSENGERS—  
FRONTIER AIRLINES AND FRONTIER JETEXPRESS**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	34.4%	339,122	65.6%	1,526,719	38.7%	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
January – March							
2006	660,421	--%	455,521	--%	1,115,942	--%	40.8%
2007	755,090	14.3	426,213	(6.4)	1,181,303	5.9	36.1
Average annual increase							
1995-2000		34.4%		65.6%		38.7%	
2000-2006		15.3		35.7		21.5	

Source: Airport management records.

From 1995 to 2000, the number of passengers enplaned by Frontier at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the number of passengers enplaned by Frontier has continued to grow—an average increase of 21.5% per year between 2000 and 2006—with connecting passengers accounting for an increasing share of the total (43.2% in 2006). From 2005 to 2006, during the first year of Southwest service at the Airport, the growth in the number of passengers enplaned by Frontier slowed, reflecting the fare and service competition from Southwest beginning in 2006. Frontier’s originating passenger traffic increased 22.3% between 2005 and 2006 as the airline responded to Southwest’s service by decreasing fares; the number of passengers connecting on Frontier through Denver increased, but at a much slower rate than in previous years, as Southwest attracted passengers connecting through Denver to other airports in Southwest’s route system.

The domestic yields for Frontier Airlines (excluding Frontier JetExpress) at the Airport have remained lower than those for United. Since 2002, the differences between Frontier and United yields have varied—from 10% to 16% in any given year. In 2006, the domestic yield for Frontier was 13.7 cents per revenue-passenger-mile, compared with 15.0 cents for United and 12.8 cents in the nation.

Frontier has announced its intention to expand its Denver hub operation and increase connecting traffic by adding other high volume markets to its current route system, introducing and expanding Lynx Aviation, a new subsidiary, and entering into code-sharing agreements and other relationships with other airlines. In September 2006, Frontier formed Lynx Aviation to serve under-served markets in Colorado and in the Rocky Mountain region. Lynx Aviation plans to purchase 10 Q400 turboprop aircraft, each with a seating capacity of 74, to be operated under a separate operating certificate (with the option to purchase 10 additional aircraft). In January 2007, Lynx Aviation submitted its application to provide scheduled air transportation to the U.S. Department of Transportation and obtained conditional approval to sell tickets on June 30, 2007. Lynx Aviation is seeking final approval from the FAA to begin revenue service operations in September 2007, with initial service to three new cities from Denver—Wichita, Rapid City, and Sioux City.

### **Primary Commercial Service Airport in Colorado**

Of the 13 commercial service airports in Colorado, Denver International Airport is the primary commercial service airport, accounting for more than 90% of the passengers enplaned in the State, as shown earlier on Figure 1 and in Table 6. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2006. Approximately 1.0 million passengers were enplaned and 50 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2006, compared to 23.7 million passengers enplaned and 784 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 6  
**COLORADO COMMERCIAL SERVICE AIRPORTS**  
 2006

Colorado airport	Aircraft type providing service to Denver	Enplaned passengers
<b>Denver International</b>	--	<b>23,665,312</b>
Colorado Springs	Large jet/regional jet/turboprop	1,010,308
Eagle County Regional	Large jet/turboprop	216,789
Aspen-Pitkin County	Regional jet/turboprop	200,816
Grand Junction-Walker Field	Regional jet/turboprop	162,877
Durango-La Plata County	Regional jet/turboprop	113,577
Montrose Regional	Turboprop	82,312
Gunnison-Crested Butte Regional	Turboprop	48,065
Fort Collins-Loveland Municipal	None (a)	32,831
Telluride Regional	Turboprop	16,336
San Luis Valley Regional	Turboprop	7,295
Cortez Municipal	Turboprop	9,266
Pueblo Memorial	Turboprop	<u>7,413</u>
Total Colorado airports		25,573,197

(a) Only service provided at this airport is by Allegiant Air to Las Vegas.

Sources: U.S. Department of Transportation, T-100 database domestic; Denver International Airport records, Official Airline Guides, Inc., online database.

### Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. The population densities for the State of Colorado underline the importance of this region, as shown earlier on Figure 1. The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties, as defined by the Metro Denver Economic Development Corporation, a not-for-profit affiliate of the Denver Metro Chamber of Commerce.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as its extensive airline service, have

helped attract the regional and national headquarters of businesses and government agencies to the region.

The following sections present a review of (1) the economic basis for passenger demand, including socioeconomic, local industry, and other factors that contribute to passenger demand at the Airport, (2) the components of passenger demand, including originating and connecting passengers, (3) a review of air cargo activity at the Airport, (4) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (5) forecasts of airline traffic at the Airport through 2013, including enplaned passengers and aircraft landed weight.

## **ECONOMIC BASIS FOR PASSENGER DEMAND**

The Denver Metropolitan Area is the largest business center in, and the transportation hub for, the State of Colorado and the multistate Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2006, the Denver Metropolitan Area accounted for over 55% of Colorado's population and 60% of its employment.

### **Population, Employment, and Per Capita Personal Income**

Figure 7 summarizes historical economic indicators—population, nonagricultural employment, and per capita income—for the Denver Metropolitan Area, the State of Colorado, and the nation from 1995 through 2006. Both the Denver Metropolitan Area and the State of Colorado have experienced significantly higher economic growth than the nation: much of the economic growth in the State was generated in the Denver Metropolitan Area.

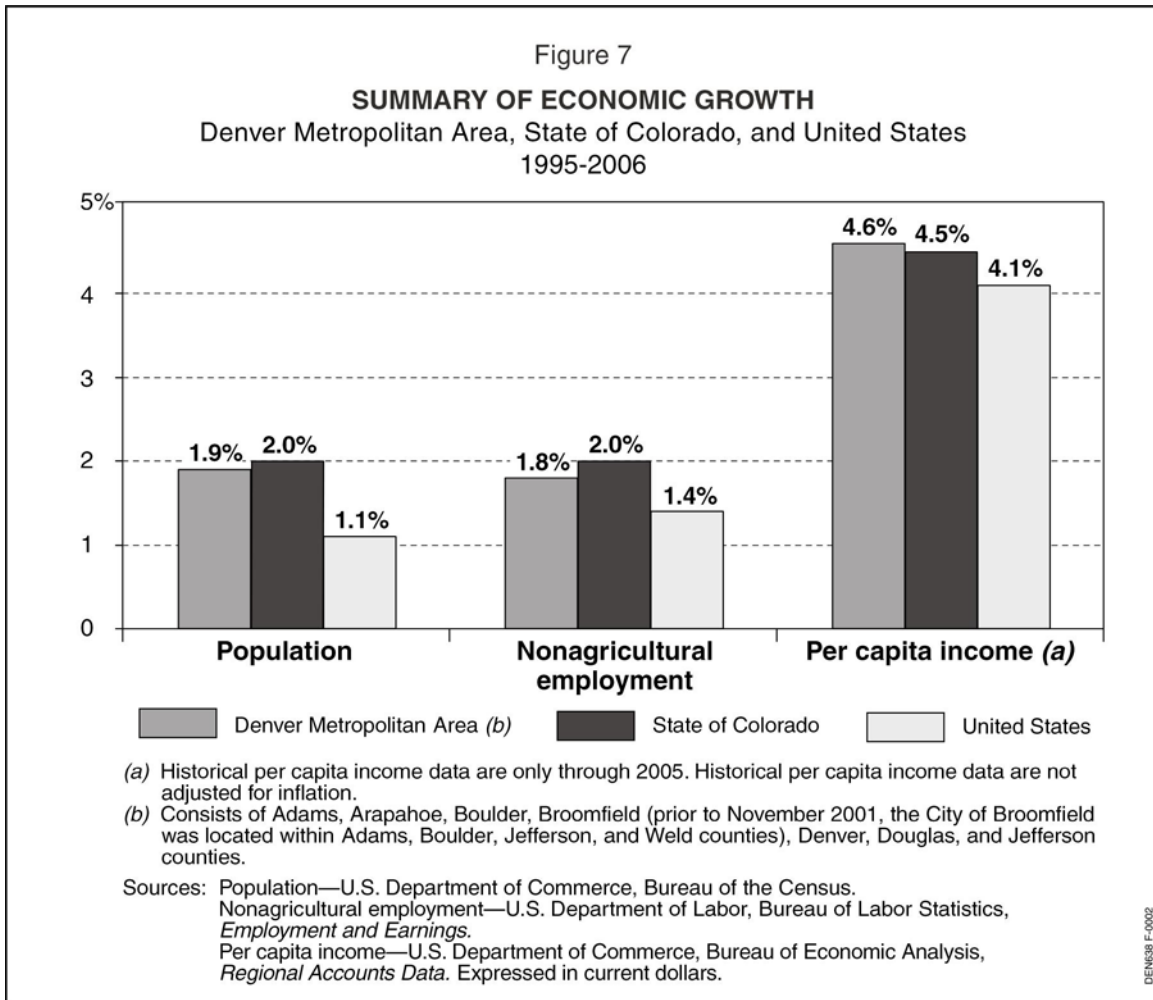


Table 7 presents data on historical and projected economic indicators—population, nonagricultural employment, and per capita personal income—for the Denver Metropolitan Area, the State of Colorado, and the nation. The economic indicators for the Denver Metropolitan Area and the State of Colorado were projected by the Colorado Department of Local Affairs, State Demography Office, the primary State agency for population and demographic information. Population data were projected in association with the Center for Business and Economic Forecasting, a private research firm specializing in Colorado regional economic forecasting, and reflect the interrelationships between demographic and economic change in the State. The economic indicators for the nation are projected by the National Planning Association (NPA), Data Services, Inc.\*

From 1995 to 2006, population in the Denver Metropolitan Area increased an average of 1.9% per year, with slower growth during the last 6 years as the result of decreases in net in-migration and slower economic growth. However, population

\*The National Planning Association is a nationally recognized private firm that analyzes and projects trends by county in the United States.

Table 7  
**HISTORICAL AND PROJECTED SOCIOECONOMIC DATA**  
 Denver Metropolitan Area, State of Colorado, and United States  
 1995-2013

	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita income (c)		
	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1995	2,133	3,827	266,278	1,127	1,834	117,298	\$27,319	\$24,226	\$23,076
2000	2,416	4,327	282,193	1,365	2,214	131,785	37,715	33,371	29,845
2001	2,470	4,427	285,108	1,374	2,227	131,826	39,150	34,493	30,574
2002	2,501	4,498	287,985	1,328	2,184	130,341	39,152	34,027	30,810
2003	2,525	4,548	290,850	1,300	2,153	129,999	39,595	34,528	31,484
2004	2,553	4,602	293,657	1,299	2,180	131,435	41,363	36,113	33,050
2005	2,587	4,665	296,410	1,331	2,226	133,463	42,870	37,510	34,471
2006	2,637	4,753	299,398	1,378	2,279	136,174	n.a.	n.a.	n.a.
Projected, 2013	2,901 (e)	5,357 (e)	317,202(d)	1,582 (e)	2,672 (e)	148,952(d)	\$61,000 (e)	\$56,000 (e)	\$47,000(d)
Average annual percent increase									
Historical									
1995-2000	2.5%	2.5%	1.2%	3.9%	3.8%	2.4%	6.7%	6.6%	5.3%
2000-2006	1.5	1.6	1.0	0.2	0.5	0.5	2.6 (f)	2.4 (f)	2.9 (f)
1995-2006	1.9	2.0	1.1	1.8	2.0	1.4	4.6 (f)	4.5 (f)	4.1 (f)
2005-2006	1.9	1.9	1.0	3.5	2.4	2.0	n.a.	n.a.	n.a.
Projected									
2006-2013	1.4	1.7	0.8	2.0	2.3	1.3	4.5	5.1	4.0

Note: The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Denver, Douglas, and Jefferson counties.

n.a. = Not available.

(a) Historical data from U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov).

(b) Historical data from U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

(c) Historical data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, [www.bea.gov](http://www.bea.gov). Expressed in current dollars.

(d) National Planning Association, Data Services, Inc., *Key Indicators of County Growth, 1970-2025*, 2006 edition, except as noted. Extrapolated by Jacobs Consultancy using the NPA growth rates for 2006 through 2013, except for per capita income, which is projected for 2005 through 2013.

(e) Colorado Division of Local Government, State Demography Office, *The Population Projections Program*, online database, <http://dola.colorado.gov>, as of June 2007. Per capita income is projected for 2005 through 2013.

(f) Represents the percent change through 2005.



growth in the Denver Metropolitan Area outpaced growth in the nation between 1995 and 2006 and is projected to increase an average of 1.4% per year between 2006 and 2013, slower than that in the State (an average of 1.7% per year) and faster than the national average (0.8% per year).

Between 1995 and 2006, nonagricultural employment in the Denver Metropolitan Area increased an average of 1.8% per year, with slower growth during the last 6 years, similar to the trends in population. Nonagricultural employment in Colorado and the nation increased an average of 2.0% and 1.4% per year, respectively, between 1995 and 2006.

Table 8 lists the 20 largest private employers in the Denver Metropolitan Area based on data compiled by Development Research Partners for March 2007.

Table 8			
<b>20 LARGEST PRIVATE EMPLOYERS</b>			
Denver Metropolitan Area			
Rank	Company	Description	Employment (a)
1	King Soopers Inc.	Grocery stores	10,700
2	Wal-Mart	General merchandise	10,000
3	Qwest Communications	Telecommunications	9,400
4	Lockheed Martin Corporation	Aerospace and defense-related	8,200
5	HealthONE	Health care	7,700
6	Safeway Inc.	Grocery stores	6,700
7	Exempla Healthcare	Health care	6,100
8	University of Denver	University	5,900
9	IBM Corporation	Computer systems	5,500
10	Centura Health	Health care	5,200
11	EchoStar Communications	Satellite television	5,000
12	United Airlines	Airline	5,000
13	Kaiser Permanente	Health care	4,800
14	Denver Health & Hospital Authority	Health care	4,500
15	Frontier Airlines	Airline	4,100
16	Ball Corporation	Aerospace, containers	3,800
17	Sun Microsystems	Information technology	3,800
18	Great-West Life & Annuity Insurance Co.	Insurance	3,800
19	University of Colorado Hospital	Health care	3,500
20	United Parcel Service	Parcel delivery	3,500

(a) Rounded to the nearest hundred.

Source: Compiled from various business lists and resources by Development Research Partners Inc., March 2007.

In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Figure 8 shows a comparison of unemployment rates for the Denver Metropolitan Area and the nation in 2000 through 2006.

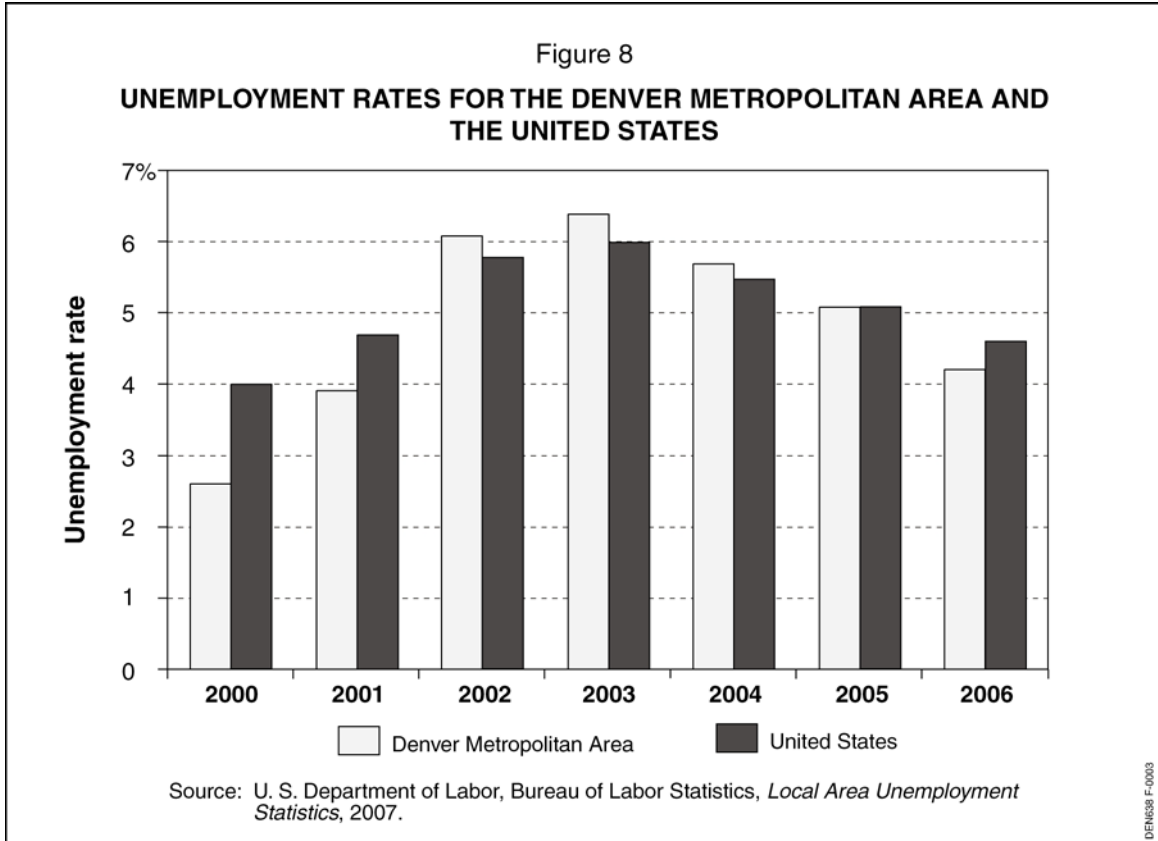
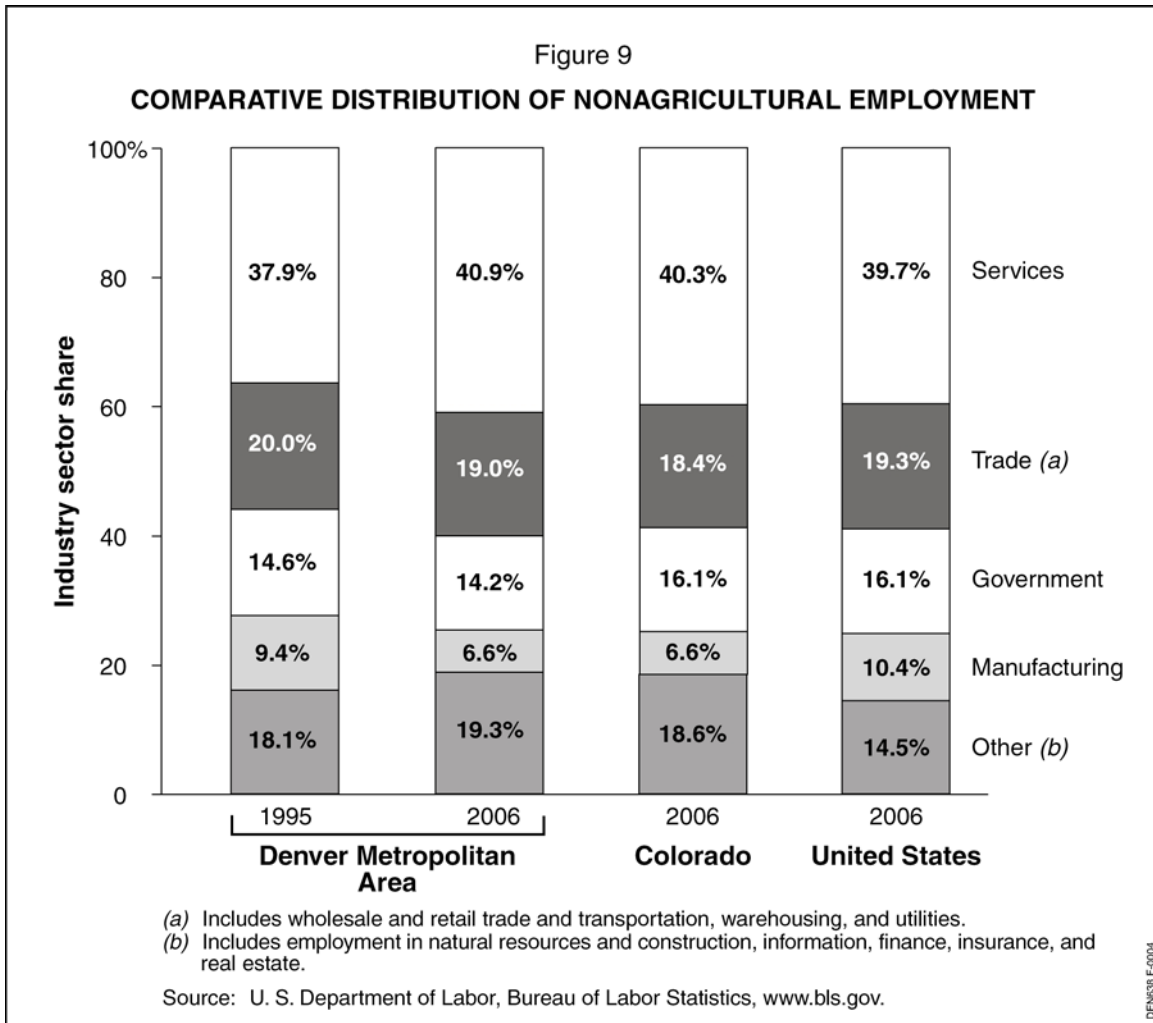
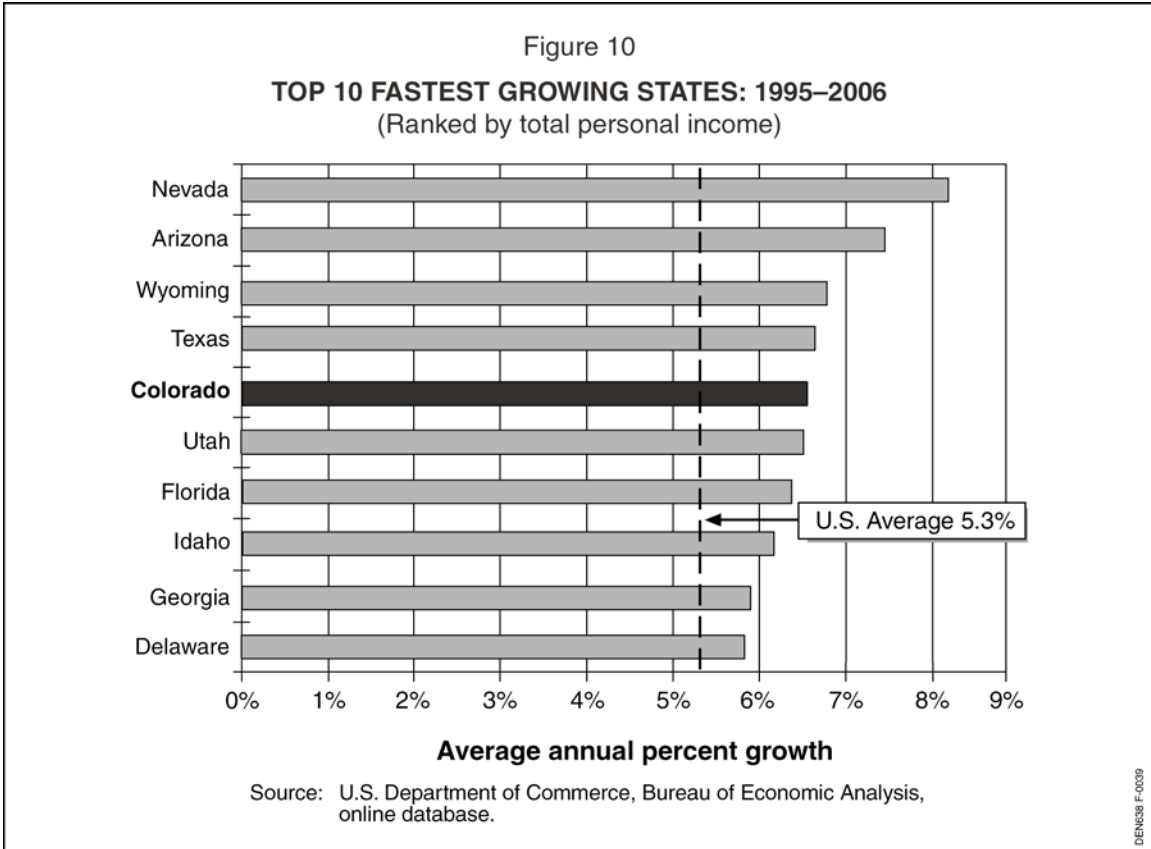


Figure 9 presents a comparison of historical nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and 2006, and for Colorado and the United States in 2006.



Both the Denver Metropolitan Area and Colorado have experienced strong growth in per capita income since 1995—average increases of 4.6% and 4.5%, respectively, between 1995 and 2006. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the State of Colorado was the fifth fastest growing state in the nation in terms of total personal income between 1995 and 2006, as shown on Figure 10. Six of the eight Rocky Mountain region states rank in the top 10.



## Denver Industry Clusters

The Metro Denver Economic Development Corporation (EDC), in association with Development Research Partners, recently conducted a study of Denver’s primary industry clusters, i.e., geographic concentrations of interconnected companies and institutions in a particular field. To further diversify the economic base and grow the overall economy, the EDC identified nine active industry clusters key to the region’s economic strength. For purposes of this discussion, information technology for hardware and for software (two clusters) are combined. (Average salary data by industry cluster are presented for 2005, the most recent year for which such data are available.)

**Aerospace.** The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. According to the EDC, Colorado’s aerospace industry employed 54,000 workers in 2006, including 24,700 private employees and 29,300 military personnel, and accounts for the second strongest private aerospace employment concentration in the country. Total Colorado aerospace employment increased an average of 3.8% per year between 2001 and 2006, compared with a 2.0% per year increase nationally. Colorado is home to four military commands, six major space contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin, Ball Aerospace, Boeing, Raytheon, Northrop Grumman, and

ITT Industries, in addition to more than 300 aerospace companies and suppliers. About 71% of aerospace companies are located in the seven-county Denver Metropolitan Area, according to the EDC. The average salary for an aerospace worker in Colorado in 2005 was \$96,400 compared to the national average of \$77,700.

**Aviation.** The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services. According to the EDC, about 207 aviation companies were located in the Denver Metropolitan Area in 2006, most of which are involved with scheduled air transportation. Between 2001 and 2006, the aviation industry cluster in the Denver Metropolitan Area experienced an average decrease of 1.9% per year in employment, compared with an average decrease of 8.8% per year nationally, reflecting the effects of the 2001 terrorist attacks. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,200 workers directly employed by air transportation companies in the Denver Metropolitan Area. The 2005 average annual salary for aviation employees in the Denver Metropolitan Area was \$42,300 compared to the national average of \$45,300.

**Bioscience.** The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Denver Metropolitan Area has 4,700 biotechnology and pharmaceuticals workers plus 7,300 medical device and instrument production workers, for a total of more than 12,000 total direct bioscience workers. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the \$4.7 billion Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community.

After decreasing in 2002 and 2003, employment in pharmaceuticals and biotechnology increased in 2004 through 2006. From 2001 to 2006, pharmaceuticals and biotechnology employment in the Denver Metropolitan Area increased an average of 1.2% per year, compared with an average decrease of 2.4% per year nationally. About 79% of Colorado's pharmaceuticals and biotechnology industry is located in the Denver Metropolitan Area. In 2005, the average annual salary for a pharmaceuticals and biotechnology worker was \$81,000 in the Denver Metropolitan Area compared to the national average of \$87,300.

Employment in the Denver Metropolitan Area medical device and instruments sector has fluctuated between growth and decline, resulting in a slight 5-year average growth of 0.3% per year, compared with an average increase of 0.1% per year nationally. About 78% of Colorado's medical device and instruments industry is located in the Denver Metropolitan Area. The 2005 average annual salary for a

medical device and instruments worker was \$55,800 in the Denver Metropolitan Area compared to the national average of \$51,500.

**Energy.** The energy industry cluster in the Denver Metropolitan Area included about 22,900 employees in three energy sub-sectors in 2006: (1) fossil energy, (2) renewable energy, and (3) energy research. According to the EDC, the 1,019 companies in the fossil energy industry cluster directly employed 11,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,000 compared to the national average of \$71,200. Employment in fossil energy in the Denver Metropolitan Area declined an average of 3.2% per year between 2001 and 2006—reflecting the reorganization of local utility companies—compared to a 3.6% decline nationally. The 91 companies in the renewable energy industry cluster directly employed 5,600 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$42,000 compared to the national average of \$41,300. Denver Metropolitan Area employment in renewable energy declined an average of 3.1% per year between 2001 and 2006, compared a 4.0% decline nationally. Most companies in the renewable energy industry cluster are public organizations involved in air quality, water quality, and solid waste management. The 803 companies in the energy research sector directly employ 6,300 people in the Denver Metropolitan Area with an average annual 2005 salary of \$65,400 compared to the national average of \$61,200. Employment in the energy research sector in the Denver Metropolitan Area increased an average of 1.7% per year between 2001 and 2006, compared with a 0.1% increase nationally. The majority of energy research companies are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

**Financial Services.** The financial services industry cluster employed a total of 90,000 people in 2006 and is divided into three subsectors: (1) banking and finance, (2) investments, and (3) insurance. The 3,474 companies in the banking and finance sector directly employed 41,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$56,500 compared to the national average of \$54,900. Banking and finance employment in the Denver the Denver Metropolitan Area increased an average of 3.8% from 2001 to 2006, compared with an average decrease of 0.9% per year nationally. The 2,815 companies in the investments sector directly employed 22,900 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$112,700 compared to the national average of \$151,800. Denver Metropolitan Area employment in the investments sector increased an average of 0.9% between 2001 and 2006, compared with a 1.2% per year decline nationally. The insurance industry sector directly employed 26,300 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,200 compared with the national average of \$68,700. Insurance employment in the Denver Metropolitan Area decreased an average of 0.2% per year between 2001 and 2006, compared with a 4.0% per year decline nationally.

**Information Technology (Hardware and Software).** As mentioned earlier, there are two information technology industry clusters: hardware and software. The 288 companies in the hardware industry cluster directly employed 9,700 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$74,500 compared with \$63,700 nationally. According to the EDC, hardware manufacturing companies continue to relocate overseas, resulting in several consecutive years of employment decline. As a result, employment in the hardware industry cluster in the Denver Metropolitan Area decreased an average of 8.5% per year from 2001 to 2006, compared with a 7.1% per year decrease nationally. The 3,434 companies in the software cluster directly employed 44,100 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$82,300 compared with \$79,100 nationally. After decreasing each year following the dot-com downturn (representing an average decrease of 19.8% per year between 2001 and 2006), software employment in the Denver Metropolitan Area increased in 2006.

**Beverage Production.** With 5,500 employees involved in the production of beer and other beverages, the Denver Metropolitan Area has the fourth highest beverage industry employment concentration out of the 50 largest metropolitan areas, according to the EDC. The 2005 average annual salary for beverage production employees in the Denver Metropolitan Area was \$70,400, compared with \$46,100 nationally. Employment in the beverage production industry cluster declined an average of 2.9% per year in the Denver Metropolitan Area from 2001 to 2006, compared with a 1.3% average annual increase nationally. Major beverage production companies in the Denver Metropolitan Area include Molson Coors Brewing Company, Allegro Coffee Company, Celestial Seasonings, and IZZE Beverage Company, among others.

**Broadcasting and Telecommunications.** The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2006, this industry cluster directly employed 43,400 people in the Denver Metropolitan Area, with an average annual salary of \$77,100 compared with \$65,200 nationally. According to the EDC, the telecommunications industry has declined since the dot-com downturn in 2000 and 2001. Employment in the broadcasting and telecommunications industry cluster in the Denver Metropolitan Area declined 5.7% per year from 2001 to 2006, compared with an average decrease of 6.0% per year nationally. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

## Visitors to Denver

Since 1991, the Denver Metro Convention and Visitors Bureau has commissioned an annual in-depth study of the Denver tourism market. This study has been prepared each year by Longwoods International, a research firm that studies North American travel patterns, and coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the Longwoods International study include:

- In 2006, slightly more than half (54%) of Denver's leisure visitors came from the West, consisting of the Mountain, West North Central, and West South Central census divisions. The Northeast contributed 6% of all visitors to Denver in 2006, down from 11% in 2005. Colorado in-state travel to Denver decreased from 15% in 2004 and 13% in 2005 to 12% in 2006.
- Eight out of ten Denver vacationers traveled 500 miles or more, twice the national average. As a result, Denver visitors plan their trips further in advance than most visitors do, and are more likely to fly.
- The number of people combining business and leisure trips increased substantially between 2004 and 2006. One out of three business travelers combined a leisure component on trips in 2006, an increase over the 22% in 2004 and the 31% in 2005 that combined business and leisure.

Table 9 presents a summary of the trends in visitor activity to the Denver Metropolitan Area in 1995 and 2000 through 2006, based on the Longwoods International study as well as the number of conventions and delegates reported by the Denver Metro Convention and Visitors Bureau.

**Business Travel.** In 2006, visitors traveling to Denver on business accounted for 22% of all overnight trips compared with 13% traveling to the State of Colorado, according to the Longwoods International study. Business travelers spent the largest amounts, generating \$96 per person per day, followed by "marketable" leisure visitors,\* who generated \$93 per person per day. Visitors staying with friends and relatives accounted for only \$43 per person per day.

The recent expansion of the Colorado Convention Center has resulted in significant growth in convention activity in Denver. From 2005 to 2006, following the opening of two new hotels, the number of convention delegates increased 17.4%.

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\*Visitors who are not visiting friends or relatives and would, therefore, travel to any destination, but chose to visit Denver.



Table 9  
**VISITOR ACTIVITY**  
 Denver Metropolitan Area

Year	Overnight trips to Denver (millions)			Denver conventions	
	Leisure	Business	Total	Number	Delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
Average annual increase (decrease)					
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2006	4.7	(0.6)	3.4	6.8	3.6
1995-2006	5.2	2.9	4.6	5.0	4.5
2005-2006	15.2	4.0	12.5	37.5	17.4

Source: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted and Denver Metro Convention and Visitors Bureau records.

**Leisure Travel.** Leisure visitors traveling to Denver accounted for most of the overnight trips (78%) and drove the growth trend in overall visitors. From 2005 to 2006, the number of leisure visitors increased 15.2%, reflecting, in part, the availability of new low-fare airline service at the Airport.

Colorado remained the country's top ski destination in 2006, with 23.1% of national overnight ski trips (up from 18.5% in 2005), with the next largest shares accounted for by California (16.1%) and Vermont (6.6%).

## Economic Outlook

As discussed earlier, the economy of the Denver Metropolitan Area, similar to the State and much of the United States, experienced a slowdown between 2000 and 2003. Local economists view the Denver region's economic growth in 2005 and 2006 as the beginning of a positive economic growth trend.

- **Population**—The Colorado Division of Local Government projects that the Denver region's population will increase 1.4% per year between 2006 and 2013, compared to 1.7% per year in the State and, as projected by the National Planning Association, 0.8% per year in the United States as a whole. The Denver Regional Council of Governments projects similar population growth for the Denver Metropolitan Area through 2013—an average increase of 1.5% per year.
- **Nonagricultural employment**—The Colorado Division of Local Government projects that the Denver region's nonagricultural employment will increase 2.0% per year between 2006 and 2013, compared to 2.3% per year in the State and, as projected by the National Planning Association, 1.3% per year in the nation.
- **Per capita income**—The Colorado Division of Local Government projects that per capita income in the Denver region will grow 4.5% per year between 2005 and 2013, compared to 5.1% per year in the State and 4.0% in the United States as a whole between 2005 and 2013.

Economic analysts at the Metro Denver Economic Development Corporation and Development Research Partners project that employment should remain on an upward trend in the region. The EDC's short-term outlook for the Denver Metropolitan Area is for employment growth in all industry sectors (except Information), a strong commercial real estate market, heightened tourism and convention activity, income growth, and increased net migration.\*

Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Denver industry clusters described earlier, (3) continued growth of the leisure and hospitality industry, (4) generally lower labor and living costs compared to those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

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\*Metro Denver Economic Development Corporation and Development Research Partners, *2007 Economic Forecast for Metro Denver*, January 25, 2007.

## PASSENGER DEMAND COMPONENTS

The primary components of passenger demand include (1) the airline service and passenger shares at the Airport, (2) the originating passenger base, and (3) connecting passenger activity and trends.

### Airline Passenger Service and Market Shares

**Airline Service.** Table 10 lists the passenger airlines scheduled to provide service at the Airport in August 2007. In addition, several all-cargo airlines, including ABX Air, Air Transport International, Ameriflight, Antonov Airlines, DHL, FedEx, Key Lime Air, Kitty Hawk Air Cargo, and UPS Air Cargo provide service at the Airport.

Table 10  
**SCHEDULED PASSENGER AIRLINES SERVING DENVER**  
August 2007

<i>Major/national</i>	<i>Regional/commuter</i>
AirTran Airways	Big Sky Airlines
Alaska Airlines	Comair (Delta Connection)
American Airlines	ExpressJet (Continental Express)
Continental Airlines	GoJet Airlines (United Express)
Delta Air Lines	Great Lakes Aviation
Frontier Airlines	Horizon Air (Alaska Airlines and Frontier JetExpress)
JetBlue Airways	Mesa Airlines (US Airways Express and United Express)
Midwest Airlines	Pinnacle Airlines (Northwest AirlinK)
Northwest Airlines	Republic Airlines (Frontier JetExpress)
Southwest Airlines	Shuttle America (United Express)
United Airlines	SkyWest Airlines (Delta Connection and United Express)
United/Ted	Trans States Airlines (American Connection and United Express)
US Airways	
<i>Charter</i>	<i>Foreign-flag</i>
Allegiant Air	Aeromexico
Casino Express Airlines	Air Canada
Champion Air	British Airways
Miami Air International	Lufthansa German Airlines
Sun Country Airlines	Mexicana de Aviacion

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Source: Airport management records.

**Enplaned Passenger Market Shares.** The market shares for the passenger airlines serving the Airport are shown on Figure 11 and in Table 11. During the first 3 months of 2007, the United Airlines Group had the largest market share of enplaned passengers (56.0%) at the Airport, followed by Frontier and its regional/commuter airline affiliate Frontier JetExpress (20.2%), Southwest (4.8%), and American (4.1%).

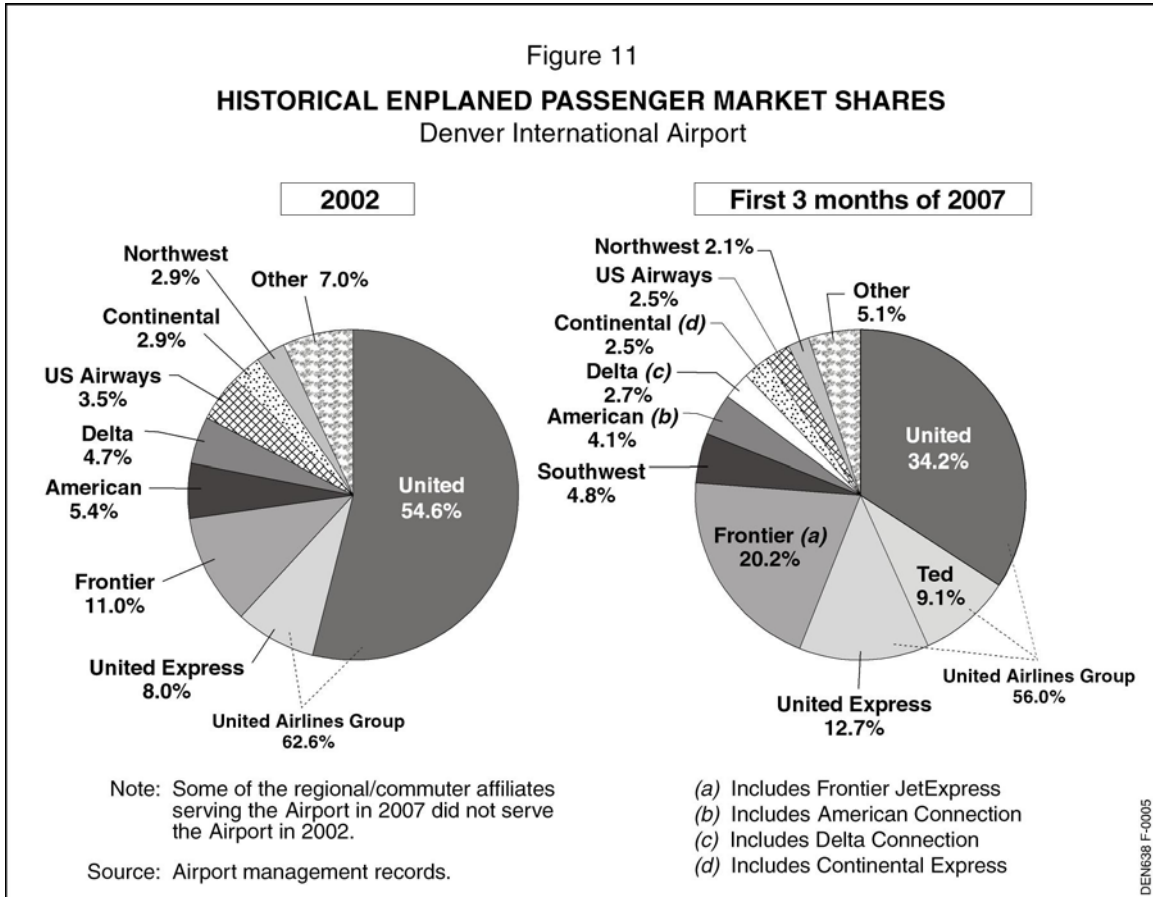


Table 11  
**HISTORICAL ENPLANED PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	9,731,974	9,574,689	8,802,367	7,774,627	8,364,574	1,994,194
Ted (a)	--	--	1,339,764	1,689,891	2,011,441	530,550
United Express (b)	<u>1,430,504</u>	<u>1,720,720</u>	<u>2,336,735</u>	<u>2,776,020</u>	<u>2,971,301</u>	<u>740,384</u>
	11,162,478	11,295,409	12,478,866	12,240,538	13,347,316	3,265,128
Frontier (c)	1,959,761	2,729,240	3,520,991	4,217,059	4,904,231	1,181,303
Southwest (d)	--	--	--	--	789,637	281,345
American (e)	968,895	885,771	795,882	886,533	973,233	240,290
Delta (e)	831,380	788,924	879,754	806,437	663,890	159,758
Continental (e)	524,913	517,149	505,784	534,696	553,301	142,920
US Airways (e, f)	634,877	716,813	797,093	821,455	654,457	143,613
Northwest	524,870	517,022	604,827	615,479	488,406	122,940
Other	<u>1,222,390</u>	<u>1,310,607</u>	<u>1,560,884</u>	<u>1,579,778</u>	<u>1,290,841</u>	<u>295,588</u>
	<u>6,667,086</u>	<u>7,465,526</u>	<u>8,665,215</u>	<u>9,461,437</u>	<u>10,317,996</u>	<u>2,567,757</u>
Total	17,829,564	18,760,935	21,144,081	21,701,975	23,665,312	5,832,885
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.2%
Ted (a)	--	--	6.3	7.8	8.5	9.1
United Express (b)	<u>8.0</u>	<u>9.2</u>	<u>11.1</u>	<u>12.8</u>	<u>12.6</u>	<u>12.7</u>
	62.6%	60.2%	59.0%	56.4%	56.4%	56.0%
Frontier (c)	10.9%	14.5%	16.7%	19.4%	20.7%	20.2%
Southwest (d)	--	--	--	--	3.3	4.8
American (e)	5.4	4.7	3.8	4.1	4.1	4.1
Delta (e)	4.7	4.2	4.2	3.7	2.8	2.7
Continental (e)	2.9	2.8	2.4	2.5	2.3	2.5
US Airways (e, f)	3.5	3.9	3.8	3.8	2.8	2.5
Northwest	2.9	2.8	2.8	2.8	2.1	2.1
Other	<u>7.1</u>	<u>6.9</u>	<u>7.3</u>	<u>7.3</u>	<u>5.5</u>	<u>5.1</u>
	<u>37.4%</u>	<u>39.8%</u>	<u>41.0%</u>	<u>43.6%</u>	<u>43.6%</u>	<u>44.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2006; SkyWest Airlines from 2002 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers on the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

Consistent with its market share of enplaned passengers, United Airlines Group provides the most scheduled departing seats at the Airport and serves more destinations from the Airport than any other airline, including all of the top 20 origin-destination markets (additional information on these markets is shown later in Table 15). United Airlines is scheduled to provide more than twice as many scheduled departing seats as the second busiest airline serving the Airport, Frontier Airlines, in August 2007.

The share of Airport passengers enplaned by the United Airlines Group decreased from 62.6% in 2002 to 56.4% in 2006, primarily as a result of increased competition from other airlines serving the Airport, in particular Frontier Airlines, which serves the second largest number of destinations, including 19 of the Airport's top 20 origin-destination markets. Frontier Airlines increased its market share of Airport enplaned passengers from 10.9% in 2002 to 20.7% in 2006.

Southwest Airlines initiated service at the Airport in January 2006, and enplaned 4.8% of total Airport enplaned passengers in the first 3 months of 2007, up from 3.3% in 2006. In 2006, the United Airlines Group maintained its 2005 market share of enplaned passengers and Frontier Airlines (including Frontier JetExpress) increased its enplaned passenger market share, likely as a result of their competitive response to the new low-fare service offered by Southwest Airlines. Conversely, certain airlines, including Delta Air Lines, Northwest Airlines, and US Airways, had lower enplaned passenger market shares in 2006 compared with 2005, likely as a result of increased competition from other airlines.

Another significant trend at the Airport since 2002 has been the increased enplaned passenger market shares of the regional/commuter airlines. The combined market share of enplaned passengers for United Express and Frontier JetExpress (which initiated service in 2002) increased from 8.5% in 2002 to 14.6% in 2006. Since 1997, United Express has increased service at the Airport to replace United Airlines' service in certain smaller markets and to accommodate general increases in airline travel. According to Official Airline Guides, Inc., in August 2007, United will have marketing and code-sharing agreements with GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines, which operate at the Airport as United Express. Frontier Airlines uses Frontier JetExpress, operated by Horizon Air and Republic Airlines, to serve certain cities from the Airport.

Table 12  
**HISTORICAL ORIGINATING PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	3,600,830	3,542,634	3,415,506	3,349,934	3,613,737	925,469
Ted (a)	--	--	535,420	801,896	965,617	253,613
United Express (b)	<u>306,200</u>	<u>449,169</u>	<u>538,639</u>	<u>679,006</u>	<u>881,718</u>	<u>227,560</u>
	3,907,030	3,991,803	4,489,565	4,830,836	5,461,072	1,406,652
Frontier (c)	1,259,053	1,799,766	2,090,471	2,277,628	2,785,288	755,060
Southwest (d)	--	--	--	--	773,348	266,157
American (e)	968,278	882,078	795,882	886,533	973,233	240,290
Delta (e)	790,282	752,484	840,190	769,517	635,336	150,996
Continental (e)	515,153	505,450	495,376	524,207	537,394	137,551
US Airways (e, f)	634,877	709,741	789,463	769,854	617,333	135,994
Northwest (e)	524,870	517,022	604,827	624,114	488,406	122,940
Other	<u>1,044,735</u>	<u>1,107,126</u>	<u>1,289,442</u>	<u>1,301,133</u>	<u>977,876</u>	<u>221,926</u>
	<u>5,737,248</u>	<u>6,273,667</u>	<u>6,905,651</u>	<u>7,152,986</u>	<u>7,788,214</u>	<u>2,030,914</u>
Total	9,644,278	10,265,470	11,395,216	11,983,822	13,249,286	3,437,556
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	37.3%	34.5%	30.0%	28.0%	27.3%	26.9%
Ted (a)	--	--	4.7	6.7	7.3	7.4
United Express (b)	<u>3.2</u>	<u>4.4</u>	<u>4.7</u>	<u>5.7</u>	<u>6.6</u>	<u>6.6</u>
	40.5%	38.9%	39.4%	40.4%	41.2%	40.9%
Frontier (c)	13.1%	17.5%	18.3%	19.0%	21.0%	22.1%
Southwest (d)	--	--	--	--	5.8	7.7
American (e)	10.0	8.6	7.0	7.4	7.3	7.0
Delta (e)	8.2	7.3	7.4	6.4	4.8	4.4
Continental (e)	5.3	4.9	4.3	4.4	4.1	4.0
US Airways (e, f)	6.6	6.9	7.0	6.4	4.7	3.9
Northwest (e)	5.4	5.0	5.3	5.2	3.7	3.6
Other	<u>10.8</u>	<u>10.8</u>	<u>11.3</u>	<u>10.8</u>	<u>7.4</u>	<u>6.4</u>
	<u>59.5%</u>	<u>61.1%</u>	<u>60.6%</u>	<u>59.6%</u>	<u>58.8%</u>	<u>59.1%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2007; SkyWest Airlines from 2000 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress beginning in 2002.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers of the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

**Originating Passenger Market Shares.** Originating passengers account for more than half of all passengers enplaned at the Airport. The level of originating passengers is a function of the population, strong local economy, and the service provided by the airlines at the Airport. Since 2002, the United Airlines Group has accounted for approximately 40% of all originating passengers, with increasing shares by Ted and the United Express carriers, as shown in Table 12. The large numbers of originating passengers enplaned by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

Frontier's share of originating passengers has increased since 2002 with the continued development of its service at the Airport. From 2002 to 2006, Frontier's numbers of originating passengers more than doubled, while its share of originating passengers increased from 13.1% to 21.0%.

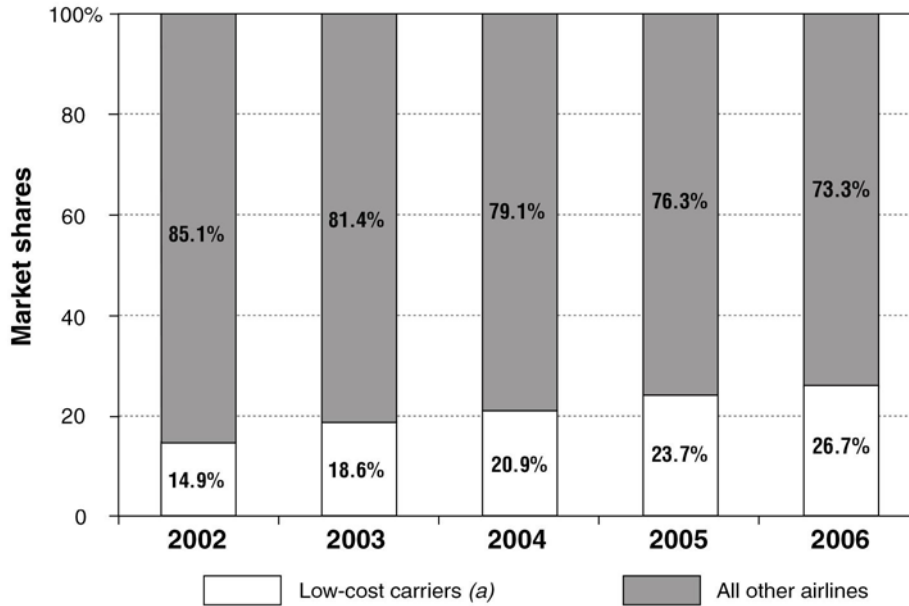
**Low-Cost Carrier Market Shares.** A major trend at the Airport since 2001 has been the increased enplaned passenger market share of the low-cost carriers. As shown on Figure 12, the share of passengers enplaned by low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% in 2006. Frontier increased its share of enplaned passengers at the Airport from 10.9% in 2002 to 20.7% in 2006. This trend is similar to the national trend: the national market share of the low-cost carriers increased from 24% in 2002 to 27% in 2006 according to the U.S. Department of Transportation (DOT) T-100 database.

Although the U.S. DOT does not classify Ted as a low-cost carrier, it is marketed by United Airlines as a "low-fare" airline. Adding the market share of enplaned passengers on Ted to the market share of the low-cost carriers shown on Figure 12 would result in a low-cost/low-fare airline market share of about 35.2% in 2006.



Figure 12

**LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS**  
Denver International Airport



(a) Low-cost carriers include:

AirTran Airways

America West Airlines (b)

America West Express (b)

ATA Airlines (terminated service Jan. 2006)

Frontier Airlines

Frontier JetExpress

JetBlue Airways (initiated service January 2001)

Southwest Airlines (initiated service January 2006)

Spirit Airlines (operated between 2002 and 2004)

Vanguard Airlines (terminated service July 2002)

(b) In September 2005, America West Airlines and America West Express merged with US Airways. Data for America West Airlines and America West Express are reported separately from US Airways data and these airlines are considered to be low-cost carriers. Enplaned passengers on US Airways who did not fly on America West Airlines or America West Express are not included in the results shown above.

Source: Airport management records.

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## Enplaned Passengers

Table 13 summarizes historical enplaned passenger data for the Airport\* organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.9% per year between 1995 and 2006, and increased 4.7% during the first 3 months of 2007 compared with the same period of 2006. The number of originating and connecting passengers increased an average of 3.4% and 4.5%, respectively, between 1995 and 2006. In the first 3 months of 2007, the number of originating passengers increased 7.3% and the number of connecting passengers increased 1.3% compared with the same period of 2006.

\*Includes activity for Stapleton in January and February 1995.

Table 13  
**HISTORICAL ENPLANED PASSENGERS**  
 Denver Airport System

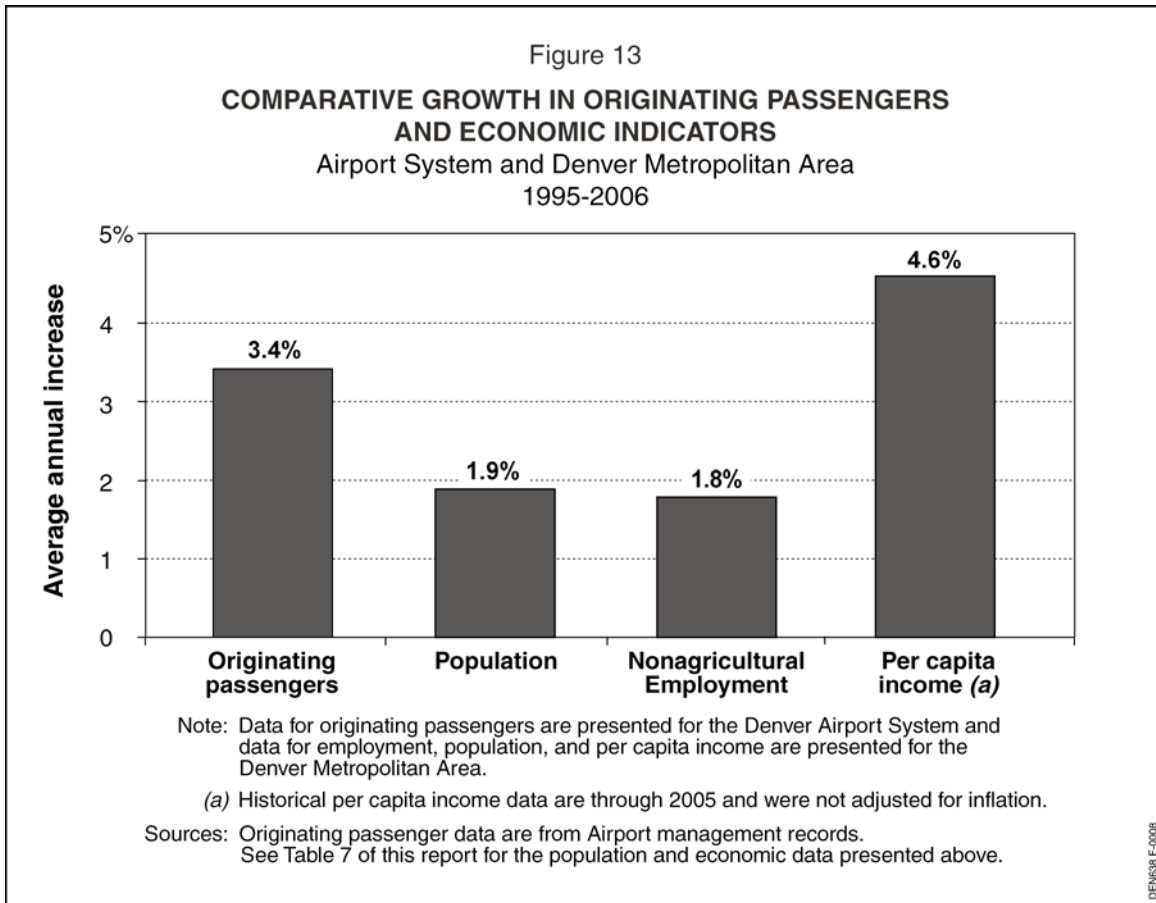
Year	Enplaned passengers			Annual percentage increase (decrease)	Originating passenger share of total
	Originating	Connecting	Total		
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	4.4	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
January – March					
2006	3,203,934	2,365,532	5,569,466	--	57.5
2007	3,437,556	2,395,329	5,832,885	4.7	58.9
Average annual increase					
1995-2000	3.7%	5.5%	4.4%		
2000-2006	3.2	3.6	3.4		
1995-2006	3.4	4.4	3.9		
January – March					
2006-2007	7.3	1.3	4.7		

Source: Airport management records.

### Originating Passengers

The increase in the number of originating passengers\* at the Airport since 1995 has largely resulted from overall population, employment, and income growth in the Denver Metropolitan Area, as discussed in the earlier section “Economic Basis for Passenger Demand.” Figure 13 presents the average annual increase in originating passengers at the Airport compared with the average annual increases in the population, nonagricultural employment, and per capita income in the Denver Metropolitan Area from 1995 through 2006 (per capita income through 2005). Between 1995 and 2006, the number of originating passengers increased an average of 3.4% per year—a higher rate than the average increase in population and

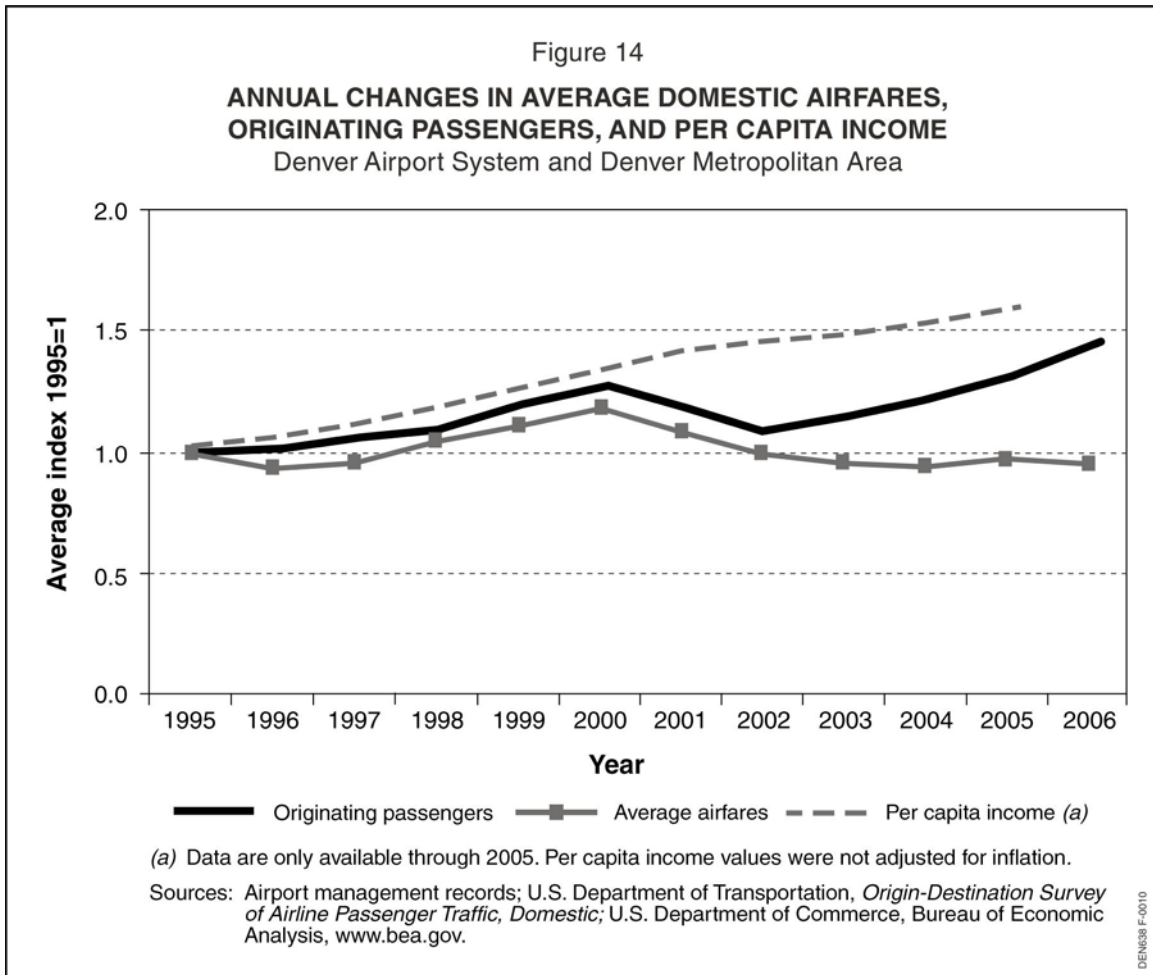
\*Originating passengers, which include residents and visitors, are those enplaned passengers whose flights originate at the Airport, and who are not connecting from another flight.



nonagricultural employment, 1.9% and 1.8%, respectively. The number of originating passengers increased an average of 8.9% per year between 2003 and 2006, which was significantly higher than the average annual increase in the number of originating passengers at the Airport between 1995 and 2006 (3.4%), as a result of, but not solely attributable to, lower airfares.

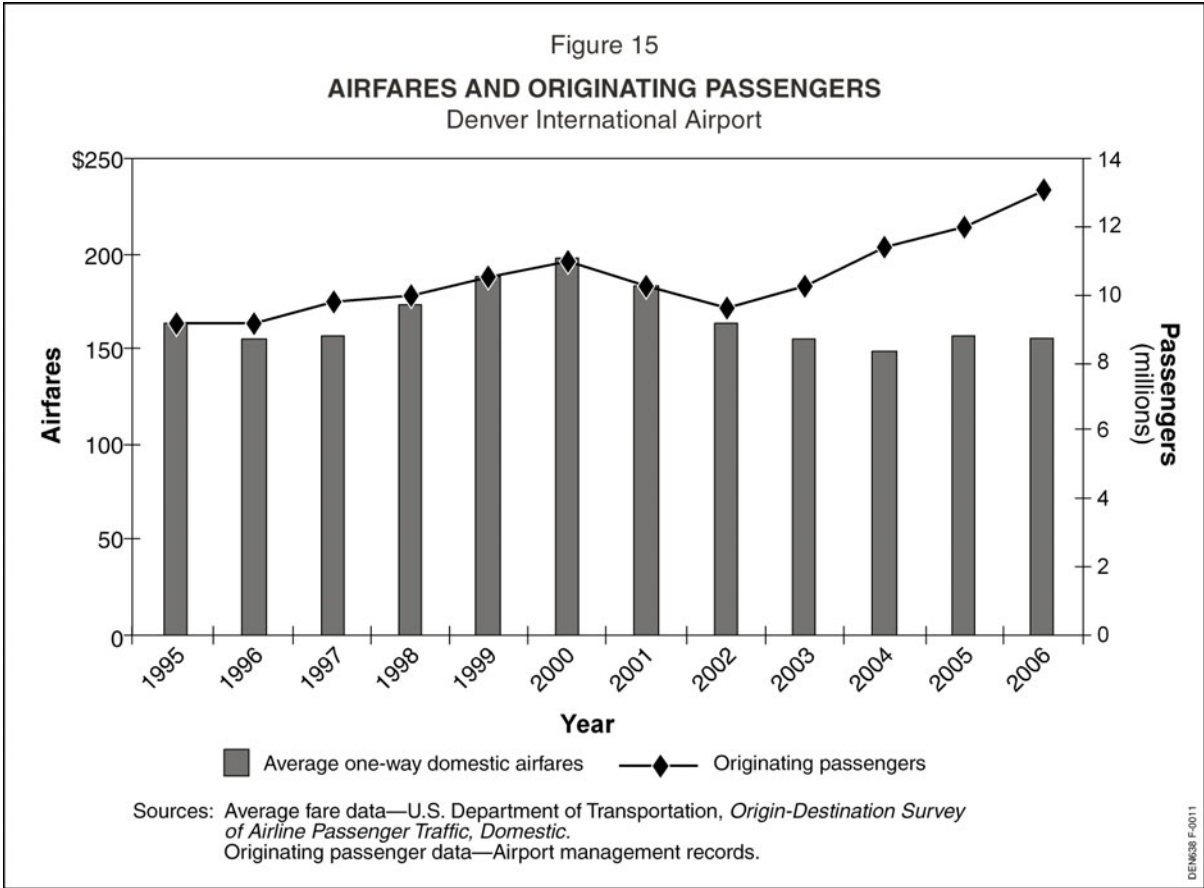
**Relationship between Originating Passengers, Airfares, and Per Capita Income.** Figure 14 shows the relationship between changes in the number of originating passengers, average domestic airfares, and per capita income between 1995 and 2006, using an index where 1995 equals 1.0 for all data. All dollar amounts in this report, such as per capita income and airfares, are in nominal values and were not adjusted for inflation. Observations on the relationships between originating passengers, airfares, and per capita income are provided below.

1. Between 1995 and 2000, the number of originating passengers increased in response to strong economic growth reflected in increasing per capita income, notwithstanding increases in average airfares.

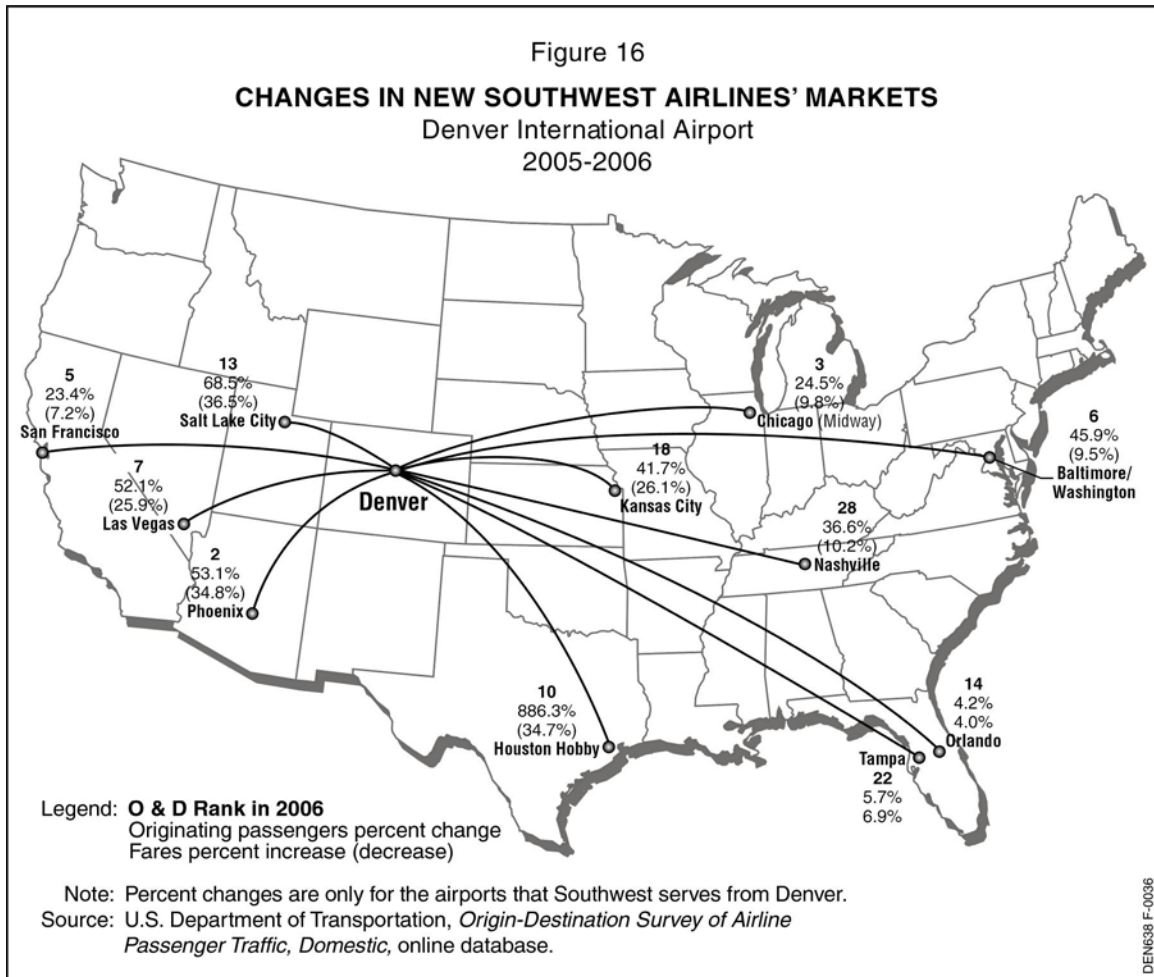


2. Between 2000 and 2002, the numbers of originating passengers decreased in response to the September 2001 terrorist attacks and slower economic growth, while per capita income levels moderated and average airfares decreased.
3. From 2002 to 2006, originating passenger traffic growth resumed, likely the result of the resumption of airline travel following the terrorist attacks in 2001, continued increases in per capita income, albeit at a slower rate, and slight decreases in average airfares.

**Airline Fares and Originating Passengers.** Figure 15 provides a specific comparison of changes in average domestic airfares and numbers of originating passengers at the Airport in 1995 through 2006. As stated earlier, the market share of the low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% (excluding Ted) in 2006, which is one reason for the decrease in airfares at the Airport over that period. In 2005, airline fares at the Airport increased slightly in response to the rising cost of jet fuel. This was followed by another slight decrease in 2006.



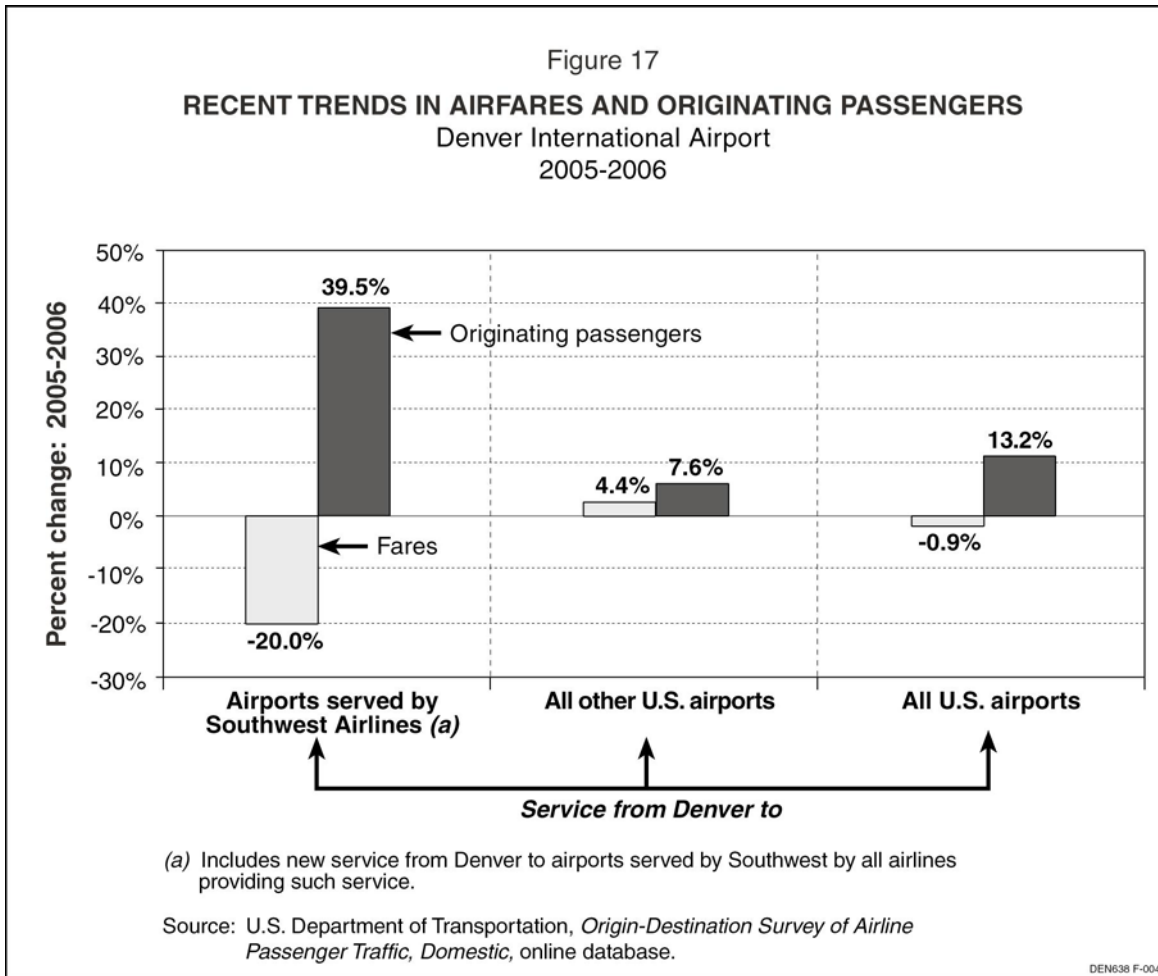
**Southwest Service at Denver.** From 1983 to 1986, Southwest served Stapleton with flights to Albuquerque and Phoenix. In January 2006, 20 years later, Southwest re-established service in Denver, with 13 daily departures from the Airport to 3 cities—Chicago (Midway), Las Vegas, and Phoenix. Since then, Southwest has added nonstop service to 8 additional destinations, for a total of 11 cities served from Denver in June 2007. As shown on Figure 16, the central geographical location of Denver provides Southwest with point-to-point access to all of the 63 airports it serves.



Since Southwest initiated service at the Airport, the number of originating passengers from Denver to the airports served by Southwest has increased 39.5%, as shown on Figure 17. During the first year of Southwest service at Denver, the change in originating passengers at individual airports varied depending on the characteristics of the market served (business or leisure) and the level of competition and service. For example, during the first year of Southwest service, the largest increase in originating passengers from Denver was to Houston (Hobby)—the 10th largest origin-destination (O&D) market (an increase of 886.3%). Prior to the initiation of Southwest service, nonstop service to Houston was provided only to Bush Intercontinental Airport/Houston, where the airfares were significantly higher before Southwest service was initiated in Denver. In contrast, originating passenger traffic from Denver to two predominantly leisure markets—Orlando and Tampa—increased 4.2% and 5.7%, respectively, following the initiation of service at the Airport by Southwest, notwithstanding increases in fares in both markets.

As shown on Figure 17, the initiation of service at the Airport by Southwest in January 2006 had affected fares and numbers of originating passengers at the Airport. The data presented in Figure 17 are from the U.S. Department of Transportation Origin-Destination Survey, a 10% sample of all tickets issued on

scheduled U.S. airlines, and are the only available data on fares and originating passengers by city-pair market. It is important to note that the percent differences in originating passengers on Figure 17 differ from those presented earlier in Table 13, which are based on Airport management records. Between 2005 and 2006, the number of originating passengers from Denver to Southwest airports increased 39.5%, in response to a 20.0% decrease in airfares.



Originating passenger traffic from Denver to all other U.S. airports (not served by Southwest) also increased—by 7.6%—despite a 4.4% increase in fares to those markets; again, this growth reflects the strength of the local economy. According to U.S. DOT data, the number of originating passengers from Denver to all U.S. airports increased 13.2% in 2006, partly in response to an overall decrease of 0.9% in total airline fares, but in large part due to the continued strong economic growth in the Denver Metropolitan Area.

**Origin-Destination Passenger Markets.** Table 14 presents the Airport's top 20 domestic origin-destination passenger markets in 2006. Table 14 also shows the number of average daily nonstop enplaned seats from the Airport to each of the top markets scheduled for August 2007. Of the 85,537 scheduled daily nonstop seats from the Airport, 65.5% are to the top 20 markets listed. U.S. mainland airports scheduled to be served nonstop from the Airport in August 2007 are shown on Figure 18. The Airport serves both (1) a significant number of regional destinations, indicating that it is a successful regional hub serving markets that have strong ties to the Denver Metropolitan Area, and (2) a significant number of major national markets.

**Airline Service to Originating Passenger Markets.** Table 15 presents the percentage shares of average daily scheduled departing seats to the Airport's top 20 origin-destination markets and to all other cities. Given the range in the size of aircraft operating at the Airport, the number of scheduled departing seats is more representative of airline service than the number of scheduled airline aircraft departures.

Frontier serves 19 of the top 20 origin-destination markets (the United Airlines Group serves all 20), with Frontier's largest shares of seats to San Diego, Kansas City, and Salt Lake City (non-United hubs) and the smallest shares to Washington, D.C. (a United hub), New York, and Houston (a Continental Airlines hub). Frontier's route strategy includes the addition of flights to new markets that the airline believes are underserved in Colorado and elsewhere in the Rocky Mountain region with the expansion of its JetExpress operation and the anticipated addition of the Bombardier Q400 turboprop aircraft through its Lynx Aviation subsidiary\*. In 2007, Frontier added service to two new markets not served by any other carrier from Denver—Baton Rouge and Jacksonville. The addition of new markets served by Frontier from Denver is expected to contribute to the airline's traffic growth and to overall growth in numbers of enplaned passengers at the Airport.

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\*Frontier Airlines, Form 10-K, March 31, 2007.



Table 14

**TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE**Denver International Airport  
2006, except as noted

Rank	Origin-destination market	Air miles from Denver	Percent of originating airline passengers	Average scheduled daily nonstop enplaned seats August 2007
1	Los Angeles (a)	862	6.8%	5,506
2	Phoenix	602	5.3	3,291
3	Chicago (b)	888	5.2	4,543
4	New York (c)	1,605	4.9	2,926
5	San Francisco (d)	967	4.8	5,019
6	Washington D.C. (e)	1,452	4.7	3,329
7	Las Vegas	629	4.6	3,178
8	Dallas-Fort Worth (f)	641	3.1	3,340
9	Minneapolis-St. Paul	680	2.8	2,371
10	Houston (g)	861	2.6	2,434
11	Seattle-Tacoma	1,024	2.6	2,397
12	Atlanta	1,199	2.5	2,700
13	Salt Lake City	391	2.3	2,281
14	Orlando	1,545	2.1	1,294
15	Boston	1,754	2.1	1,180
16	San Diego	853	2.1	1,507
17	Miami (h)	1,557	1.9	822
18	Kansas City	532	1.8	2,149
19	Philadelphia	1,552	1.7	1,144
20	Portland	992	1.6	1,808
	Cities listed		65.5%	53,219
	Other cities		34.5	32,318
	All cities		100.0%	85,537

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

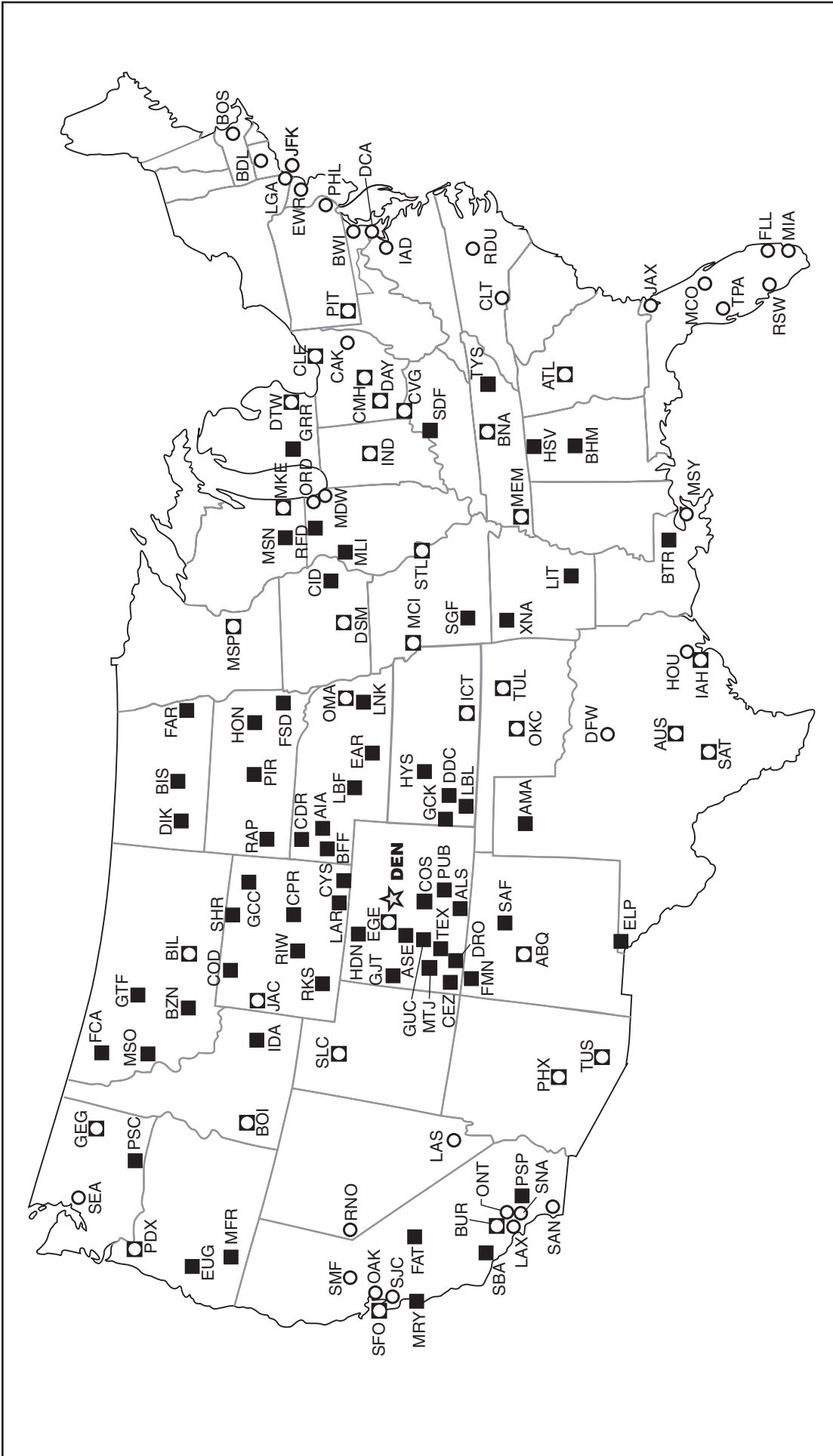
(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for 2006.

Departures: Official Airline Guides, Inc. online database, for August 2007, for domestic destinations.



**LEGEND**

- Air carrier service
- Regional airline service
- ◻ Air carrier and regional service

Note: Air carrier service includes all jet service by aircraft with over 90 seats. Destinations listed have at least one scheduled daily departure on the type of aircraft noted.

Source: Official Airline Guides, Inc., online database for August 2007.

Figure 18  
**U.S. MAINLAND AIRPORTS SCHEDULED TO BE SERVED DAILY  
 NONSTOP FROM DENVER INTERNATIONAL AIRPORT, AUGUST 2007**  
 Denver International Airport  
 July 2007



Table 15  
**DAILY DEPARTING SEATS TO THE TOP 20 ORIGIN-DESTINATION PASSENGER MARKETS**  
 Denver International Airport  
 August 2007

		Percent of average scheduled daily seats								
Rank	Origin-destination market	United Airlines Group			Frontier	Frontier		Southwest	Other	Total
		United mainline	Ted	United Express		JetExpress				
1	Los Angeles ( <i>a</i> )	48.4%	12.5%	3.4%	25.0%	--%	--%	10.8%	100.0%	
2	Phoenix	--	31.8	--	22.4	--	23.1	22.7	100.0	
3	Chicago ( <i>b</i> )	48.0	--	--	16.7	--	16.5	18.8	100.0	
4	New York ( <i>c</i> )	50.0	--	--	13.3	--	--	36.7	100.0	
5	San Francisco ( <i>d</i> )	61.2	--	--	26.0	0.6	12.2	--	100.0	
6	Washington, D.C. ( <i>e</i> )	75.6	--	--	12.4	--	12.0	--	100.0	
7	Las Vegas	--	41.0	--	28.6	--	29.3	1.1	100.0	
8	Dallas-Fort Worth ( <i>f</i> )	24.3	--	--	25.4	--	--	50.3	100.0	
9	Minneapolis-St. Paul	26.2	--	3.2	24.1	--	--	46.5	100.0	
10	Houston ( <i>g</i> )	13.6	--	5.7	14.2	--	15.4	51.0	100.0	
11	Seattle-Tacoma	48.8	--	--	24.7	--	--	26.5	100.0	
12	Atlanta	4.5	--	4.8	19.9	--	--	70.8	100.0	
13	Salt Lake City	15.6	--	7.3	33.4	--	21.6	22.1	100.0	
14	Orlando	--	58.7	--	21.3	--	20.0	--	100.0	
15	Boston	87.2	--	--	--	--	--	12.8	100.0	
16	San Diego	51.5	--	--	48.5	--	--	--	100.0	
17	Miami ( <i>h</i> )	--	65.1	--	16.4	--	--	18.4	100.0	
18	Kansas City	33.5	--	5.2	35.5	--	25.9	--	100.0	
19	Philadelphia	36.3	--	--	23.1	--	--	40.6	100.0	
20	Portland	50.0	--	--	31.2	--	--	18.8	100.0	
	Cities listed	36.1%	8.1%	1.5%	23.1%	0.1%	9.6%	21.6%	100.0%	
	All cities	31.4%	6.7%	12.4%	21.1%	2.6%	6.0%	19.9%	100.0%	

Note: Rows may not add to totals shown because of rounding.

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Source: Official Airline Guides, Inc., online database, for August 2007.

Between January 2006 and August 2007, Southwest added service from Denver to 11 cities—2 markets are Frontier’s largest markets at the Airport, as mentioned above (Kansas City and Salt Lake City), 3 are existing Ted markets also served by Frontier and are large leisure markets where Southwest has a significant presence (Las Vegas, Phoenix, and Orlando), 4 are multi-airport markets where Southwest has a significant presence at a secondary airport (Chicago, San Francisco, Washington, D.C., and Houston), and the remaining 2 markets—Tampa and Nashville—are not in the Airport’s top 20 markets, but are also served by Frontier and United. Southwest recently announced plans to add service from Denver to five new markets during the fourth quarter of 2007—Albuquerque, Amarillo, Austin, Oklahoma City, and Seattle-Tacoma.\* The addition of new service by Southwest from Denver to an increasing number of the airports in its system is expected to contribute to continued growth in passenger traffic at the Airport.

As shown in Table 15, the United Airlines Group is scheduled to provide 45.7% of all scheduled departing seats to the Airport’s top 20 destinations, including 36.1% on United mainline, 8.1% on Ted, and 1.5% on United Express affiliates. Frontier Airlines (including Frontier JetExpress) and Southwest Airlines are scheduled to provide 23.2% and 9.6%, respectively, of all scheduled departing seats to the Airport’s top 20 destinations in August 2007.

United Airlines Group serves each of the top 20 destinations shown in Table 15, while Frontier and Southwest serve 19 and 9 destinations, respectively. Not surprisingly, the United Airlines Group accounts for the largest share of seats to its hubs — Washington, D.C.; Chicago, Los Angeles, and San Francisco—as well as to long-haul destinations with no or little service by Frontier or Southwest—Boston, Miami, and New York.

### **Connecting Passengers**

As shown earlier in Table 13, from 1995 to 2006, the number of connecting passengers at the Airport increased an average of 4.5% per year, with faster growth during the first 5 years of that period (5.5%). The number of connecting passengers at the Airport increased at a slower rate between 2000 and 2006—an average of 3.6% per year—but faster than in the nation (1.4%) during this period. (See earlier discussion under “Airport Role” for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.)

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\*Southwest Airlines press release dated June 27, 2007. This press release included Southwest’s system plans to reduce the growth in available seat miles during the fourth quarter of 2007 and 2008 (reduced to 6% from 8%) and to add 19 new aircraft to its fleet in 2008 (reduced from an earlier plan to add 34).

## AIR CARGO ACTIVITY

Table 16 presents data on enplaned cargo at the Airport in 1996 and in 2000 through the first 3 months of 2007. Enplaned air cargo at the Airport accounted for about 45% of total cargo (enplaned plus deplaned) weight in 2006. Enplaned cargo weight increased an average of 4.8% per year between 1996 and 2000, but has decreased each year since 2000, for reasons discussed below. During the first 3 months of 2007, total enplaned cargo weight decreased 16.2% compared with the same period of 2006.

Table 16  
**HISTORICAL ENPLANED CARGO**  
Denver International Airport  
(tons)

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo (a)
1996	68,746	134,918	203,664	--%	52.2%
2000	85,902	159,769	245,671	4.8	56.4
2001	53,421(b)	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,896	163,440	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
January – March					
2006	5,026	33,502	38,528	--%	69.8
2007	1,028	31,241	32,269	(16.2)	78.5
<u>Annual average increase (decrease)</u>					
1996-2000	5.7%	4.3%	4.8%		
2000-2006	(28.9)	(3.5)	(8.9)		
1996-2006	(16.7)	(0.4)	(3.7)		
January – March					
2006-2007	(79.5)	(3.8)	(16.2)		

(a) Includes enplaned and deplaned cargo.

(b) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.

Source: Airport management records.

The decreases in cargo at the Airport in recent years are related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airlines as a result of increases in the use of regional jet aircraft and low-cost carrier operations which have less cargo capacity than larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, and (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity.

The decreases in enplaned cargo at the Airport since 2000 also reflect the reorganization and consolidation in the cargo industry over the past several years. As the transportation industry faces increased pricing pressures, many of the larger companies are strengthening their market position and ability to respond to shipping demands through acquisitions and internal restructuring and downsizing. For example, FedEx has been very active in developing integrated branding of its various service offerings. FedEx now offers multiple products, including express, ground, freight, and the recently announced nationwide less-than-a-truckload service. Much of this corporate restructuring has resulted in slower growth nationally in the air freight and express market as a greater percentage of FedEx's cargo is being transported by trucks. Similarly, UPS has been actively increasing its supply chain solutions second and third day service and its ground service.

The Denver region's manufacturing sector, which is directly associated with the use and production of air eligible commodities, has experienced a decline in total employees over the past several years. Total manufacturing sector employment in the Denver Metropolitan Area decreased from almost 113,000 employees in 1999 to 91,000 employees in 2006. Within the manufacturing sector, the computer and high-technology industries contributed to the decline in numbers of employees. The decline in manufacturing output also contributed, to some degree, to the decreases in the Airport cargo totals.

The freight forwarders are always attracted to large sources of (reduced cost) belly capacity at major international gateways. The increased use of regional jet aircraft and the increase in low-cost airline service which have less cargo capacity than larger air carrier aircraft at many airports—including Denver International Airport—has resulted in the freight forwarders increasing cargo consolidations at major gateways, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports.

## **KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC**

Besides the development of the economy of the Denver Metropolitan Area, discussed earlier, key factors that affect will airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

### **Economic and Political Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger traffic during those years. Future increases in passenger traffic will depend largely on the ability of the nation to sustain growth in economic output and income.

With the globalization of business and the increased importance of international trade, U.S. economic growth has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, currency exchange rates, trade balances, political relationships, public health concerns, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases in both domestic and international passenger traffic will depend on stable international conditions and global economic growth.

### **Aviation Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of airline travel and the switching from air to surface modes for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against attacks and maintain confidence in the safety of airline

travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, the increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks, hijackings, aircraft crashes, and international hostilities. Provided that intensified security precautions serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not security, factors.

### **Financial Health of the Airline Industry**

Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United Airlines, to make the necessary investments to increase service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. These losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, high fuel and other operating costs, and intense price competition, the industry has since experienced huge financial losses. In 2001 through 2005, the major U.S. airlines collectively recorded net losses of over \$38 billion.

To mitigate these losses, all the major network airlines have restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the threat of such. As discussed below, in December 2002, United Airlines filed for bankruptcy protection (emerged February 2006). US Airways filed twice for bankruptcy protection, in 2002 and 2004. In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In February 2005, Delta Air Lines eliminated its Dallas/Fort Worth hub and restructured its other airport operations. In September 2005, both Delta and Northwest Airlines filed for bankruptcy protection. (Delta emerged in April 2007 and Northwest emerged in May 2007.) Among the smaller airlines, Hawaiian Airlines filed for bankruptcy



protection in March 2003 (emerged June 2005), ATA Airlines in October 2004 (emerged March 2006), Aloha Airlines in December 2004 (emerged February 2006), and Independence Air in November 2005 (ceased operations January 2006).

Future losses could force airlines to retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring or liquidation of one or more of the large network airlines could significantly affect service at connecting hub airports, present business opportunities for the remaining airlines, and change travel patterns throughout the U.S. aviation system.

United Airlines emerged from bankruptcy with \$3 billion in exit financing in February 2006. During the restructuring process, United reduced capacity by ending unprofitable routes and restructuring its fleet, renegotiated its contracts with United Express carriers to reduce rates, eliminated 26,000 jobs, ended employee pensions, and gained pay and work rule concessions from remaining employees in order to cut expenses by \$7 billion. While in bankruptcy, United developed a low-fare unit (Ted) and premium transcontinental service, and expanded its enhanced economy class to some flights operated by United Express. While United's business plan includes the purchase of new aircraft through 2011, it has recently increased capacity under an initiative to use its current aircraft fleet more efficiently. This initiative involves shortening aircraft turnaround times and further depeaking operations at its hub airports.

### **Airline Service and Routes**

The Airport serves both as a gateway to the Denver Metropolitan Area and as an airline connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport.

Most major airlines have developed nationwide systems of hubs that allow the airlines to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports.

Denver International Airport is the primary air carrier airport for the Rocky Mountain region, and a connecting hub. Prior to 1995 when the Airport opened, United and Continental operated a "dual-hub" for many years at Stapleton International Airport, the former air carrier airport serving the Denver Metropolitan Area. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in

terms of numbers of enplaned passengers. In 2006, the United Airlines Group accounted for approximately 76% of total connecting passengers at the Airport. Frontier Airlines and Frontier JetExpress also use the Airport as a connecting hub, accounting for approximately 20% of total connecting passengers in 2006. The Airport is the busiest airport in Frontier's route network.

### **Airline Competition and Airfares**

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are alternatives and for price-sensitive "discretionary" travel. Airfares are influenced by labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; debt burden; passenger demand; capacity and yield management; market presence; and competitive factors. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

Overcapacity in the industry, the ability of consumers to book flights easily via the Internet, and other competitive factors combined to reduce airfares nationwide between 2000 and 2005. In 2005, the average domestic yield for the major U.S. airlines was 11.7 cents per passenger-mile, compared with 14.5 cents in 2000. In 2006, the average domestic yield increased to 12.8 cents per passenger mile as airlines reduced capacity and were able to sustain fare increases.

Industry analysts have questioned the sustainability of the historical "revenue model" of the legacy network airlines, which involved charging uneconomically low discount fares to some travelers and high "walk-up" fares to others. The network airlines have recently simplified their fare structures. Widespread adoption of simplified fare structures, along with controls on airline seat capacity, is seen as keys to the industry regaining and sustaining profitability.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, America West Airlines, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

### **Airline Consolidation and Alliances**

In response to competitive and financial pressures, some airlines have sought to consolidate. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. DOT because of concerns about reduced airline competition. As previously discussed, in September 2005, US Airways and America

West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but the merger was rejected by Delta's management and creditors. Any future mergers could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances provide airlines with many of the advantages of mergers. Such alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. In May 2004, US Airways joined the United-led Star alliance. In September 2004, Continental and Northwest joined the Delta-led SkyTeam alliance.

### **Availability and Price of Aviation Fuel**

There has been no shortage of aviation fuel since the early 1970s, but the price of aviation fuel continues to be an important and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability. The invasion and occupation of Iraq, political unrest in other oil-producing countries, and other factors influencing the demand for and supply of oil caused aviation fuel prices to increase sharply beginning in 2003. In December 2006, average fuel prices were more than double what they were in December 2003. High fuel prices have been a major contributor to recent airline industry losses. While fuel prices have not affected the ability of airlines to provide service, future high prices will affect airline service, airfares, and passenger numbers.

### **Capacity of the National Air Traffic Control System**

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and enhancing the use of runways through improved air navigation aids. Air traffic delays have decreased as a result of the reduction in aircraft operations since 2001. However, as demand exceeds 2001 levels, flight delays and restrictions are again likely.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The existing six-runway layout at the Airport provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

## **AIRLINE TRAFFIC FORECASTS**

### **Assumptions**

The forecasts of airline traffic at the Airport were developed taking into account analyses of (1) historical long-term trends in passenger traffic at the Airport, (2) recent trends in monthly passenger traffic at the Airport, (3) historical and projected economic indicators for the Denver Metropolitan Area, and (4) forecasts developed by the FAA.

In developing the forecasts, it was assumed that airline traffic at the Airport will increase as a function of growth in the population and economy of the Denver Metropolitan Area, continued airline competition, and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth, among other things.

**Originating Passengers.** Specifically, the forecast of originating passengers at the Airport through 2013 is based on the following assumptions:

1. Global economic growth will sustain future increases in domestic and international passenger traffic, and the general economy of the Denver Metropolitan Area will continue to increase faster over the long term than that of the United States as a whole, consistent with the growth rates in key economic indicators presented in the earlier section "Economic Basis for Passenger Demand."
2. No major act of terrorism or war will materially affect airline travel in the United States during the forecast period.
3. The national economy will experience sustained growth averaging between 1.5% and 1.9% per year, measured in terms of nonagricultural employment and per capita income, respectively.
4. Low-fare airline service will continue to be developed at the Airport and is expected to promote competition among airlines and ensure the continued availability of competitive airfares comparable to those now available.
5. Current and future fluctuations in fuel prices will not affect the ability of the airlines to serve the Airport or offer competitive airline fares.
6. The national air traffic control system will have sufficient capacity to accommodate airline traffic through the forecast period.
7. The City will develop the Airport generally in accordance with its Capital Program, as discussed in the later section "Airport Capital Program." The

existing and planned Airport facilities will be sufficient to accommodate airline traffic demand through the forecast period.

The number of originating passengers at the Airport is estimated to increase 5.2% in 2007, which incorporates the 7.3% growth in the first 3 months of 2007 compared with the same period of 2006. The 1.6% forecast growth rate for originating passengers between 2007 and 2013 is similar to the projected growth rates in the economic indicators for the Denver Metropolitan Area and reflects the continued growth in per capita and disposable income, which drives passenger demand and the propensity for airline travel.

**Connecting Passengers.** Many of the above assumptions underlying the forecast of originating passengers regarding, among other things, economic recovery, acts of terrorism, and fluctuating fuel prices also apply to the forecast of connecting passengers at the Airport. More specifically, it was assumed that:

1. The Airport will remain a system hub for United Airlines, based on:
  - a. United's indications during its Chapter 11 restructuring process that its business plan continues to include the use of connecting hub airports, and the Airport's performance and importance relative to other connecting hub airports in United's system.
  - b. United's agreement under the 2005-2 Amendment to enplane certain numbers of revenue-connecting passengers at the Airport through 2025, when its Airport use and lease agreement is scheduled to expire. As discussed more fully below, it was assumed that United would achieve its revenue-connecting passenger targets under the 2005-2 Amendment during the forecast period.
  - c. Denver's geographic advantage as a connecting hub for nationwide east-west traffic.
  - d. The expected growth in the origin-destination market in the Denver Metropolitan Area, which serves as a foundation for the viability of connecting hub operations.
  - e. The facilities at and capabilities of the Airport.
2. Frontier Airlines will continue to use the Airport as its main hub, and continue to develop connecting passenger activity.
3. Improved national economic conditions and improvements in airline industry profitability over the long term will enable the major airlines, particularly United, to add the capacity required to meet nationwide demand.

4. United will continue to develop strategies to optimize revenue performance, such as its 2007 reduction in domestic capacity to address slow revenue growth in the domestic market, and these strategies will not materially affect the role of the Airport as a United system hub.

The number of connecting passengers at the Airport is estimated to increase 2.3% in 2007, which takes into account a 1.2% increase through the first 3 months of 2007, compared with the same period of 2006. From 2007 to 2013, the number of connecting passengers is forecast to increase an average of 2.0% per year.

Under the 2005-2 Amendment, the United Airlines Group has agreed to enplane no fewer than the following numbers of revenue connecting passengers at the Airport: (a) 7,500,000 in 2006, (b) 7,600,000 in 2007, and (c) 7,700,000 in 2008 through 2011. In 2006, the United Airlines Group enplaned approximately 7,604,794 *revenue-plus nonrevenue* passenger data presented in Table 17.

Also under the 2005-2 Amendment, United has agreed that the City will decrease certain cost reduction goals benefiting United if United does not achieve the targeted numbers of revenue-connecting passengers discussed above. The number of connecting passengers at any airport is a function of the route strategy and network of an airline and, therefore, it was assumed that United would meet its targeted connecting passenger goals at the Airport rather than increase the rentals, fees, and charges it pays at the Airport. The 2005-2 Amendment is discussed more fully in the "Financial Analysis" section of this report.

## **Enplaned Passengers**

Table 17 and Figure 19 present historical and forecast numbers of enplaned passengers (originating and connecting) at the Airport through 2013. The total number of enplaned passengers at the Airport is estimated to increase 4.0% in 2007 and forecast to increase 3.0% in 2008. From 2007 through 2013, the total number of enplaned passengers is forecast to increase an average of 1.7% per year, slower than the long-term trend (3.9% per year from 1995 through 2005) at the Airport. In 2013, enplaned passengers are forecast to number 27.3 million, which is approximately 6.0% lower than the 29.0 million enplaned passengers forecast for the Airport by the FAA\* in the same year.

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\*Federal Aviation Administration, *Terminal Area Forecast*, February 2006, for years ending September 30.

Table 17

**AIRLINE TRAFFIC FORECASTS**  
Denver International Airport  
2005-2013

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated 2007 (a)	Forecast					
	2005	2006		2008	2009	2010	2011	2012	2013
<b>Enplaned passengers</b>									
United Airlines	7,774,627	8,364,574	8,460,000	8,544,000	8,630,000	8,717,000	8,803,000	8,891,000	8,980,000
Ted	1,689,891	2,011,441	1,995,000	2,035,000	2,057,000	2,068,000	2,129,000	2,186,000	2,253,000
United Express	<u>2,776,020</u>	<u>2,971,301</u>	<u>3,040,000</u>	<u>3,133,000</u>	<u>3,206,000</u>	<u>3,287,000</u>	<u>3,335,000</u>	<u>3,398,000</u>	<u>3,454,000</u>
Subtotal United Airlines Group	12,240,538	13,347,316	13,495,000	13,712,000	13,893,000	14,072,000	14,267,000	14,475,000	14,687,000
Frontier Airlines (a)	4,217,059	4,904,231	5,228,000	5,556,000	5,812,000	5,874,000	5,917,000	5,969,000	5,985,000
Southwest Airlines	--	789,637	1,283,000	1,514,000	1,687,000	1,867,000	2,053,000	2,156,000	2,177,000
Other	<u>5,244,378</u>	<u>4,624,128</u>	<u>4,596,000</u>	<u>4,569,000</u>	<u>4,544,000</u>	<u>4,519,000</u>	<u>4,493,000</u>	<u>4,468,000</u>	<u>4,444,000</u>
Total enplaned passengers	21,701,975	23,665,312	24,602,000	25,351,000	25,936,000	26,332,000	26,730,000	27,068,000	27,293,000
Annual percent increase	--%	9.0%	4.0%	3.0%	2.3%	1.5%	1.5%	1.3%	0.8%
Originating passengers	11,983,822	13,249,286	13,942,000	14,274,000	14,647,000	14,879,000	15,100,000	15,237,000	15,320,000
Connecting passengers	9,718,153	10,416,026	10,660,000	11,077,000	11,289,000	11,453,000	11,630,000	11,831,000	11,973,000
Percent originating	55.2%	56.0%	56.7%	56.3%	56.5%	56.5%	56.5%	56.3%	56.1%
Percent connecting	44.8%	44.0%	43.3%	43.7%	43.5%	43.5%	43.5%	43.7%	43.9%
<b>Landed weight (1,000-pound units)</b>									
Passenger airlines									
United Airlines	10,389,189	11,169,430	11,050,000	11,040,000	11,032,000	11,024,000	11,012,000	11,104,000	10,996,000
Ted	1,864,653	2,194,778	2,153,000	2,195,000	2,218,000	2,207,000	2,247,000	2,283,000	2,329,000
United Express	<u>3,281,516</u>	<u>3,511,893</u>	<u>3,479,000</u>	<u>3,471,000</u>	<u>3,441,000</u>	<u>3,418,000</u>	<u>3,360,000</u>	<u>3,354,000</u>	<u>3,342,000</u>
Subtotal United Airlines	15,535,358	16,876,101	16,682,000	16,706,000	16,691,000	16,649,000	16,619,000	16,641,000	16,667,000
Group									
Frontier Airlines (b)	5,838,256	6,704,459	6,975,000	7,286,000	7,504,000	7,483,000	7,436,000	7,418,000	7,351,000
Southwest Airlines	--	1,057,726	1,662,000	1,961,000	2,185,000	2,394,000	2,606,000	2,709,000	2,709,000
Other	<u>6,734,238</u>	<u>5,779,438</u>	<u>5,615,000</u>	<u>5,478,000</u>	<u>5,347,000</u>	<u>5,237,000</u>	<u>5,142,000</u>	<u>5,058,000</u>	<u>4,975,000</u>
Total passenger airlines	28,107,852	30,417,724	30,934,000	31,431,000	31,727,000	31,763,000	31,803,000	31,826,000	31,702,000
All-cargo airlines	<u>1,541,253</u>	<u>1,429,777</u>	<u>1,456,000</u>	<u>1,470,000</u>	<u>1,483,000</u>	<u>1,511,000</u>	<u>1,539,000</u>	<u>1,553,000</u>	<u>1,580,000</u>
Total landed weight	29,649,105	31,847,501	32,390,000	32,901,000	33,210,000	33,274,000	33,342,000	33,379,000	33,282,000
Annual percent increase (decrease)	--%	7.4%	1.7%	1.6%	0.9%	0.2%	0.2%	0.1%	(0.3%)

(a) Estimated on the basis of 3 months of actual data.

(b) Includes Frontier JetExpress.

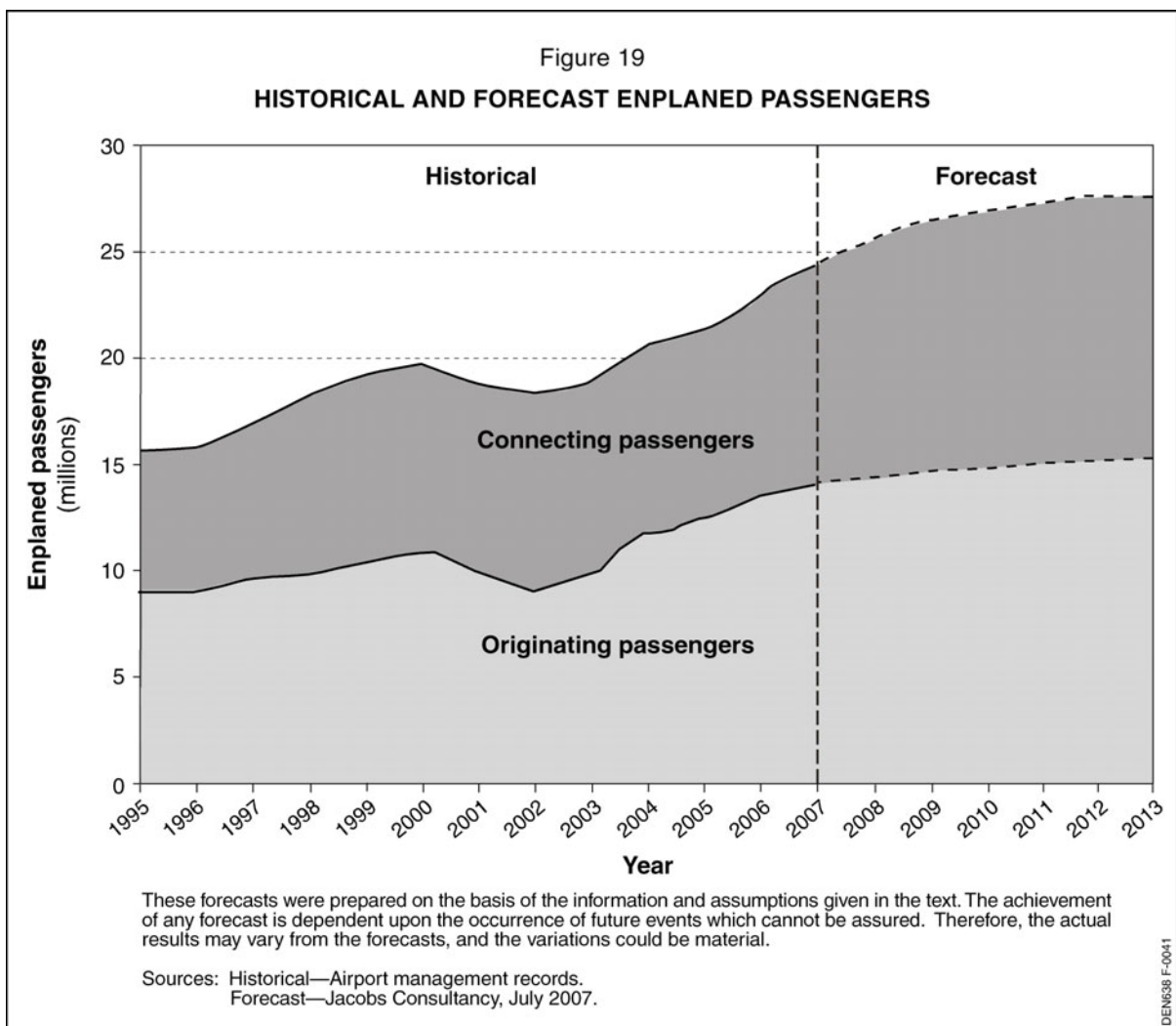
Sources: Historical: Airport management records.

Estimated and forecast: Jacobs Consultancy, July 2007.

## Aircraft Landed Weight

Table 17 also presents aircraft landed weight at the Airport for 2005 through 2013. Total landed weight at the Airport is estimated to increase 1.7% in 2007 and forecast to increase 1.6% in 2008, from about 31.8 billion pounds in 2006 to an estimated 32.4 billion pounds in 2007, and to a forecast 32.9 billion pounds in 2008. Total landed weight is then forecast to increase to about 33.3 billion pounds in 2013, reflecting an average annual growth rate of 0.5% from 2007 through 2013.

The forecast of landed weight was derived from the forecast of passenger demand (discussed earlier), considering trends in average aircraft weight as well as assumed growth in all-cargo airline aircraft operations.





## FINANCIAL ANALYSIS

### FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

#### General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, fees, and charges for use of the Airport and its facilities
- Paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other costs, as discussed later

Under Section 704B of the General Bond Ordinance, the 2007A-B and 2007D-E Bonds are considered "additional Bonds," and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to the issuance of such Bonds. The City retained Jacobs Consultancy as its Airport Consultant, and our financial forecasts prepared for the additional Bonds test were based, in part, on the assumptions underlying the financial forecasts presented in this report. A separate certificate documenting compliance with the additional Bonds test for the 2007A-B Bonds has been provided to the City. The additional Bonds test for the 2007D-E Bonds is to be calculated and a certificate of compliance provided to the City before the 2007D-E are issued, which is expected to occur after the issuance of the 2007A-B Bonds.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (a) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (b) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This

provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

Based on unaudited data for the first 3 months of 2007, the City had accumulated an estimated balance of approximately \$67.1 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts.

### **Airport Use and Lease Agreements**

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculation and recalculation of rentals, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of \$40.0 million, and after all other requirements are satisfied, are to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account, as illustrated later on Figure 22.
- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

**United's Airport Use and Lease Agreement.** As discussed earlier, United Airlines enplanes the largest share of passengers and is the largest lessee of space and facilities at the Airport under a use and lease agreement that expires in 2025. The following sections summarize certain elements of the Airport use and lease

agreement with United that were considered in developing the financial forecasts presented in this report.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds \$20 (in 1990 dollars) in any given year. In calculating the cost per enplaned passenger, the denominator is to be no smaller than the number of United's enplaned revenue passengers in 1989, which was about 6.0 million. United's cost per enplaned revenue passenger at the Airport is not expected to exceed \$20 during the forecast period, as shown in Exhibit E (all financial exhibits are presented at the end of this report).

In February 2006, United emerged from Chapter 11 bankruptcy protection, at which time it assumed its use and lease agreement and a series of other agreements, as amended, at Denver International Airport, to provide for the following, among other things:

1. ***Capital Program implementation.*** The first phase of an improved regional jet facility and nine loading bridges on the east side of Concourse B became operational on April 24, 2007, and certain baggage system improvements in the Landside Terminal were substantially completed as of June 30, 2006.
2. ***Rentals, fees, and charges cost reductions for all airlines.\**** Airline rentals, fees, and charges are to be reduced on a net basis up to an aggregate annual amount of \$4 million over a 4-year period, 2007 through 2010. In addition, the City is to further reduce airline rentals, fees, and charges on a net basis, up to an aggregate amount of \$50 million from 2007 through 2010 according to a scale based on the Net Revenues available for revenue sharing each year.
3. ***Rentals, fees, and charges cost reductions for United.\**** The City is to reduce United's rentals, fees, and charges associated with the automated baggage system (ABS) by (a) \$18.5 million in 2007 and (b) \$21.0 million in each year from 2008 through 2025, the final year of United's current Airport use and lease agreement.

The City intends to achieve these cost reduction goals by (a) reallocating to other Airport cost centers a portion of the Bond principal associated with the Concourse B ABS (the debt service of which is paid by United through rentals, fees, and charges), (b) continuing to defease a portion of the Concourse B ABS Bond principal allocated to the Concourse B ABS using revenues generated from \$1.50 of the \$4.50 PFC levied at the Airport, and (c) the City's share of Net Revenues during the forecast period.

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\*Cost reduction goals for 2004 through 2006 were met by the City and are not described in this report.

As part of the cost reductions, United has surrendered and released to the City its six Concourse A gates and associated holdroom, apron level, and other space. An amendment to Frontier Airlines' Airport use and lease agreement, which includes these six Concourse A gates, is pending.

For purposes of this report, it was assumed that the City would meet its cost reduction goals during the forecast period through a combination of the following sources of funds and subject to the provisions of the amendments to the Airport use and lease agreement with United:

- Interest savings from the following refundings, which would be used to pay the reallocated debt service on Bonds associated with the ABS:  
(a) the 1994 Bonds with the 2004 Bonds, (b) the 1995 Bonds with the 2005 Bonds, and (c) the 1996 Bonds with the 2006 Bonds.
- Revenues from the \$1.50 portion of the \$4.50 PFC to defease approximately \$60.0 million in remaining principal outstanding of Bonds associated with the Concourse B ABS.
- The City's share of Net Revenues to defease approximately \$66.8 million in remaining principal outstanding of Bonds associated with the Concourse B ABS, and to fund, as necessary, any of the cost reduction goals that are not funded from interest savings or revenues from \$1.50 of the \$4.50 PFC.

Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

4. ***United revenue-connecting-passenger targets.*** The United Airlines Group is to enplane no fewer than the following numbers of revenue-connecting passengers at the Airport: (a) 7,600,000 in 2007 and (b) 7,700,000 in each year, 2008 through 2025. As mentioned earlier, the United Airlines Group enplaned 7,886,244 revenue-connecting-passengers in 2006, which met its 2006 revenue-connecting-passenger target of 7,500,000 in that year. United's failure to reach such targeted levels would not constitute a default under its use and lease agreement, but would allow the City to decrease certain cost reduction goals that would accrue to United directly by \$6.00 for each revenue-connecting-passenger below the targeted level, provided that the total reduction does not exceed the cost reduction in the same year. In the financial forecasts presented in this report, it was assumed that United Airlines Group would meet or exceed its revenue-connecting-passenger targets and, as such, the City would not reduce any of the aforementioned cost reduction goals.

The rentals, fees, and charges cost reductions for all airlines are to cease if (1) the City is unable to meet its annual irrevocable commitment to pay Debt Service Requirements with PFC revenues under the General Bond Ordinance or (2) regulatory or other legal actions prohibit the cost reductions.

In addition, the cost reductions may be decreased if Airport management (1) determines in good faith that a deficiency exists in any of its required fund balances under the General Bond Ordinance, (2) receives an official written communication from any bond rating agency that a downgrade of the Airport's credit rating is likely unless the City's rentals, fees, and charges cost reduction contribution is decreased, (3) determines in good faith that operating cash balances are insufficient and the cost reduction contributions would jeopardize the ongoing operation of the Airport, or (4) the deposit to the Capital Improvement Account is not sufficient to make the final \$1.5 million payment to the Stapleton Development Corporation in 2007.

If any one of the events described above occurs and is successfully resolved by the City, the rentals, fees, and charges reductions would be reinstated in the calendar year following the successful resolution of the event, and the City would increase the reductions to provide United and other airlines the full benefit of the reductions provided for under the amendments to the Airport use and lease agreement with United.

**Other Airline Airport Use and Lease Agreements.** A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, and the lease expiration date for each agreement are provided in Table 18.

Table 18	
<b>OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND THEIR SCHEDULED EXPIRATION DATES</b>	
AirTran Airways (February 2011)	Frontier Airlines (February 2010)
Alaska Airlines (December 2010)	Midwest Airlines (December 2010)
American Airlines (December 2010)	Northwest Airlines (December 2010)
Continental Airlines (February 2010)	Southwest Airlines (December 2010)
Delta Air Lines (December 2010)	US Airways (December 2010)
<hr/> Source: Airport management records.	

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. Many of these agreements are with regional/commuter airlines operating at the

Airport that have code-sharing agreements with the airlines listed in Table 18. The City also has Airport use and lease agreements with foreign flag passenger airlines: Aeromexico, Air Canada, British Airways, Lufthansa German Airlines, and Mexicana de Aviación.

Most of the passenger and cargo airline Airport use and lease agreements with the City are scheduled to expire during the forecast period. The City does not expect any material change to the business terms or to expected future leasehold rentals under the succeeding agreements.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

## **PASSENGER FACILITY CHARGE REVENUES**

### **PFC Approvals**

As approved by the Federal Aviation Administration (FAA), the City imposes a \$4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately \$3.3 billion in PFC revenues for (1) \$3.1 billion in costs related to the construction of Denver International Airport, and (2) costs for projects in the Airport Capital Program.

Through March 31, 2007, the City had collected approximately \$850.4 million in PFC revenues of the \$3.3 billion in PFC revenue collection authorized by the FAA.

PFC revenues are not currently defined as Gross Revenues of the Airport System and are not expected to be defined as such during the forecast period. The treatment and use of PFC revenues during the forecast period are discussed below.

### **PFC Framework**

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues.

Under the PFC Supplemental Bond Ordinance, the City has also irrevocably committed to pay debt service on Senior Bonds with two-thirds of annual PFC revenues (defined as the Committed Passenger Facility Charges revenue in the Supplemental Bond Ordinance and generally equal to \$3.00 of each \$4.50 PFC) it receives each year and credits to the PFC Debt Service Account up to certain specified maximum amounts (the Maximum Committed Amounts) from 2007

through 2011. Following the date of this report and prior to the issuance of any of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through 2013.

PFC revenues received by the City in excess of the Committed Passenger Facility Charges revenue in any year, generally equal to \$1.50 of each \$4.50 PFC (or in excess of the Maximum Committed Amounts if the Maximum Committed Amounts are less than the \$3.00 portion of PFC revenues), are to be deposited in the PFC Project Account to be used for any lawful PFC-eligible Airport System purpose, as determined by the City. If the City chooses to deposit such PFC revenues into the PFC Debt Service Account for the payment of Debt Service Requirements on Senior Bonds, the PFC revenues are considered irrevocably committed to such payments.

For the purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

### **Forecast Assumptions**

The Debt Service Requirements to be paid from PFC revenues during the forecast period (see Exhibit C) in this report, which include revenues from the \$3.00 portion of the PFC, which are required to be deposited in the PFC Debt Service Account, plus all of the revenues from the \$1.50 portion of the PFC, which the City expects to either deposit in the PFC Debt Service Account or use to defease certain Senior Bonds, are excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

The assumptions underlying the financial forecasts are as follows:

- The City is to use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of the Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds.
- All of the PFC revenues in excess of the Committed Passenger Facility Charges revenues (i.e., revenues from \$1.50 of the \$4.50 PFC) are to be used during the forecast period in the manner discussed below:
  - Pay Debt Service Requirements on that portion of the 2003B Bonds used to fund some of the costs of the sixth runway at the Airport, and defease the principal outstanding of the 2003B Bonds, which was were used to fund some of the costs of the sixth runway at the Airport.

- Defease approximately \$60.0 million in principal outstanding of Senior Bonds to meet a portion of the cost reduction goals under the United amendments, discussed earlier.
- Defease approximately \$63.0 million in principal outstanding of Senior Bonds allocated to the Concourse A ABS.
- Through approximately 2017, defease approximately \$175.0 million in principal outstanding of Senior Bonds issued to fund construction of the Airport.

## **AIRPORT CAPITAL PROGRAM**

The City maintains an ongoing process of evaluating the capital requirements necessary to expand Airport facilities to keep pace with increasing aviation demand. These capital requirements are organized into the Airport Capital Program for the then current year (at this time, 2007), and a prospective 6-year period (2008-2013), the forecast period discussed in this report. During the forecast period (2007-2013), the Department expects to invest approximately \$1.22 billion in renovating, expanding, and constructing new Airport facilities.

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to begin in 2007, except as noted in the following paragraph. The 2007 Project is expected to cost approximately \$401.9 million.

The portion of the 2007 Project to be funded from the net proceeds of the 2007A-B Bonds includes certain projects that began, and in some cases were completed, between 2005 and 2007. These projects were previously funded through a combination of Commercial Paper Notes (approximately \$30 million) and the City's annual share of Net Revenues (approximately \$40 million).

Projects in the 2008-2013 Capital Program (the 2008-2013 Project) are to be funded from the proceeds of additional Bonds that the City expects to issue during the forecast period (the Future Planned Bonds) and federal grants-in-aid. The City expects to complete all of the 2007 Project and most of the 2008-2013 Project during the forecast period. Assumptions regarding the funding of debt service on the 2007 Bonds and the Future Planned Bonds, additional O&M Expenses if any, and any other relevant costs are included in the financial forecasts presented in this report.



The projects in the Airport Capital Program, consisting of the 2007 Project and the 2008-2013 Project, and their estimated costs and funding sources are outlined in Exhibit A and summarized below by Airport System cost center.

### ***Airfield Area***

- Rehabilitate taxiways and runways as part of the City's pavement management plan (2007 Project and 2008-2013 Project).
- Upgrade runway and taxiway safety areas (2008-2013 Project).
- Extend Taxiway K in the north-south direction to the east of Concourse C (2007 Project).
- Extend the east-west taxilanes to the north and south of Concourse C (2007 Project).
- Implement a snow management plan (2008-2013 Project).
- Improve lighting, drainage, and other Airfield Area assets (2007 Project and 2008-2013 Project).

### ***Concourse Apron***

- Construct additional apron area surrounding the 10 planned mainline gates at Concourse C (2007 Project).
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C (2007 Project).
- Improve ramp area drainage (2007 Project and 2008-2013 Project).

### ***Terminal Complex***

- Construct 10 new mainline gates by expanding Concourse C to the east (2007 Project and 2008-2013 Project).
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C (2007 Project).
- Improve baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances (2007 Project and 2008-2013 Project).
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators (2007 Project and 2008-2013 Project).

- Construct the FasTracks rail station on the south side of the Landside Terminal to accommodate rail service by the Regional Transportation District (RTD) between Denver Union Station and the Airport (2008-2013 Project). According to the RTD, construction of the entire 23-mile rail line and associated stations is scheduled to begin in 2011 and is expected to be completed by 2014, with the system becoming operational in 2015.
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes (2007 Project).
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the terminal building to accommodate additional trains (2007 Project and 2008-2013 Project).
- Replace and rehabilitate loading bridges (2007 Project and 2008-2013 Project).
- Improve restrooms, concessions, seating areas, and other public space (2007 Project and 2008-2013 Project).
- Design the expansion of the international arriving passenger facilities (2007 Project and 2008-2013 Project).
- Expand the security screening checkpoint (2008-2013 Project).

### ***Roadways, Public Parking, and Ground Transportation***

- Construct new public parking structure adjacent to the Landside Terminal Building (previously funded with the City's annual share of Net Revenues and Commercial Paper Notes) (2007 Project).
- Construct future public parking structure and shuttle lot (2008-2013 Project).
- Improve Peña Boulevard (2007 Project and 2008-2013 Project).
- Rehabilitate pavement in targeted roadway and parking areas (2007 Project and 2008-2013 Project).
- Improve landscaping (2007 Project and 2008-2013 Project).

### ***Cargo and Support Facilities***

- Construct equipment storage and light maintenance facility (2008-2013 Project).

- Expand stock room and paint shop (2008-2013 Project).
- Upgrade aircraft rescue and fire fighting stations (2007 Project).

## **PLAN OF FINANCING**

The major sources of funds the City expects to use for projects in the 2007-2013 Airport Capital Program are shown in Exhibits A and B, and are discussed below.

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as “entitlement” grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other, “discretionary” grants are awarded on the basis of the FAA’s determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate until a reauthorization bill is passed. For purposes of the financial forecasts in this report, it was assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding authority will occur. Under the FAA’s proposed reauthorization bill, large-hub airports, including Denver International Airport, would no longer receive entitlement grants beginning in Federal Fiscal Year 2010, but would continue to be eligible for discretionary grants.

The federal funding shown in Exhibit A reflects a combination of (1) grants previously received from the FAA, and (2) expected entitlement and/or discretionary grants, consistent with FAA’s proposed reauthorization bill. It was also assumed that the City will continue to submit, and that the FAA will approve, future Airport competition plans, which are required under Vision 100—Century of Aviation Reauthorization Act of 2003 to receive FAA grants.

As stated earlier, the City imposes a \$4.50 PFC at the Airport under various FAA authorizations. For purposes of this report, it was assumed that the City would not impose a PFC in excess of \$4.50, but authority to do so may be possible under the next FAA reauthorization bill. The City intends to use revenues it receives from the \$4.50 PFC each year to (a) pay Debt Service Requirements on Senior Bonds issued to fund construction of the Airport, (b) defease Bond principal associated with the ABS and the sixth runway, and (c) defease Bond principal of Senior Bonds issued to fund construction of the Airport.

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance, Siemens Financial Services, Inc., and Koch Financial Corporation (the Financing Companies), which allow the City to take loans

to fund equipment at the Airport, and the City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at current loan rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

As mentioned earlier, the City intends to use the net proceeds of the 2007A-B Bonds and 2007D-E Bonds to fund the 2007 Project, and to issue the Future Planned Bonds to fund the 2008-2013 Project.

To the extent that the City does not receive the funding shown in Exhibit A, the City intends to either (1) defer projects or reduce project scopes, as appropriate, or (2) issue additional Bonds and/or use Airport equity.

## **2007 Bonds**

The 2007 Bonds are to be issued under the General Bond Ordinance on parity with other outstanding Senior Bonds, and are to be payable from and secured by a pledge of and first lien on the Net Revenues of the Airport System.

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants), the 2007C Bonds would be issued when the 2007A-B Bonds are issued, which would be followed by the issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the outstanding principal of Bonds.

The City intends to use the proceeds of the 2007A-B Bonds and the 2007D-E Bonds to fund the 2007 Project.

The City expects to issue the 2007 Bonds in the approximate principal amount of \$401.9 million and, with interest earnings during construction, use the combined moneys for the following purposes:

- Pay the costs of certain planned projects (the 2007 Project) in the Airport Capital Program
- Refund outstanding Commercial Paper Notes, in the principal amount of \$30 million, which were drawn to fund projects between 2005 and 2007
- Reimburse the City's share of annual Net Revenues (\$40.0 million) used to fund projects between 2005 and 2007
- Pay capitalized interest on the 2007 Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2007 Bonds

### **Future Planned Bonds**

Exhibit B also shows the aggregate sources and uses of funds for the Future Planned Bonds, which, together with federal grants-in-aid, would be used to:

- Pay the cost of planned projects from 2008 through 2013 not funded from the net proceeds of the 2007A-B Bonds and 2007D-E Bonds
- Pay capitalized interest on the Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance of the Future Planned Bonds

During the forecast period, the City may use the proceeds from other Commercial Paper Notes and/or the Purchase Agreements to, among other things, (1) minimize the City's overall cost of issuing Bonds and/or (2) fund project and/or equipment costs during construction. Use of this source of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2008-2013 Airport Capital Program.

## Defeasance of Bonds

As stated earlier, the City intends to defease certain outstanding Senior Bond principal with PFC revenues and the City's share of Net Revenues during the forecast period. The proposed amounts to be defeased are shown in Table 19.

Table 19		
<b>PROPOSED DEFEASANCE OF OUTSTANDING BOND PRINCIPAL</b>		
(in thousands)		
Asset whose bonds are to be defeased	Principal outstanding of Bonds to be defeased	Source of Bond defeasance
Concourse B ABS	\$126,800	\$1.50 PFC/City Net Revenues
Concourse A ABS	63,000	\$1.50 PFC
Sixth runway	20,000	\$1.50 PFC
Other Senior Bonds (a)	<u>175,000</u>	\$1.50 PFC
	<u>\$384,800</u>	
<p>(a) Amount to be defeased through 2017.</p> <p>Source: The Financial Consultants.</p>		

For purposes of this report, it was assumed that, during the forecast period: (a) the portion of Bond principal shown above for the Concourse A ABS, the Concourse B ABS, and the sixth runway would be defeased, (b) a portion of the \$175 million in Bond principal shown above would be defeased, and (c) Debt Service Requirements and Bond fund transfers would be reduced accordingly. The table shown above is net of approximately \$90 million of Bond principal allocated to the ABS that was defeased by the City as of December 31, 2006.

## DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for outstanding Bonds, the proposed 2007 Bonds, and the Future Planned Bonds. Debt Service Requirements for 2005 and 2006 are based on audited results provided by the City. Debt service is shown net of capitalized interest, certain PFC revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds during the forecast period, as discussed earlier. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this analysis.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

In calculating airline rentals, fees, and charges, actual transfers required under the General Bond Ordinance to be made to the Bond Fund during the year were used rather than annual Debt Service Requirements. The total monthly transfers to the Bond Fund shown in Exhibit C each year are for the payments required on February 1 of that year through January 1 of the following year.

**2007 Bonds**

Debt service for the 2007A-B Bonds and the 2007D-E Bonds was estimated by the City's Financial Consultants based on the following assumptions:

	<u>2007A-B Bonds</u>	<u>2007D-E Bonds</u>
Delivery date:	August 29, 2007	August 29, 2007
Final maturity:	2032	2032
Assumed interest rate:	5.1%	5.1%

**Future Planned Bonds**

Debt service for the Future Planned Bonds reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

**Allocation of Debt Service to Cost Centers**

Exhibit C-1 summarizes the allocation of debt service (annual total of monthly transfers to the Bond Fund) to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

**OPERATION AND MAINTENANCE EXPENSES**

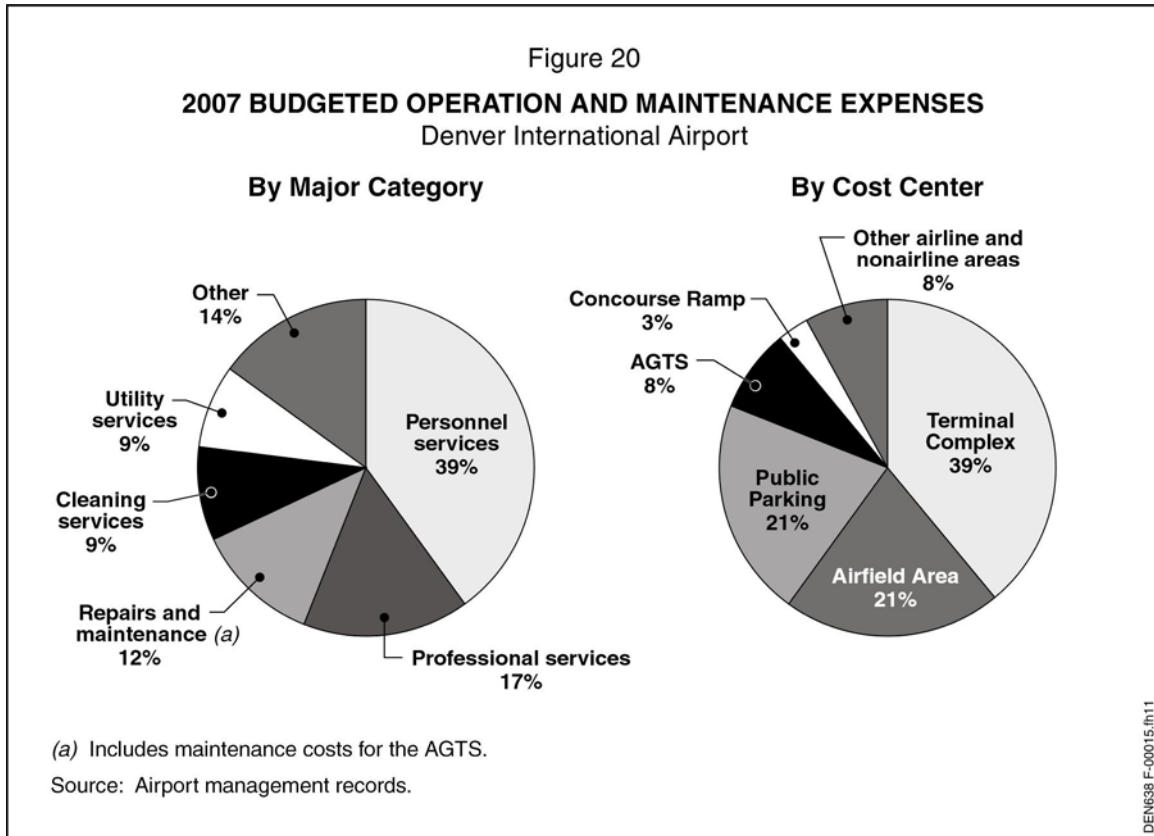
Exhibit D presents forecast Operation and Maintenance Expenses by object type and by cost center. The amounts for 2005 and 2006 reflect audited financial results for the Airport. The amounts for 2007 and 2008 reflect the City's operating budgets for those years.

The City establishes an operating budget target each year that takes into account (1) year-to-date O&M Expenses for the then-current fiscal year as well as budgeted expenses for that year, (2) expectations regarding passenger traffic for the budget year, (3) projected non-airline revenues, and (4) changes in City priorities or initiatives.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services include all salaries, wages, and benefits for filled personnel positions; for budgeting purposes, the same types of expenses were included for vacant positions.

### 2007 Operation and Maintenance Expenses

In 2007, budgeted personnel services represent approximately 39% of the total O&M Expenses budgeted for the Airport, as shown on Figure 20.





The next largest category of expense at the Airport is professional services, which includes management and other contracts for the provision of services at the Airport, including:

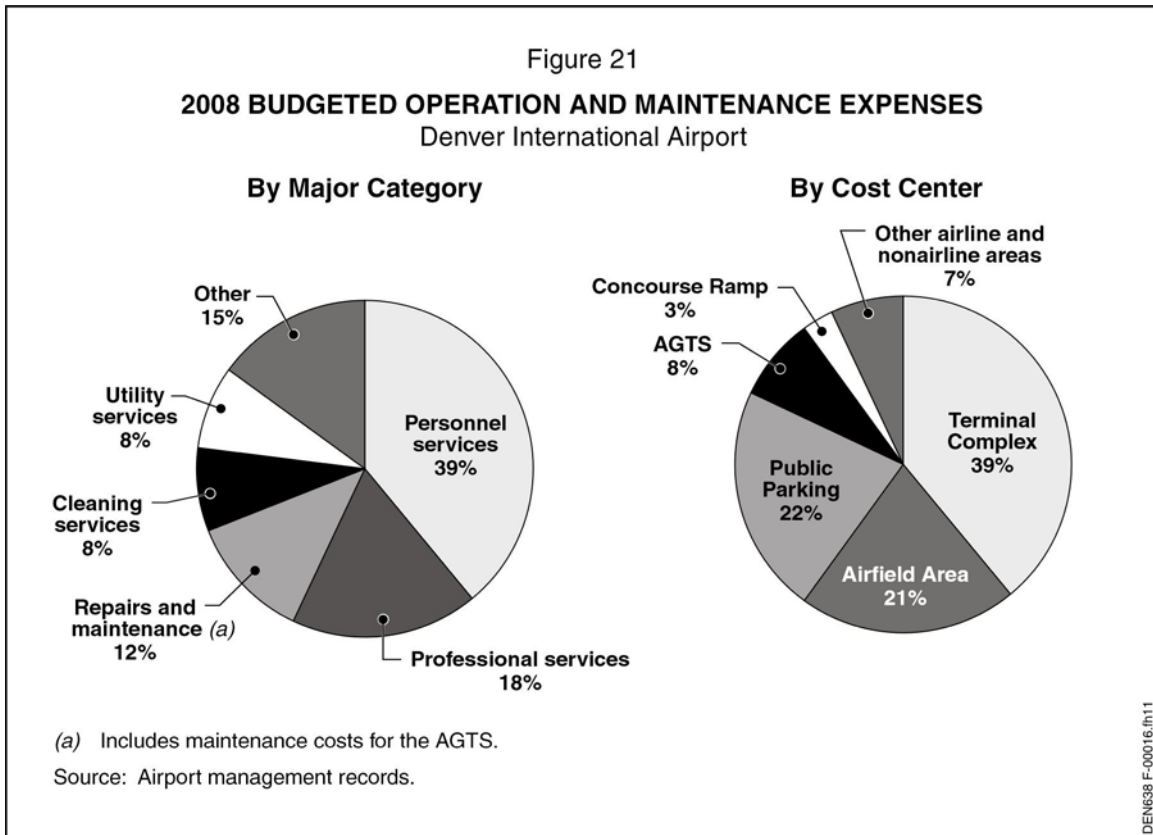
- AMPCO System Airport Parking, which operates and manages the public parking facilities at the Airport under a contract that allows AMPCO to be reimbursed for its expenses and to receive a management and incentive fee.
- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the terminal complex. The City reimburses AMPCO for the actual cost of providing this service.

Other major expense categories include repairs and maintenance (including AGTS maintenance), cleaning services, and utility services. Electricity costs for all tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to such tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

O&M Expenses are allocated to Airport System cost centers by Department staff based on historical Airport System operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations. As shown on Figure 19 for 2007, O&M Expenses in the Terminal Complex and Airfield Area account for 60% of total Airport O&M Expenses.

## **2008 Operation and Maintenance Expenses**

The City recently completed its preliminary operating budget for 2008, which is approximately 8.3% higher than its original 2007 operating budget, reflecting, in part, increased personnel services expenses and contractual costs for security, parking shuttle bus, janitorial, and other services. The public parking contract, which is with AMPCO System Airport Parking, was also increased as a result of expected increases in parking activity. The major categories of O&M Expenses for 2008 and the distribution of expenses among Airport System cost centers are shown on Figure 21.



## 2009-2013 Operation and Maintenance Expenses

O&M Expenses for the remaining years of the forecast period reflect the following:

- Budgeted 2008 O&M Expenses were assumed to represent an appropriate baseline level of expense for forecasting future O&M Expenses.
- Additional expenses associated with projects expected to be completed during the forecast period, including additional O&M Expenses associated with the 10-gate expansion on Concourse C and construction of a new commuter facility on Concourse C.
- Certain O&M Expense line items were assumed to increase with forecast increases in enplaned passengers, as presented in previous sections.
- Inflation for all O&M Expenses was assumed to be approximately 3% per year, which is higher than the average rate of inflation\* in the Denver area for the 5-year period, 2001-2006 of 1.75% per year.

\*Source: U.S. Department of Labor, Bureau of Labor Statistics, from [www.bls.gov](http://www.bls.gov), July 13, 2007.

## GROSS REVENUES

Table 20 presents the major sources of Gross Revenues for the City in 2006 based on actual data and forecast for 2013. Line-item details for the two significant categories of Gross Revenues—airline rentals, fees, and charges and nonairline revenues—are shown in Exhibits E and F, respectively.

	Actual 2006		Forecast 2013	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	\$ 92,191	15.8%	\$128,723	16.6%
Terminal Complex rentals	66,713	11.4	111,569	14.3
Tenant finishes and equipment charges	53,766	9.2	71,813	9.2
Baggage system fees	33,041	5.7	38,410	4.9
Other	<u>68,486</u>	<u>11.7</u>	<u>97,235</u>	<u>12.7</u>
Total airline revenues	\$314,197	53.7%	\$447,750	57.7%
Nonairline revenues				
Terminal concessions (a)	\$ 34,305	5.9%	\$ 48,490	6.2%
Public automobile parking	105,262	18.0	134,847	17.3
Rental car privilege fees	32,678	5.6	41,308	5.3
Other terminal revenues (b)	17,940	3.1	17,289	2.2
Building and ground rentals	15,459	2.6	16,975	2.2
Other	<u>22,251</u>	<u>3.8</u>	<u>31,808</u>	<u>4.1</u>
Total nonairline revenues	\$227,896	39.0%	\$290,717	37.3%
Interest income	<u>42,520</u>	<u>7.3</u>	<u>39,154</u>	<u>5.0</u>
Total Gross Revenues (c)	<u>\$584,613</u>	100.0%	<u>\$777,622</u>	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenue from food and beverage, merchandise, and terminal services.

(b) Includes revenue from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.

(c) The amount shown for 2006 does not match the amount reported in Table 24 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Airport management records.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport System through the forecast period.

## **AIRLINE RENTALS, FEES, AND CHARGES**

Airline rentals, fees, and charges are an important source of revenue for the City. In 2006, airline rentals, fees, and charges represented 53.7% of Airport Gross Revenues.

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per-enplaned-passenger basis, for the Airport, for United Airlines, and for other airlines, are shown in Exhibit E. As stated earlier, United's cost per enplaned revenue passenger is not expected to exceed the \$20 "cap" under its use and lease agreement with the City during the forecast period (see Exhibit E).

Required Airport costs in the airline rate base include:

1. Operation and Maintenance Expenses
2. Debt service on Bonds issued for (a) the Airport, net of PFC revenues paid from the PFC Debt Service Account, and (b) Airport land acquisition
3. Amortization of City investments prior to and after the opening of the Airport on February 28, 1995

These costs represent a significant portion of the operating and capital repayment costs for managing and developing the Airport each year. Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future debt service and O&M Expenses—the two largest Airport cost components included in airline rentals, fees, and charges—were presented earlier in this report, and the costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for debt service and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for certain equipment that is to be amortized over 5 years) at the weighted average, effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened in 1995 are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and Transportation Security Administration (TSA) grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges presented in this report.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as debt service is allocated. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section entitled "Airport Use and Lease Agreements," the City is obligated to meet certain rentals, fees, and charges cost reduction goals under various amendments to United's use and lease agreement, which were assumed to be in effect during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges, as presented in Exhibits E-1 through E-4.

### **Landing Fees**

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and/or other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

### **Terminal Complex Rentals**

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

As stated earlier, the City is planning to extend Concourse C by approximately 10 mainline gates to the west, and construct a new commuter jet facility on the east side of Concourse C. It is expected that the 10-gate expansion will become operational on January 1, 2011, and the new commuter jet facility will become operational on January 1, 2009. According to the City, debt service and O&M

Expenses associated with the expansions are to be included in the calculation of airline rentals, fees, and charges.

For purposes of this analysis, the following were assumed:

- Effective January 1, 2009, Great Lakes Aviation would relocate to Concourse C and use the new commuter jet facility. Under the Airport use and lease agreements, the rentals, fees, and charges for the Concourse C commuter jet facility are to be assessed based on the City's estimate of full use of the facility.
- Southwest Airlines and/or other airlines would lease 2 gates and associated space when the 10-gate expansion becomes operational on January 1, 2011.
- The airlines operating on Concourse C would lease one additional gate and associated space in 2012 and in 2013.
- Effective January 1, 2011, Continental Airlines would relocate from Concourse A to Concourse C and would continue to lease the same amount of gates and space. The vacated gates on Concourse A would be used and/or leased by Frontier Airlines.

As a result of these and other assumptions, the City is expected to realize additional rentals and charges associated with the Concourse Ramp Area and Concourse C tenant finishes.

### **Tenant Finishes and Equipment**

Exhibit E-3 shows the calculation of charges to recover the costs of tenant finishes and equipment (including baggage sortation space and equipment). In meeting its cost reduction goals under certain amendments to the Airport use and lease agreement with United, the City intends to write off the book value associated with \$17.5 million of reimbursements from the Capital Fund to United for costs associated with certain modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements, the City has agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2010, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction is to be achieved by applying a portion of the interest savings on the Bond refundings, discussed earlier, against Concourse C tenant finish costs.

Under an amendment to the Airport use and lease agreement with United, debt service and other costs associated with the Concourse B regional jet facility are allocable to Concourse B tenant finish charges and are to be recovered through facility rentals. As United occupies 96% of Concourse B, a significant portion of the

annual cost of this project is to be recovered from United each year. The new facility became operational on April 24, 2007.

### **Baggage System Fees**

Exhibit E-4 shows the calculations of the automated baggage system fee and the conventional baggage system fee assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

In 2005, United discontinued use of the ABS and currently uses the conventional baggage system to transport all of its bags to and from the Landside Terminal. United had been the only airline using the ABS, which was subsequently shut down by the City.

Under the Airport use and lease agreements, the airlines on Concourse A and Concourse B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the City's intent during the forecast period to (a) defease the Bonds associated with the ABS and (b) write off Capital Fund investments in the ABS made by the City.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

### **Other Airline Fees and Charges**

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses rentals, fees, and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end Net Revenue credit.

## **NONAIRLINE REVENUES**

Exhibit F summarizes historical and forecast revenues from nonairline tenants and services.

### **Terminal Concessions**

Space for concessions and services is provided in the Landside Terminal and the concourses. The City leases such space pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a re-establishment clause that allows the City to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant.

Unlike most concession programs at U.S. airports, at Denver International Airport, the City has not contracted with one or two “master concessionaires” which, in turn, sublease the concessions to others. The Airport’s concessions program has emphasized direct contracting with individual concessionaires, providing opportunities for local small businesses, greater competition, more choices for consumers, and more revenue to the Airport. Currently, approximately 60 concessionaires operate at the Airport in more than 140 locations.

Some of these concession agreements are scheduled to expire during the forecast period. As these agreements expire, the City intends to enter into new agreements with similar terms and conditions.

In 2006, revenues from Terminal Complex concessions represented 5.9% of Gross Revenues. In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.0% per year, and (4) the terms and conditions of agreements with the City. Exceptions to these factors are noted below.

**Food and Beverage.** The minimum annual guarantee for food and beverage space is \$59 per square foot per year. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.



**Specialty Retail.** The minimum annual guarantee for retail space is approximately \$70 per square foot per year. The merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Services.** Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee of \$36 per square foot per year, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

### **Outside Nonairline Revenues**

Outside nonairline revenues include public automobile parking, rental cars, and ground transportation services.

**Public Automobile Parking.** Public automobile parking at the Airport is accommodated in parking structures, surface lots adjacent to the Landside Terminal, and a remote parking lot. In 2006, public parking revenues accounted for 18.0% of total Gross Revenues.

Table 21 lists the City-owned parking facilities at the Airport, the number of spaces in each facility owned by the City, and parking rates in the facilities, which are adjusted by the City from time-to-time. As stated earlier, AMPCO System Airport Parking operates and manages the public parking facilities under a management contract with the City. Under this contract, the City retains all rights to implement, among other things, parking rate increases.

Table 21

**CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES**

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages (a)	12,329	\$18	\$2
Short-term lots	208	(b)	\$3
Valet	657	\$27	\$11 first hour \$2 each additional hour
Long-term surface parking	8,301	\$9	\$1
Remote surface parking	8,963	\$5	\$1

Note: The Mt. Elbert remote shuttle lot, not included above, has 8,616 spaces and has historically been used for overflow parking. In November 2007, the Mt. Elbert lot will be available for full-time use following the completion of certain parking improvements included in the Airport Capital Program.

- (a) The City expects to open a new parking structure adjacent to the Landside Terminal with approximately 1,700 parking spaces by December 2007.
- (b) Short-term (close-in) parking is assessed at the same hourly rate regardless of the length of stay.

Source: Airport management records.

In general, parking transactions—a measure of customer use—and parking revenues per transaction—a measure of how long customers park—increased from 2001 through the first 3 months of 2007. Transactions and revenues by lot type at the Airport for 2006 and the first 3 months of 2007 are shown below in Table 22.

Table 22

**PARKING TRANSACTIONS AND REVENUES**

Parking facilities	2006	
	Transactions— percent of total	Parking revenues— percent of total
Garages	68%	61%
Valet	2	4
Long-term surface parking	18	23
Remote surface parking	<u>12</u>	<u>12</u>
Total	100%	100%
	First 3 months of 2007	
	Transactions— percent of total	Parking revenues— percent of total
Garages	67%	63%
Valet	2	4
Long-term surface parking	20	23
Remote surface parking	<u>11</u>	<u>10</u>
Total	100%	100%

Source: Airport management records.

To meet the demand for public parking facilities at the Airport, the City is in the process of constructing a new public parking structure adjacent to the Landside Terminal. The new structure is expected to (a) be operational by December 2007, (b) have the same parking rates as existing parking garages, and (c) provide approximately 1,700 public parking spaces.

Since the Airport opened in 1995, privately operated off-Airport parking lot sizes and competition have increased. Many airports in the United States face parking competition from off-airport parking facilities, which are typically owned and operated by private entities that provide courtesy vehicle services to and from the airport terminal building for their customers at no cost. In 2006, one of the largest off-Airport parking operators that serve the Airport doubled its number of covered spaces to 1,100. Published rates at this parking facility are approximately \$7 and \$12 per day for uncovered and covered parking (net of online coupons available at no charge or restrictions), respectively, compared to \$5 and \$18 per day for similar facilities at the Airport. Parking revenues per passenger during the forecast period are expected to increase, but at diminishing rates, consistent with on-Airport trends in recent years. Given the Airport property size and the courtesy vehicle travel distances for off-Airport parking operators to the Landside Terminal, competition from these off-Airport parking operators is not expected to result in year-to-year parking revenue decreases during the forecast period.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2009, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Airport terminal building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are \$10.95 for self-parking and \$13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (a) a minimum annual guarantee equal to 85% of the previous year's guaranteed payment to the City (estimated to be approximately \$247,000 in 2007) or (b) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City.

Public automobile parking revenues were forecast on the basis of (a) a review of yearly trends in parking revenues per originating passenger and per transaction from 2001 through the first 3 months of 2007, (b) moderate increases in the ratio of long-term parkers to originating passenger and average revenue per originating passenger as the City adjusts public parking rates, and (c) forecast increases in the number of originating passengers.

**Rental Cars Privilege Fees.** The City has concession agreements with the following rental car companies to provide service at the Airport through January 1, 2014: Advantage, Avis, Budget, Dollar, Enterprise, Hertz, Payless, Thrifty, and Alamo and National, which operate as rental car brands under Vanguard Car Rentals USA, Inc. In 2006, rental car privilege fee revenues accounted for 5.6% of Gross Revenues.

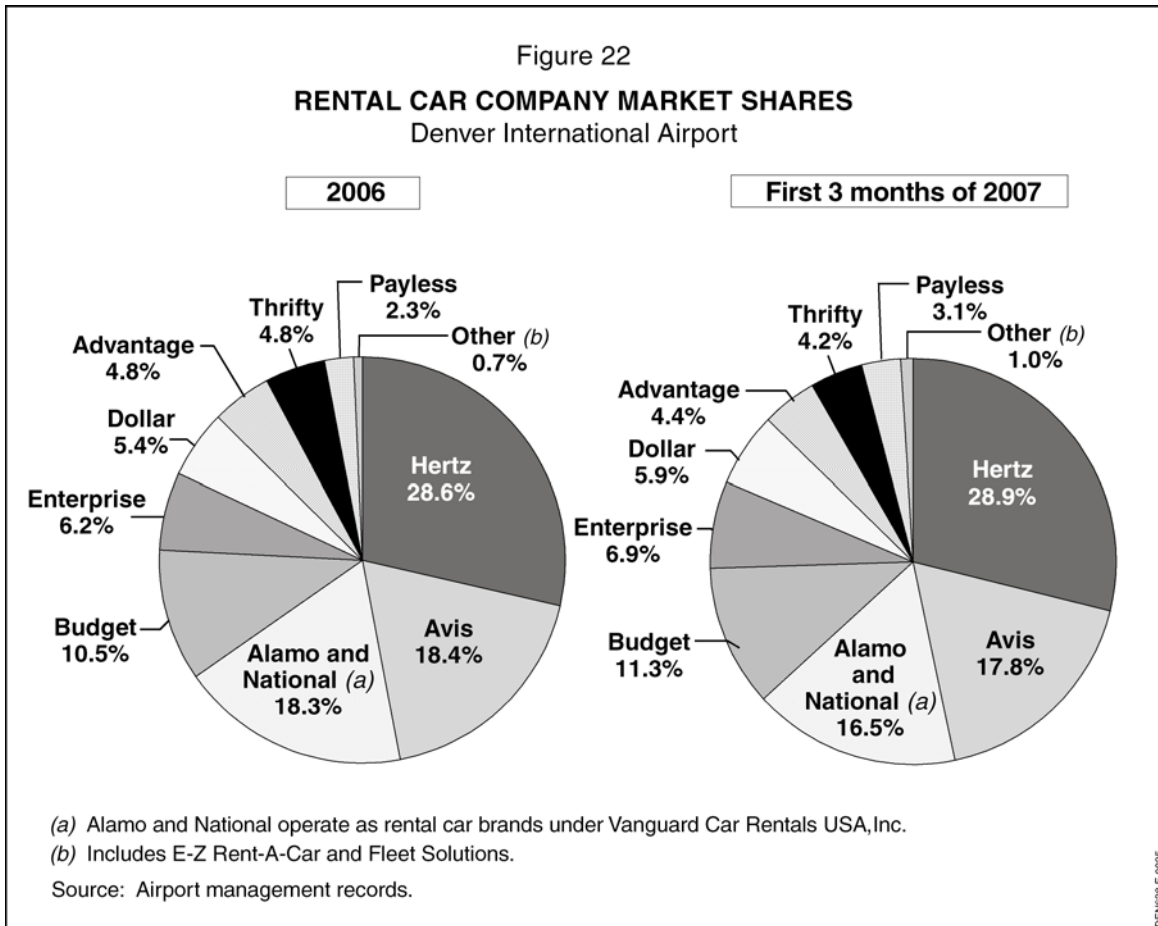
In March 2007, Enterprise entered into an agreement to acquire Vanguard Car Rentals USA, Inc., and stated that the acquisition of Vanguard is expected to close in the third or fourth quarter of 2007. On the basis of data for the first 3 months of 2007, the combined company would be the second largest rental car operation at the Airport based on gross revenues.

Figure 22 presents the market shares of the rental car companies that have concession agreements with the City for 2006 and the first 3 months of 2007.

Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is greater. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Rental car privilege fee revenues were forecast on the basis of (a) forecast numbers of originating passengers, (b) trends in the average gross rental car revenues per originating passenger for the last 5 complete fiscal years (2002-2006) and the first

3 months of 2007, which ranged between \$21 and \$25 per originating passenger, and (c) moderate increases in the average revenue per rented car as the on-Airport rental car companies adjust their daily rates. The acquisition of Vanguard by Enterprise is not expected to have a material effect on privilege fees paid to the City, which are forecast to be greater than the minimum annual guarantee in each year of the forecast period.



**Ground Transportation Services.** The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

## Other Terminal Revenues

Other terminal revenues include employee parking fees, rental car service and storage area rentals and additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.1% of Gross Revenues in 2006.

**Employee Parking.** The City provides two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the terminal area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

**Rental Car Service and Storage Areas.** In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, construction, and equipping of certain terminal area improvements, rental car facilities, vehicles, and equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

All of the rental car companies serving the Airport have a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies
- Administrative expenses
- Ground rentals for land leased from the City north of Peña Boulevard
- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

**Future Airport Hotel.** In June 2007, the City received several proposals from qualified participants in response to its request for proposals for an owner, manager, financier, and/or constructor of a first-class hotel property (i.e., the Airport Hotel) to be immediately adjacent and attached to the Landside Terminal, on land owned by the City. For purposes of this report, no additional Gross Revenues were assumed during the forecast period from the Airport Hotel.

**Other Terminal Space.** The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

### **Airfield Area Revenues**

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, oil and gas royalty revenues, and fuel flowage fees.

### **Building and Ground Rentals**

Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2006, building and ground rentals accounted for 2.6% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

**Facilities Financed with Senior Bonds.** As part of the new Airport project, the City financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 23 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 23.

Table 23

**CARGO USE AND LEASE AGREEMENTS**

Air General (December 2010)	DHL Worldwide Express (February 2015)
ABX Air (December 2009)	FedEx (February 2023)
America West Airlines/US Airways (February 2005) (a)	Frontier Airlines (May 2005) (a)
American Airlines (December 2010)	Kitty Hawk Air Cargo (July 2011)
Air Transport International (April 2009)	Northwest Airlines (February 2005) (a)
Delta Air Lines (February 2005) (a)	Southwest Airlines (December 2010)
	UPS Air Cargo (February 2010)

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(a) The holdover provision of these agreements is in effect. The City expects new agreements to be executed by the tenants. America West Airlines and US Airways merged in September 2005.

The City has a longer-term agreement—approximately 25 years—with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground support equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides, among other things, for the repayment of debt service on the Senior Bonds issued for Continental’s facilities.

**Facilities Financed with Special Facilities Bonds.** In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance (1) a line maintenance hangar and other facilities for United Airlines, and (2) a multipurpose cargo project for WorldPort at DIA. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These Bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

The City has a Master Special Facilities and Ground Lease (the Master Lease) with WorldPort at DIA Owners LLC (WorldPort LLC), whereby the City has leased to WorldPort LLC land west and south of the South Airline Support Area for cargo, warehousing, office, and distribution facilities. Under the Master Lease, the City receives ground rentals for the 50-acre site, and percentage rent (1.5% of gross revenues received by WorldPort LLC).

Two of the seven buildings that were planned to be developed as part of WorldPort at DIA have been completed. Only one of the buildings has been leased.



On June 26, 2007, a Notice to Redeem the outstanding WorldPort Special Facility Bonds was sent to HSBC Bank, as Trustee. It is expected that these bonds will be redeemed on August 1, 2007, by JP Morgan Chase Bank, the letter of credit provider for the Special Facility Bonds. The City and JP Morgan Chase Bank are negotiating an agreement in which, following the redemption, the City would buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes.

For purposes of this report, it was assumed that the City would receive only the amount of actual rental revenue received from the one building leased by WorldPort LLC in 2006 in each year of the forecast period.

**Other Facilities.** The United States Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, USPS pays ground rent for the areas of the Airport that it uses.

General Aviation Area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site and provides fixed base operator (FBO) services for corporate and similar sized aircraft.

In December 2005, the City issued a request for proposals for a developer of 17 acres of land on the north side of Pena Boulevard as the first phase of a planned 500-acre commercial development initiative. In April 2006, the City announced the selection of CMCB Development Co. of Denver to develop the site, known as the "Landings at DIA." Work on the Landings at DIA is expected to begin in summer 2007, with Phase 1 of the development expected to be operational in summer 2008.

Possible tenants of Landings at DIA include a 200-room limited service hotel, food providers, banks, specialty retail stores, and other service providers. For purposes of this report, it was assumed that the City would receive ground rentals for developed land, assessed at \$1.50 per square foot per year. All 17 acres were assumed to be developed by 2011. No additional payments to the City resulting from a percentage of gross revenues were assumed in the financial forecasts in this report.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the amount of leased building and ground space as of January 1, 2007, is an appropriate basis for estimating occupancy during the forecast period, (2) the City is to continue to establish ground rentals in a manner consistent with its adopted policy (as described earlier), and (3) cargo building rentals are to be established each year based on the costs discussed earlier.

## **Other Revenues**

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State. The City also receives revenues from a tax it imposes on fuel sold at the Airport.

## **Interest Income**

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2006, interest income accounted for 7.3% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (on the same basis as Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

## **STAPLETON DISPOSITION AND REDEVELOPMENT**

Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the grant assurances of the FAA (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June 2013. As of the date of this report, SDC had sold approximately 1,330 acres of Stapleton property for a total of approximately \$44.3 million, and the sale of approximately 292 acres in the amount of approximately \$9.6 million is pending. An additional 437 acres of open space have been dedicated for parks and other public use space. The proceeds from the Stapleton land sales, net of closing costs, have been deposited to the Capital Fund.

The Disposition Agreement provides for the payment of all Stapleton property O&M Expenses of SDC from the City's annual deposit to the Capital Improvement Account, to the extent that such amount is available in that account.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines agreed to fund the costs of certain environmental clean-up at Stapleton, which has occurred. Please refer to the section of the Official Statement entitled “FINANCIAL INFORMATION—Stapleton” for additional information about the Disposition Agreement and the agreement between the City and the airlines.

For the financial forecasts, it was assumed that (1) the City would not receive revenues from future development at Stapleton, (2) all O&M Expenses associated with Stapleton are to be paid by SDC, and (3) the City would continue to fund certain Stapleton disposition costs and amortize those costs in the Airfield Area cost center over 25 years.

## **APPLICATION OF REVENUES**

Exhibit G presents the forecast application of Gross Revenues to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 23.

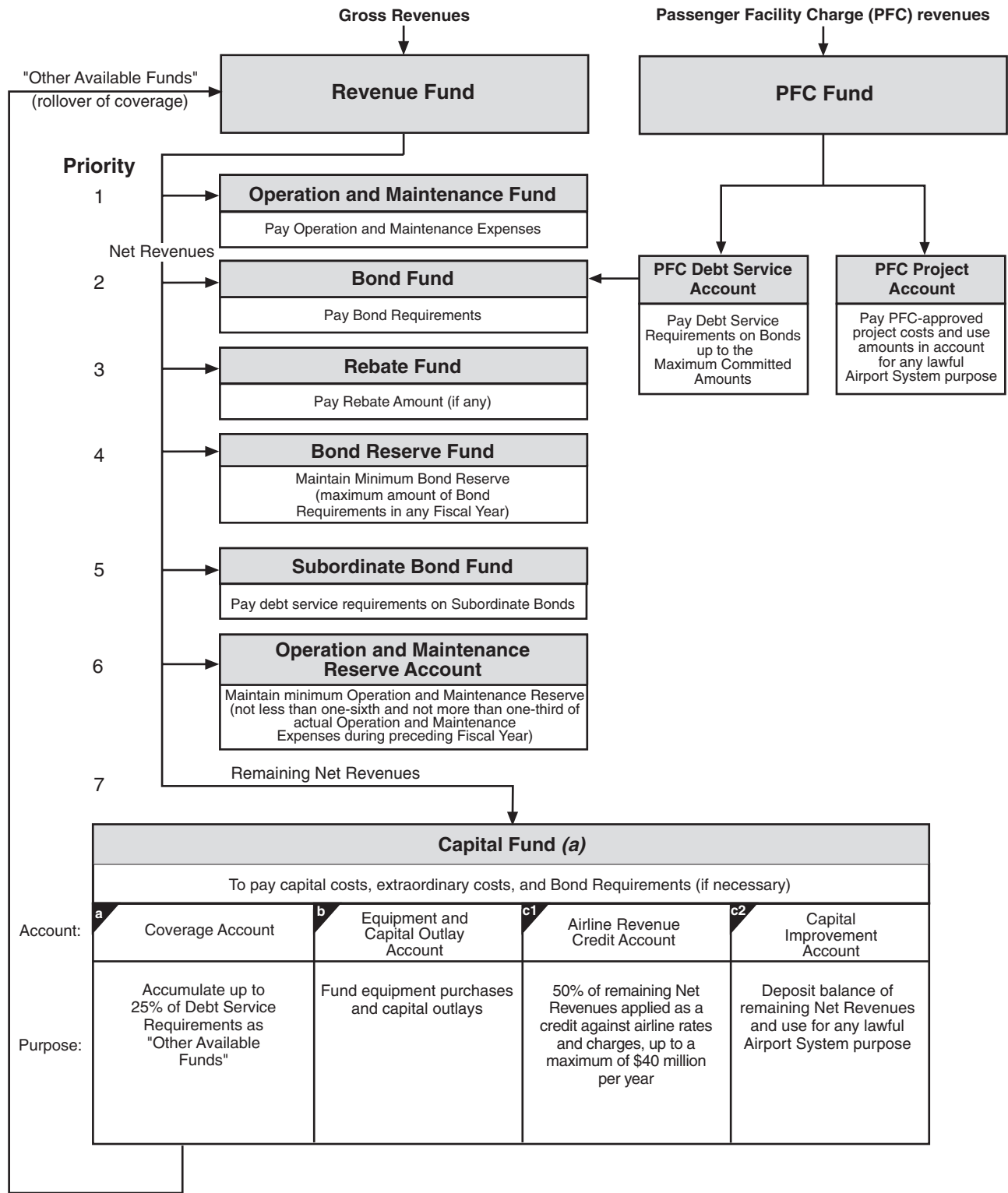
The General Bond Ordinance provides that the Gross Revenues of the Airport System are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of Operation and Maintenance Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each fiscal year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 23.

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be “rolled over” each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Capital Improvement and Airline Revenue Credit accounts, which are discussed below.



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 23  
**STRUCTURE OF FUNDS AND ACCOUNTS AND  
APPLICATION OF REVENUES UNDER  
THE GENERAL BOND ORDINANCE**

City and County of Denver

July 2007

- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and leased from the Financing Companies, as described below.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for this report that the City would make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments would come from the Equipment and Capital Outlay Account.

Remaining moneys are to flow as follows: 50%, up to a maximum of \$40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

## **DEBT SERVICE COVERAGE**

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance for Senior Bonds. Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period.

For reference, Table 24 provides historical data on debt service coverage.

Table 24

**HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE**

Denver International Airport  
Fiscal Years ended December 31  
(dollars in thousands)

Calculation of debt service coverage	2002	2003	2004	2005	2006
Gross Revenues <i>(a)</i>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	\$282,644	\$325,994	\$322,790	\$336,120	\$326,990
Other Available Funds	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,788</u>
Total amount available for Debt Service Requirement [A]	\$329,395	\$376,801	\$377,639	\$391,293	\$376,778
Debt service coverage on Senior Bonds					
Debt Service Requirement <i>(b)</i> [B]	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt service coverage [A/B]	162%	184%	171%	175%	189%
Debt Service Coverage Requirement	125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding.

- (a)* The amount shown in this table for 2006 does not match the amount shown in Table 20 because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.
- (b)* Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

**ESTIMATED COSTS AND SOURCES OF FUNDS**  
**AIRPORT CAPITAL PROGRAM**  
Denver International Airport  
(in thousands)

	Funding sources for projects				
	Gross project cost	Federal grants-in-aid (a)	Series 2007A-B Bonds	Series 2007D-E Bonds	Future Planned Bonds
<b>Airfield Area</b>					
Rehabilitate taxiways and runways	\$196,497	\$93,368	\$4,254	\$38,458	\$60,418
Upgrade runway and taxiway safety areas	10,025	5,535	-	-	4,490
Rehabilitate apron area	32,160	-	-	4,902	27,258
Snow management plan	6,984	-	-	-	6,984
Replace airfield lighting	4,640	-	500	-	4,140
Other projects	9,753	1,500	1,833	4,298	2,122
	-----	-----	-----	-----	-----
	\$260,059	\$100,403	\$6,587	\$47,658	\$105,411
<b>Terminal Complex</b>					
Expand Concourse C	\$177,828	\$ --	\$ --	\$125,539	\$52,289
Improve baggage system	98,450	-	3,800	-	94,650
Improve building systems	68,088	-	10,295	8,367	49,426
Construct FasTracks rail station	57,150	-	-	-	57,150
Concourse C tenant finishes, and equipment	40,132	-	-	-	40,132
Construct Concourse B regional jet facility	37,786	-	36,274	-	1,512
Improve AGTS	29,453	-	2,353	-	27,100
Replace and rehabilitate loading bridges	32,712	-	3,883	-	28,829
Improve aircraft parking	17,710	-	3,000	14,710	-
Improve restrooms	13,678	-	2,149	-	11,529
Concessions and seating	10,063	-	2,300	-	7,763
Design FIS expansion	10,350	-	900	-	9,450
Expand security screening	6,700	-	-	-	6,700
Ramp area drainage mitigation	4,280	-	856	-	3,424
Other projects	52,729	-	43,666	-	9,063
	-----	-----	-----	-----	-----
	\$657,108	\$ --	\$109,475	\$148,617	\$399,016
<b>Roadways, Parking, and Ground Transportation</b>					
Construct new public parking garages	\$106,539	\$ --	\$47,339	\$ --	\$59,200
Construct new shuttle public parking lot	17,750	-	-	-	17,750
Improve Pena boulevard	15,333	-	7,399	-	7,934
Moisture protection	11,959	-	6,309	-	5,650
Rehabilitate roadway pavement	10,485	-	5,535	-	4,950
Improve landscape	6,280	-	250	-	6,030
Resurface public and employee parking	2,331	-	2,331	-	-
Other projects	11,482	-	5,225	946	5,311
	-----	-----	-----	-----	-----
	\$182,160	\$ --	\$74,388	\$946	\$106,825
<b>Cargo and Support Facilities</b>					
Construct equipment storage facility	\$12,800	\$ --	\$ --	\$ --	\$12,800
Expand stock room	11,500	-	-	-	11,500
Expand paint shop	2,013	-	-	-	2,013
Upgrade and improve ARFF stations	554	-	554	-	-
Other projects	11,884	-	5,226	-	6,658
	-----	-----	-----	-----	-----
	\$38,750	\$ --	\$5,780	\$ --	\$32,970
<b>Other projects</b>					
Communications, electronics, fire, and security	\$37,043	\$ --	\$1,238	\$ --	\$35,806
Professional services	23,208	-	-	4,479	18,728
Central plant improvements	14,133	-	-	-	14,133
Environmental, utilities, and drainage	12,116	-	2,702	-	9,414
	-----	-----	-----	-----	-----
	\$86,500	\$ --	\$3,940	\$4,479	\$78,081
	-----	-----	-----	-----	-----
	\$1,224,575	\$100,403	\$200,170	\$201,700	\$722,303
	=====	=====	=====	=====	=====

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

(a) Includes federal grants-in-aid under the Airport Improvement Program.

**Exhibit B**

**ESTIMATED PLAN OF FINANCE**

Denver International Airport  
(in thousands)

	2007 Bonds			Future Planned Bonds	Total
	2007A-B Bonds	2007D-E Bonds	Total		
<b>SOURCES OF FUNDS</b>					
Principal amount of Bonds	\$224,016	\$250,020	\$474,036	\$922,100	\$1,396,136
Interest earnings	9,086	14,494	23,579	--	23,579
Federal grants-in-aid	-	-	-	100,403	100,403
<b>Total sources of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>
<b>USES OF FUNDS</b>					
Project costs funded from bond proceeds	\$130,170	\$201,700	\$331,870	\$722,303	\$1,054,173
Project costs funded from federal grants	-	-	-	100,403	100,403
Reimburse Airport equity	40,000	-	40,000	--	40,000
Refund Commercial Paper Notes	30,000	-	30,000	--	30,000
	\$200,170	\$201,700	\$401,870	\$822,706	\$1,224,576
Bond Reserve Fund	16,990	18,965	35,955	84,227	120,182
Capitalized interest account	10,497	37,772	48,268	101,268	149,536
Costs of issuance	5,445	6,076	11,522	14,302	25,824
<b>Total uses of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>

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Note: May not add due to rounding.

See the Report of the Airport Consultant for additional information on the Plan of Finance.

Source: First Albany Capital Inc., Plan of Financing dated July 2007.



**Exhibit C**

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Senior Bonds</b>									
Series 1990A	\$13,450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Series 1991A	3,710	11,415	11,411	11,417	--	--	--	--	--
Series 1991D	21,207	21,207	21,212	21,209	21,212	21,209	21,208	21,208	6,411
Series 1992D-G (variable rate)	2,299	3,269	3,217	3,165	3,312	3,352	3,388	3,420	3,447
Series 1995A	9,816	--	--	--	--	--	--	--	--
Series 1995B	7,484	--	--	--	--	--	--	--	--
Series 1995C	5,553	691	691	691	691	4,011	4,010	4,015	--
Series 1996A-B	23,557	14,365	--	--	--	--	--	--	--
Series 1996C-D	18,137	11,908	--	--	--	--	--	--	--
Series 1997E	22,338	21,824	21,106	20,903	20,739	20,576	38,135	26,403	26,549
Series 1998A-B	15,503	15,411	14,290	13,153	13,044	13,044	13,044	13,044	13,044
Series 2000A	28,187	28,185	28,184	27,696	27,123	26,558	26,074	26,071	26,071
Series 2000B-C (variable rate)	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Series 2001A-B	45,314	29,475	31,933	18,996	15,993	21,813	18,742	26,673	42,228
Series 2001D	5,651	5,647	6,037	6,037	6,039	6,039	6,036	6,034	6,036
Series 2002A1-A3 (variable rate) (c)	13,683	18,247	17,293	23,373	23,464	22,458	11,235	11,298	11,436
Series 2002C-D (variable rate)	12,717	2,889	2,941	2,989	2,933	2,976	3,016	3,052	3,183
Series 2002E	7,322	17,742	20,645	14,584	14,392	13,146	13,113	13,128	13,187
Series 2003A-B (d)	14,657	14,269	13,737	26,087	33,055	30,123	11,223	11,223	11,223
Series 2004A-B (variable rate)	4,561	8,187	11,073	10,969	11,264	10,905	11,024	11,104	7,784
Series 2005A	2,529	11,382	11,733	11,562	11,272	11,002	12,557	12,562	12,562
Series 2005B-C (variable rate)	531	12,901	13,261	13,582	13,480	10,479	14,430	14,637	25,375
Series 2006A-B	--	5,461	40,066	40,180	40,248	40,337	43,167	43,408	35,630
Series 2007A-B	--	--	--	5,738	8,607	11,477	16,987	16,987	16,988
Series 2007D-E	--	--	--	--	--	816	17,816	18,961	18,956
Future Planned Bonds (Concourse C portion only)	--	--	--	--	--	--	11,868	12,886	12,886
Future Planned Bonds (all other projects)	--	--	--	--	--	--	22,343	22,343	43,008
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$292,443	\$268,713	\$283,070	\$286,569	\$281,107	\$284,559	\$333,654	\$332,695	\$350,241
Continental support facilities bonds (e)	5,416	5,423	5,416	5,416	5,423	5,414	5,417	5,417	5,418
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$297,859	\$274,136	\$288,486	\$291,985	\$286,529	\$289,973	\$339,071	\$338,113	\$355,660
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Debt Service Requirements -- Senior Bonds</b>	<b>\$230,272</b>	<b>\$208,945</b>	<b>\$220,422</b>	<b>\$221,899</b>	<b>\$214,864</b>	<b>\$217,238</b>	<b>\$265,262</b>	<b>\$263,390</b>	<b>\$280,330</b>

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Subordinate Bonds</b>									
Series 2001C	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806
<b>Total Debt Service Requirements</b>	<b>\$242,078</b>	<b>\$220,751</b>	<b>\$232,228</b>	<b>\$233,705</b>	<b>\$226,670</b>	<b>\$229,044</b>	<b>\$277,067</b>	<b>\$275,196</b>	<b>\$292,136</b>
<b>ANNUAL TOTAL OF MONTHLY TRANSFERS TO BOND FUND (b)</b>									
Gross debt service	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
<b>Required transfers from Gross Revenues (h)</b>	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
<b>COVERAGE REQUIREMENT ON BONDS (i)</b>									
Airport portion	\$56,214	\$50,880	\$53,752	\$54,121	\$52,360	\$52,956	\$64,961	\$64,493	\$68,728
Continental portion	1,354	1,356	1,354	1,354	1,356	1,354	1,354	1,354	1,355
	\$57,568	\$52,236	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Net of capitalized interest. For bond fund transfers, reflects the 12 monthly payments required on February 1 of that year through January 2 of the following year. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
  - (c) Between 2008 and 2010, the City intends to optionally redeem the principal outstanding of the Sereis 2003 Bonds, which will have the effect of reamortizing this debt. Source for reamortized principal: First Albany Capital.
  - (d) Reflects the proposed defeasance of approximately \$175 million in principal outstanding to mitigate costs associated with the 10-gate Concourse C expansion. The specific series of Bonds to be refunded has not been decided by the City.
  - (e) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
  - (f) Reflects two-thirds (generally equal to \$3) of forecast PFC revenue and associated interest income, as provided under a PFC Supplemental Bond Ordinance.
  - (g) Reflects \$1.50 PFC revenue (or the non-Committed Passenger Facility Charges revenue) that are used to pay Debt Service Requirements. See the Report of the Airport Consultant for additional information.
  - (h) Debt service for purposes of calculating airline rates and charges.
  - (i) Equal to 25% of Debt Service Requirements on Senior Bonds.

**Exhibit C-1**

**ALLOCATION OF DEBT SERVICE TO COST CENTERS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>ANNUAL TRANSFERS TO BOND FUND (b)</b>									
Senior Bonds and Subordinate Bonds	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (b)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (b)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>ALLOCATION TO COST CENTERS</b>									
<b>Airline cost centers</b>									
Terminal Complex	\$89,734	\$90,665	\$93,584	\$96,605	\$95,476	\$101,479	\$121,614	\$123,564	\$128,997
Tenant Finishes and Equipment									
Landside Terminal	3,209	3,314	3,335	3,287	3,343	3,536	3,953	3,964	4,024
Concourse A	8,014	6,833	7,111	6,610	6,492	6,732	8,598	8,647	8,917
Concourse B	20,239	16,857	15,853	14,367	13,793	14,855	17,081	17,097	17,158
Concourse C	3,330	2,152	1,813	1,588	1,561	2,151	5,395	5,645	6,581
Loading Bridges	282	416	483	585	652	713	799	779	681
International Facilities	1,530	1,578	1,577	1,457	1,430	1,461	1,560	1,561	1,562
Common Use Terminal Equipment	36	30	39	39	39	39	39	39	39
Concourse A commuter facility	134	134	134	134	134	134	134	134	134
Concourse C commuter facility	--	--	--	--	21	566	2,793	2,941	2,940
Baggage Claim	1,424	1,468	1,470	1,373	1,357	1,396	1,501	1,502	1,503
Automated Baggage Systems	8,598	3,968	1,506	--	--	--	--	--	--
Conventional Baggage Systems	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
International Facilities	962	1,240	1,285	1,160	1,161	1,212	1,514	1,465	1,359
AGTS	3,633	3,597	3,785	3,887	3,947	4,180	5,100	5,234	5,942
Concourse Ramp Area	2,273	2,081	1,941	1,372	1,192	1,392	2,383	2,339	2,203
Airfield Area	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Fueling System	10,088	10,385	10,389	9,609	9,435	9,641	10,306	10,311	10,322
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$189,885	\$174,097	\$171,547	\$162,623	\$157,613	\$169,363	\$216,479	\$219,880	\$234,154
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Nonairline cost centers</b>	44,334	45,471	44,791	43,999	44,512	47,194	54,743	55,337	58,773
<b>Continental support facilities</b>	5,416	5,422	5,416	5,418	5,421	5,415	5,417	5,418	5,419
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(a) Source: Airport management records. Based on audited financial results.

(b) See Exhibit C.

A-120

**Exhibit D**

**OPERATION AND MAINTENANCE EXPENSES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007 (b)	2008 (b)	2009	2010	2011	2012	2013
<b>BY OBJECT TYPE</b>									
<b>Personnel services</b>	\$92,744	\$97,026	\$102,054	\$108,357	\$116,609	\$123,668	\$131,117	\$138,366	\$144,817
<b>Contractual services</b>									
Professional services	\$36,960	\$39,482	\$43,267	\$51,153	\$55,049	\$58,381	\$61,898	\$65,320	\$68,365
Utility services	19,617	19,898	22,118	21,964	23,636	25,067	26,577	28,047	29,354
Cleaning services	20,037	22,592	22,044	24,022	25,851	27,416	29,067	30,674	32,105
Other services	12,709	12,640	14,231	14,952	16,091	17,065	18,093	19,093	19,983
Repairs and maintenance (c)	24,384	27,611	31,085	34,124	35,148	36,203	37,289	38,407	39,560
Rentals	575	692	607	514	681	711	743	775	805
Insurance	3,590	3,674	3,300	3,420	3,699	3,866	4,040	4,213	4,374
Other contractual services (d)	1,305	1,560	1,924	2,271	2,156	2,253	2,355	2,456	2,550
Additional expenses (e)	--	--	--	--	711	775	11,735	12,187	12,682
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$119,177	\$128,150	\$138,575	\$152,421	\$163,021	\$171,738	\$191,797	\$201,172	\$209,778
<b>Maintenance, supplies, and materials</b>	15,940	18,879	18,208	19,654	21,151	22,431	23,782	25,097	26,268
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>BY COST CENTER</b>									
<b>Airline cost centers</b>									
Terminal Complex (f)	\$84,383	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
International Facilities	1,151	898	261	269	288	304	332	349	365
Automated Baggage Systems	2,979	1,664	341	365	391	413	451	474	495
Conventional Baggage Systems	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Baggage Claim	--	--	--	--	--	--	--	--	--
AGTS	16,860	18,583	20,458	21,634	23,204	24,520	26,746	28,130	29,382
Common Use Terminal Equipment	2	65	122	152	163	172	188	197	206
Concourse Ramp Area	7,082	7,878	8,348	9,809	10,520	11,117	12,126	12,754	13,321
Concourse A commuter facility	583	603	677	593	636	672	734	771	806
Airfield Area	48,649	54,549	54,527	59,504	63,822	67,441	73,564	77,371	80,814
Fueling System	1,558	1,553	1,402	1,434	1,539	1,626	1,773	1,865	1,948
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$164,556	\$174,917	\$187,631	\$203,158	\$217,899	\$230,256	\$251,162	\$264,158	\$275,914
<b>Nonairline cost centers</b>	63,306	69,137	71,207	77,275	82,882	87,582	95,535	100,478	104,949
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		7.1%	6.1%	8.3%	7.3%	5.7%	9.1%	5.2%	4.5%
-----									

- (a) Source: Airport management records. Based on audited financial results.
- (b) Source: Airport management records. Based on budgeted expenses.
- (c) Excludes maintenance costs of the conventional baggage system.
- (d) Includes bad debt expenses, if any, for the historical year.
- (e) Reflects additional expenses associated with implementing certain projects in the Airport Capital Program.
- (f) Includes expenses associated with maintaining the loading bridges. These expenses are recovered through TF&E charges.

**Exhibit E**

**AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Airline Revenues</b>									
Landing fees--Signatory Airlines	\$92,161	\$90,993	\$87,340	\$84,420	\$90,391	\$96,217	\$113,460	\$118,796	\$126,709
Landing fees--non-signatory airlines	2,239	1,198	1,558	1,461	1,526	1,599	1,853	1,903	2,014
Terminal complex rentals	71,433	66,713	74,760	78,876	82,156	86,804	100,210	105,725	111,569
Nonpreferential, commuter, common-use gates	3,523	3,236	2,510	2,507	2,225	2,406	3,362	3,451	3,531
Tenant finishes and equipment charges (b)	51,444	53,766	55,724	54,974	56,913	60,563	67,233	69,198	71,813
Automated baggage system fees	17,746	11,727	5,817	4,737	5,049	5,359	5,761	6,018	6,273
Conventional baggage system fees	22,023	21,314	22,191	23,242	24,216	25,523	28,585	29,558	32,137
International facility fees	4,413	5,146	4,171	4,450	4,742	5,063	5,318	5,597	5,891
AGTS charges	22,089	23,020	25,156	26,624	29,513	31,045	34,131	35,888	37,611
Baggage claim charges	16,229	15,546	16,825	17,590	18,395	19,396	20,450	21,173	21,934
Interline baggage fees	679	560	745	787	827	873	920	955	992
Concourse ramp fees	8,803	8,629	9,230	10,265	11,083	11,796	13,137	13,846	14,256
Commuter ramp fees	141	156	255	276	296	313	328	340	344
Common use terminal equipment fees	15	17	99	120	128	134	145	152	158
Fueling system charges	11,974	12,176	11,966	11,238	11,199	11,499	12,303	12,428	12,519
<b>Total rentals, fees, and charges</b>	<b>\$324,913</b>	<b>\$314,197</b>	<b>\$318,347</b>	<b>\$321,566</b>	<b>\$338,658</b>	<b>\$358,591</b>	<b>\$407,195</b>	<b>\$425,030</b>	<b>\$447,750</b>
Less: Balance in Airline Revenue Credit Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(34,751)	(35,134)	(32,205)
<b>Net rentals, fees, and charges</b>	<b>\$284,913</b>	<b>\$274,197</b>	<b>\$278,347</b>	<b>\$281,566</b>	<b>\$298,658</b>	<b>\$318,591</b>	<b>\$372,444</b>	<b>\$389,896</b>	<b>\$415,545</b>
<b>Net rentals, fees, and charges by airline</b>									
United	\$155,644	\$150,963	\$145,631	\$145,657	\$153,527	\$163,851	\$182,074	\$190,013	\$199,782
Other airlines	129,269	123,234	132,715	135,909	145,131	154,740	190,370	199,883	215,763
Less: cargo carriers landing and other fees (c)	(4,931)	(4,138)	(3,799)	(3,688)	(3,951)	(4,283)	(5,131)	(5,403)	(5,908)
	<b>\$279,982</b>	<b>\$270,060</b>	<b>\$274,548</b>	<b>\$277,878</b>	<b>\$294,707</b>	<b>\$314,308</b>	<b>\$367,313</b>	<b>\$384,493</b>	<b>\$409,637</b>
Enplaned passengers	21,702	23,665	24,602	25,351	25,936	26,332	26,730	27,068	27,293
<b>Airline cost per enplaned passenger</b>	<b>\$12.90</b>	<b>\$11.41</b>	<b>\$11.16</b>	<b>\$10.96</b>	<b>\$11.36</b>	<b>\$11.94</b>	<b>\$13.74</b>	<b>\$14.20</b>	<b>\$15.01</b>
<b>Maximum cost per enplaned revenue passenger for United (d)</b> <b>(in 1990 dollars)</b>	<b>\$11.33</b>	<b>\$11.19</b>	<b>\$9.16</b>	<b>\$8.79</b>	<b>\$8.89</b>	<b>\$9.11</b>	<b>\$9.74</b>	<b>\$9.74</b>	<b>\$9.81</b>

(a) Source: Airport management records. Based on audited financial results.

(b) Includes debt service associated with the Concourse B regional jet facility.

(c) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned passenger.

(d) Source for the discount factor: historical and estimated Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). An assumed 3% discount factor was used, which approximates the Denver-Boulder-Greeley CPI from 1990-2006.

**Exhibit E-1**

**LANDING FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$48,649	\$54,549	\$54,527	\$59,504	\$63,822	\$67,441	\$73,564	\$77,371	\$80,814
Operation and Maintenance Reserve Account replenishment (b)		1,058	554	498	554	1,146	1,079	905	1,531	952
Equipment and capital outlays		2,521	2,285	2,304	1,722	1,774	1,827	1,882	1,938	1,997
Debt service	C-1	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Variable rate bond fees (c)		752	596	479	469	459	449	439	427	413
Amortization charges		19,457	19,126	17,865	17,118	21,479	22,099	22,451	22,810	23,141
Other allocable costs		289	304	325	323	329	343	394	403	417
Capital cost of north site (50%)		1,297	1,320	1,329	1,243	1,227	1,256	1,336	1,339	1,345
<b>Total Airfield Area requirements</b>		<b>\$100,713</b>	<b>\$98,100</b>	<b>\$94,722</b>	<b>\$91,678</b>	<b>\$97,708</b>	<b>\$103,647</b>	<b>\$121,271</b>	<b>\$126,669</b>	<b>\$134,716</b>
Less credits:										
Nonairline revenues	F	(\$4,246)	(\$3,432)	(\$3,434)	(\$3,438)	(\$3,442)	(\$3,445)	(\$3,449)	(\$3,453)	(\$3,456)
Nonsignatory airline landing fees (d)		(2,239)	(1,198)	(1,558)	(1,461)	(1,526)	(1,599)	(1,853)	(1,903)	(2,014)
Interest income (e)		(2,068)	(2,477)	(2,391)	(2,359)	(2,349)	(2,386)	(2,510)	(2,517)	(2,537)
<b>Net Airfield Area requirement</b>		<b>\$92,161</b>	<b>\$90,994</b>	<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>
Signatory Airline landed weight (1,000 pound units) (f)		29,053	31,524	33,231	33,733	34,039	34,078	34,169	34,283	34,073
<b>Signatory Airline landing fee rate</b>		<b>\$3.17</b>	<b>\$2.89</b>	<b>\$2.63</b>	<b>\$2.50</b>	<b>\$2.66</b>	<b>\$2.82</b>	<b>\$3.32</b>	<b>\$3.47</b>	<b>\$3.72</b>
<b>Total Signatory Airline landing fees</b>				<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (d) Reflects the calculated Signatory Airline landing fee value multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
- (e) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (f) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

**Exhibit E-2**

**TERMINAL COMPLEX RENTALS**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$84,908	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
Less: Loading bridge maintenance expenses (b)		(658)	(1,122)	(1,190)	(1,289)	(1,382)	(1,461)	(1,593)	(1,676)	(1,750)
Operation and Maintenance Reserve Account replenishment (c)		1,723	982	914	1,005	2,078	1,958	1,641	2,776	1,726
Equipment and capital outlays		1,694	1,223	1,475	1,103	1,136	1,170	1,205	1,241	1,278
Debt service (d)	C-1	99,734	90,665	94,557	97,505	96,358	102,368	122,407	124,358	129,791
Variable rate bond fees (e)		1,806	1,638	1,223	1,198	1,172	1,148	1,121	1,092	1,055
Amortization charges		6,824	6,375	6,539	7,349	10,499	10,640	10,776	10,914	10,953
Other allocable costs		746	783	839	833	848	886	1,018	1,039	1,075
<b>Total Terminal Complex Requirement</b>		<b>\$196,777</b>	<b>\$188,248</b>	<b>\$204,362</b>	<b>\$215,626</b>	<b>\$226,461</b>	<b>\$239,025</b>	<b>\$269,997</b>	<b>\$280,072</b>	<b>\$290,700</b>
Less credits: Interest income (f)		(5,334)	(6,388)	(6,166)	(6,084)	(6,059)	(6,155)	(6,473)	(6,492)	(6,543)
<b>Net Terminal Complex Requirement</b>		<b>\$191,443</b>	<b>\$181,859</b>	<b>\$198,196</b>	<b>\$209,542</b>	<b>\$220,402</b>	<b>\$232,870</b>	<b>\$263,524</b>	<b>\$273,580</b>	<b>\$284,157</b>
Rentable space (square feet) (g)		2,327	2,323	2,323	2,325	2,328	2,328	2,502	2,502	2,502
<b>Average rental rate per square foot</b>		<b>\$82.26</b>	<b>\$78.30</b>	<b>\$85.33</b>	<b>\$90.12</b>	<b>\$94.69</b>	<b>\$100.05</b>	<b>\$105.34</b>	<b>\$109.36</b>	<b>\$113.59</b>
Average rental rate per square foot at 100%		\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
Differential rate per square foot at 65%		53.47	50.89	55.47	58.58	61.55	65.03	68.47	71.09	73.83
Total airline space rentals (h)				\$74,760	\$78,876	\$82,156	\$86,804	\$100,210	\$105,725	\$111,569

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) These expenses are recovered through tenant finish charges.
- (c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (d) For purposes of establishing the average terminal rental rate, debt service prior to the application of certain PFC revenue is used.
- (e) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (f) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (g) Rentable space increases during the forecast period as projects are completed.
- (h) Includes exclusive, preferential, and joint-use space rentals.

Exhibit E-3

**TENANT FINISHES AND EQUIPMENT CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Landside Terminal</b>									
Debt service	\$3,209	\$3,314	\$3,335	\$3,287	\$3,343	\$3,536	\$3,953	\$3,964	\$4,024
Variable rate bond fees (b)	39	48	31	31	30	29	29	28	27
Other allocable costs	24	25	27	26	27	28	32	33	34
Amortization charges	668	1,717	2,221	2,241	2,262	2,283	2,305	2,327	2,350
<b>Total requirements</b>	<b>\$3,939</b>	<b>\$5,105</b>	<b>\$5,613</b>	<b>\$5,585</b>	<b>\$5,662</b>	<b>\$5,876</b>	<b>\$6,319</b>	<b>\$6,352</b>	<b>\$6,435</b>
Less credits: Interest income (c)	(168)	(202)	(195)	(192)	(191)	(194)	(204)	(205)	(207)
<b>Net requirements</b>	<b>\$3,771</b>	<b>\$4,903</b>	<b>\$5,419</b>	<b>\$5,393</b>	<b>\$5,471</b>	<b>\$5,682</b>	<b>\$6,114</b>	<b>\$6,147</b>	<b>\$6,228</b>
Landside Terminal rentable space (square feet)	94	95	96	96	96	96	96	96	96
Rate per square foot	\$40.03	\$51.58	\$56.45	\$56.18	\$56.99	\$59.19	\$63.69	\$64.03	\$64.88
Airline rented space (square feet)			55	57	57	57	57	57	57
<b>Total charges -- Landside Terminal</b>			<b>\$3,081</b>	<b>\$3,202</b>	<b>\$3,248</b>	<b>\$3,374</b>	<b>\$3,630</b>	<b>\$3,649</b>	<b>\$3,698</b>
<b>Concourse A</b>									
Debt service (d)	\$8,014	\$6,833	\$7,111	\$6,610	\$6,492	\$6,732	\$8,598	\$8,647	\$8,917
Variable rate bond fees (b)	102	124	81	79	77	76	74	72	70
Other allocable costs	61	64	68	68	69	72	83	85	88
Amortization charges	496	1,345	1,369	1,397	1,440	1,465	1,492	1,518	1,545
<b>Total requirements</b>	<b>\$8,672</b>	<b>\$8,365</b>	<b>\$8,630</b>	<b>\$8,154</b>	<b>\$8,079</b>	<b>\$8,346</b>	<b>\$10,247</b>	<b>\$10,322</b>	<b>\$10,619</b>
Less credits: Interest income (c)	(434)	(520)	(502)	(496)	(494)	(501)	(527)	(529)	(533)
<b>Net requirements</b>	<b>\$8,238</b>	<b>\$7,845</b>	<b>\$8,127</b>	<b>\$7,659</b>	<b>\$7,585</b>	<b>\$7,844</b>	<b>\$9,720</b>	<b>\$9,793</b>	<b>\$10,086</b>
Less: Baggage sortation costs recovered separately (d)	(1,452)	--	--	--	--	--	--	--	--
	\$6,785	\$7,845	\$8,127	\$7,659	\$7,585	\$7,844	\$9,720	\$9,793	\$10,086
Rentable space (square feet)									
Airline rentable space	298	298	298	298	298	298	298	298	298
Less: Unfinished airline space	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Less: baggage sortation level space	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Corridor office space	7	7	7	7	7	7	7	7	7
Concourse ramp tower	6	6	6	6	6	6	6	6	6
City administrative space	49	49	49	49	49	49	49	49	49
Rentable space (square feet)	325	324	324	324	324	324	324	324	324
Rate per square foot	\$20.88	\$24.19	\$25.06	\$23.61	\$23.39	\$24.19	\$29.97	\$30.19	\$31.10
Plus: Loading bridge maintenance cost charge	4.40	4.24	5.67	6.80	9.10	9.44	11.90	12.09	11.98
	\$25.28	\$28.43	\$30.73	\$30.41	\$32.49	\$33.63	\$41.87	\$42.28	\$43.07
Airline rented space (square feet)	115	107	128	119	113	113	94	94	94
Total rental revenue	\$2,896	\$3,052	\$3,922	\$3,631	\$3,680	\$3,809	\$3,922	\$3,961	\$4,035
Plus: Baggage sortation equipment revenue (d)	1,305	1,240	--	--	--	--	--	--	--
<b>Total charges -- Concourse A</b>	<b>\$4,200</b>	<b>\$4,292</b>	<b>\$3,922</b>	<b>\$3,631</b>	<b>\$3,680</b>	<b>\$3,809</b>	<b>\$3,922</b>	<b>\$3,961</b>	<b>\$4,035</b>



Exhibit E-3 (page 2 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Concourse B</b>									
Debt service (e)	\$20,239	\$16,857	\$15,853	\$14,367	\$13,793	\$14,855	\$17,081	\$17,097	\$17,158
Variable rate bond fees (b)	245	310	248	243	238	233	227	222	214
Other allocable costs	152	160	171	170	173	180	207	212	219
Amortization charges (f)	2,595	2,003	1,098	180	442	441	441	441	440
<b>Total requirements</b>	<b>\$23,231</b>	<b>\$19,329</b>	<b>\$17,371</b>	<b>\$14,961</b>	<b>\$14,646</b>	<b>\$15,710</b>	<b>\$17,957</b>	<b>\$17,971</b>	<b>\$18,031</b>
Less credits: Interest income (c)	(1,086)	(1,301)	(1,256)	(1,239)	(1,234)	(1,253)	(1,318)	(1,322)	(1,332)
Net requirements	\$22,145	\$18,028	\$16,115	\$13,722	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Less: Baggage sortation costs recovered separately									
Baggage sortation equipment costs (e)	(\$7,153)	(\$5,520)	(\$1,131)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage system modification costs (g) (f)	(1,561)	(1,561)	(781)	--	--	--	--	--	--
Baggage system modification costs (h) (f)	(1,254)	(1,254)	(1,685)	(771)	--	--	--	--	--
Rentable space (square feet)	\$12,177	\$9,694	\$12,518	\$12,950	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Rate per square foot	481	479	479	479	479	479	479	479	479
Plus: Loading bridge maintenance cost charge	\$25.33	\$20.26	\$26.16	\$27.06	\$28.03	\$30.21	\$34.77	\$34.79	\$34.90
Airline rented space (square feet)	1.29	2.78	2.93	3.30	4.21	4.37	4.61	4.69	4.64
Total rental revenue	\$26.61	\$23.04	\$29.10	\$30.37	\$32.24	\$34.58	\$39.38	\$39.48	\$39.54
Plus: Concourse B baggage system revenue	463	460	460	460	460	460	460	460	460
Baggage sortation equipment (e)	\$7,153	\$5,520	\$1,131	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage sortation space (i)	29,125	27,376	29,836	31,511	33,109	34,982	36,833	38,238	39,717
Baggage system modification (g) (f)	1,561	1,561	781	--	--	--	--	--	--
Baggage system modification (h) (f)	1,254	1,254	1,685	771	--	--	--	--	--
Concourse C baggage equipment revenue (e) (j)	942	643	--	--	--	--	--	--	--
<b>Total charges -- Concourse B</b>	<b>\$52,345</b>	<b>\$46,959</b>	<b>\$46,825</b>	<b>\$46,260</b>	<b>\$47,947</b>	<b>\$50,898</b>	<b>\$54,961</b>	<b>\$56,411</b>	<b>\$57,916</b>

Exhibit E-3 (page 3 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Concourse C</b>									
Debt service (k)	\$3,330	\$2,152	\$1,813	\$1,588	\$1,561	\$2,151	\$5,395	\$5,645	\$6,581
Variable rate bond fees (b)	45	51	35	34	33	32	32	31	30
Other allocable costs	25	26	28	28	28	30	34	35	36
Amortization charges	290	406	394	385	402	408	413	419	424
<b>Total requirements</b>	<b>\$3,690</b>	<b>\$2,635</b>	<b>\$2,270</b>	<b>\$2,034</b>	<b>\$2,024</b>	<b>\$2,621</b>	<b>\$5,874</b>	<b>\$6,129</b>	<b>\$7,071</b>
Less credits:									
Interest income (c)	(\$178)	(\$213)	(\$206)	(\$203)	(\$202)	(\$206)	(\$216)	(\$217)	(\$219)
Transfer of Concourse C baggage sortation cost to Concourse B	(933)	(502)	--	--	--	--	--	--	--
<b>Net requirements</b>	<b>\$2,579</b>	<b>\$1,920</b>	<b>\$2,064</b>	<b>\$1,831</b>	<b>\$1,822</b>	<b>\$2,415</b>	<b>\$5,657</b>	<b>\$5,912</b>	<b>\$6,852</b>
Concourse C rentable space (square feet)	137	137	137	137	137	137	250	250	250
Rate per square foot	\$18.79	\$14.05	\$15.04	\$13.34	\$13.28	\$17.60	\$22.61	\$23.63	\$27.39
Plus: Loading bridge maintenance cost charge	3.72	3.76	5.79	6.19	7.88	8.18	5.02	4.79	4.48
<b>Airline rented space (square feet)</b>	<b>\$22.51</b>	<b>\$17.82</b>	<b>\$20.83</b>	<b>\$19.53</b>	<b>\$21.16</b>	<b>\$25.78</b>	<b>\$27.63</b>	<b>\$28.42</b>	<b>\$31.87</b>
	95	91	91	96	96	96	171	182	193
<b>Total charges -- Concourse C</b>	<b>\$2,141</b>	<b>\$1,622</b>	<b>\$1,896</b>	<b>\$1,880</b>	<b>\$2,037</b>	<b>\$2,482</b>	<b>\$4,720</b>	<b>\$5,177</b>	<b>\$6,165</b>
<b>Summary</b>									
Landside Terminal	\$ --	\$ --	\$3,081	\$3,202	\$3,248	\$3,374	\$3,630	\$3,649	\$3,698
Concourse A	4,200	4,292	3,922	3,631	3,680	3,809	3,922	3,961	4,035
Concourse B	52,345	46,959	46,825	46,260	47,947	50,898	54,961	56,411	57,916
Concourse C	2,141	1,622	1,896	1,880	2,037	2,482	4,720	5,177	6,165
<b>Total tenant finishes and equipment charges</b>	<b>\$58,687</b>	<b>\$52,873</b>	<b>\$55,724</b>	<b>\$54,974</b>	<b>\$56,913</b>	<b>\$60,563</b>	<b>\$67,233</b>	<b>\$69,198</b>	<b>\$71,813</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (c) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (d) Net of interest savings from bond refundings used to achieve 2005-2 Amendment and Concourse A reallocation plan cost reductions.
- (e) Reflects defeasance of Bonds allocated to Concourses B and C baggage sortation equipment to achieve cost reductions under 2005-2 and 2006 Amendments.
- (f) Reflects write-off of amortization to achieve cost reductions under 2006 Amendment.
- (g) Reflects the amortization of the cost of improvements to the Concourse B baggage system.
- (h) Reflects amortization of costs of baggage system modifications on Concourse B under the Stipulated Order.
- (i) Reflects \$10m of PFC revenues used to pay Concourse B baggage sortation space as described in 2005-1 Amendment.
- (j) Recovery of costs for Concourse C baggage equipment as provided under the Airport use and lease agreements.
- (k) Net of interest savings from bond refundings used to achieve same percentage cost reduction on Concourse C as achieved on Concourse A under the Concourse A reallocation plan.

**Exhibit E-4**

**BAGGAGE SYSTEM FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>AUTOMATED BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Spine space (square feet)	19	19	19	19	19	19	19	19	19
Maintenance space (square feet) (b)	43	43	43	43	43	43	43	43	43
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	61	61	61	61	61	61	61	61	61
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$5,031	\$4,789	\$5,219	\$5,512	\$5,791	\$6,119	\$6,443	\$6,689	\$6,947
Less: PFCs to pay Concourse A baggage system space costs (c)	(1,325)	(977)	(973)	(900)	(883)	(889)	(793)	(793)	(794)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$3,706</b>	<b>\$3,812</b>	<b>\$4,246</b>	<b>\$4,612</b>	<b>\$4,909</b>	<b>\$5,230</b>	<b>\$5,650</b>	<b>\$5,895</b>	<b>\$6,153</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Equipment costs</b>									
Operation and Maintenance Expenses	\$2,979	\$1,664	\$341	\$365	\$391	\$413	\$451	\$474	\$495
Operation and Maintenance Reserve Account replenishment (d)	59	83	3	3	7	7	6	9	6
Equipment and capital outlays	26	6	--	--	--	--	--	--	--
Debt service (c) (e)	9,981	3,968	1,506	--	--	--	--	--	--
Variable rate bond fees (f)	177	229	145	142	139	136	133	130	125
Other allocable costs	112	118	126	125	128	133	153	157	162
Amortization charges	775	696	710	724	738	753	768	784	799
Costs allocable to International Facilities (g)	(488)	(313)	(332)	(318)	(351)	(387)	(425)	(452)	(482)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$13,620</b>	<b>\$6,451</b>	<b>\$2,500</b>	<b>\$1,042</b>	<b>\$1,053</b>	<b>\$1,055</b>	<b>\$1,086</b>	<b>\$1,101</b>	<b>\$1,106</b>
Less credits: Interest income (h)	(803)	(962)	(929)	(916)	(913)	(927)	(975)	(978)	(986)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net requirements	<b>\$16,523</b>	<b>\$9,300</b>	<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Allocation of net requirements</b>									
Concourse A	\$580	\$439	\$605	\$944	\$1,054	\$1,026	\$1,216	\$1,296	\$1,379
/ Domestic originating and destination passengers (i)	7,398	8,879	8,350	8,533	8,724	8,921	9,081	9,247	9,415
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse A automated baggage system rate	\$0.08	\$0.05	\$0.07	\$0.11	\$0.12	\$0.11	\$0.13	\$0.14	\$0.15
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B (j)	\$15,885	\$9,838	\$5,212	\$3,793	\$3,995	\$4,333	\$4,545	\$4,722	\$4,894
/ Domestic originating and destination passengers (i)	8,067	8,983	8,887	8,942	8,965	9,023	9,083	9,142	9,201
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B automated baggage system rate	\$1.97	\$1.10	\$0.59	\$0.42	\$0.45	\$0.48	\$0.50	\$0.52	\$0.53
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total fees -- Automated baggage systems</b>			<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
			=====	=====	=====	=====	=====	=====	=====

Exhibit E-4 (page 2 of 2)

**BAGGAGE SYSTEM FEES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>CONVENTIONAL BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Terminal space (square feet)	134	134	134	134	134	134	134	134	134
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	<u>\$10,989</u>	<u>\$10,459</u>	<u>\$11,398</u>	<u>\$12,038</u>	<u>\$12,649</u>	<u>\$13,364</u>	<u>\$14,072</u>	<u>\$14,609</u>	<u>\$15,173</u>
<b>Equipment costs</b>									
Operation and Maintenance Expenses	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Operation and Maintenance Reserve Account replenishment (d)	3	121	14	14	28	27	22	38	24
Equipment and capital outlays	3	1	1	1	1	1	1	1	1
Debt service (c)	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
Variable rate bond fees (e)	99	123	81	79	77	76	74	72	70
Other allocable costs	54	57	61	60	61	64	74	75	78
Amortization charges	966	1,243	1,802	2,258	2,270	2,283	2,296	2,309	2,322
	<u>\$12,144</u>	<u>\$12,979</u>	<u>\$13,295</u>	<u>\$13,694</u>	<u>\$14,128</u>	<u>\$14,847</u>	<u>\$17,700</u>	<u>\$18,226</u>	<u>\$20,651</u>
Less credits: Interest income (h)	(387)	(464)	(447)	(441)	(439)	(446)	(469)	(471)	(474)
Net requirements	<u>\$22,746</u>	<u>\$22,974</u>	<u>\$24,247</u>	<u>\$25,291</u>	<u>\$26,338</u>	<u>\$27,765</u>	<u>\$31,303</u>	<u>\$32,364</u>	<u>\$35,350</u>
<b>Allocation of net requirements</b>									
Space costs			\$11,398	\$12,038	\$12,649	\$13,364	\$14,072	\$14,609	\$15,173
Equipment costs -- United (k)			6,308	6,734	6,936	7,267	8,584	8,828	9,954
Equipment costs -- Other airlines (k)			4,485	4,470	4,630	4,891	5,929	6,122	7,010
<b>Total fees -- Conventional baggage systems</b>			<u>\$22,191</u>	<u>\$23,242</u>	<u>\$24,216</u>	<u>\$25,523</u>	<u>\$28,585</u>	<u>\$29,558</u>	<u>\$32,137</u>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Reflects baggage maintenance space for the automated baggage system in the Landside Terminal and Concourses A, B, and C.
- (c) Requirements shown is net of PFC revenues allocable to certain spine and space costs.
- (d) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (e) Reflects defeasance of Bonds allocated to Concourses B baggage system to achieve cost reductions under 2005-2 Amendment. Also reflects defeasance of Bonds allocated to Concourse A baggage system at City's discretion.
- (f) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (g) Allocated based on the percent of international originating and destination passengers to total originating and destination passengers on Concourse A.
- (h) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (i) Based on the forecast of originating passengers presented in the report.
- (j) Operating costs are 100% allocable to Concourse B.
- (k) Allocated according to project costs and number of leased carousels.

**Exhibit F**

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Terminal concession revenues</b>									
Food and beverage	\$13,218	\$15,775	\$16,742	\$17,866	\$18,827	\$19,688	\$20,585	\$21,470	\$22,298
Merchandise	10,398	11,401	12,099	12,912	13,606	14,228	14,877	15,517	16,115
Terminal services (b)	6,612	7,129	7,566	8,074	8,508	8,897	9,302	9,702	10,077
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$30,228	\$34,305	\$36,407	\$38,851	\$40,940	\$42,813	\$44,763	\$46,689	\$48,490
<b>Outside concession revenues</b>									
Public automobile parking	\$92,636	\$105,262	\$111,921	\$116,627	\$121,470	\$125,244	\$129,011	\$132,135	\$134,847
Rental car privilege fees	27,706	32,678	34,285	35,726	37,210	38,366	39,520	40,477	41,308
Ground transportation	2,700	2,847	3,058	3,243	3,427	3,586	3,749	3,896	4,035
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$123,042	\$140,788	\$149,264	\$155,596	\$162,107	\$167,196	\$172,280	\$176,508	\$180,190
<b>Other terminal revenues</b>									
Employee parking fees	\$5,334	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317
Rental car									
Service and storage rentals (c)	5,767	5,264	5,655	5,996	6,337	6,630	6,931	7,203	7,460
Additional building rentals (d)	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589
Other terminal space rentals	915	923	923	923	923	923	923	923	923
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,606	\$15,093	\$15,484	\$15,825	\$16,166	\$16,460	\$16,760	\$17,033	\$17,289
<b>Airfield</b>									
General aviation landing fees	\$200	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
Farming income	343	192	192	192	192	192	192	192	192
Land rentals	485	485	485	485	485	485	485	485	485
Oil and gas royalty revenues	3,116	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447
Fuel flowage fees	102	108	110	114	118	121	125	129	132
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$4,246	\$3,432	\$3,434	\$3,438	\$3,442	\$3,445	\$3,449	\$3,453	\$3,456

Exhibit F (page 2 of 2)

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Building and ground rentals</b>									
Continental support facilities	\$7,761	\$7,814	\$7,714	\$7,689	\$7,766	\$7,865	\$8,084	\$8,166	\$8,244
Other North Airline Support Area	2,060	2,134	1,612	1,595	1,641	1,708	1,844	1,896	1,945
Other South Airline Support Area	--	37	844	835	860	895	966	993	1,019
South Cargo Area	4,335	4,514	4,581	4,372	4,381	4,503	4,809	4,866	4,918
FedEx	582	582	582	582	582	582	582	582	582
General Aviation Area	266	378	266	266	266	266	266	266	266
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,005	\$15,459	\$15,600	\$15,340	\$15,497	\$15,819	\$16,551	\$16,770	\$16,975
<b>Other revenues</b>									
In-flight catering fees	\$2,044	-\$300	\$2,365	\$2,524	\$2,659	\$2,781	\$2,908	\$3,033	\$3,150
Coverage--Continental Support Facilities	--	--	--	--	2	--	--	--	1
Aviation fuel tax proceeds									
City	7,275	6,486	6,596	6,700	6,763	6,776	6,790	6,797	6,778
State	9,720	6,229	6,335	6,435	6,495	6,508	6,521	6,528	6,509
Miscellaneous revenues	6,023	6,405	7,879	7,879	7,879	7,879	7,879	7,879	7,879
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$25,062	\$18,819	\$23,175	\$23,538	\$23,799	\$23,944	\$24,098	\$24,238	\$24,317
<b>Total</b>	<b>\$213,189</b>	<b>\$227,896</b>	<b>\$243,364</b>	<b>\$252,589</b>	<b>\$261,952</b>	<b>\$269,677</b>	<b>\$277,901</b>	<b>\$284,691</b>	<b>\$290,717</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		6.9%	6.8%	3.8%	3.7%	2.9%	3.0%	2.4%	2.1%

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Includes telephone, advertising, luggage cart, and other in-terminal concession revenues.
  - (c) Reflects ground and facility rentals based, in part, on debt service requirements.
  - (d) Reflects additional rentals payable by the rental car companies to the City.

**Exhibit G**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Gross Revenues</b>								
Airline rentals, fees, and charges	E	\$318,347	\$321,566	\$338,658	\$358,591	\$407,195	\$425,030	\$447,750
Other Airport revenues	F	243,364	252,589	261,952	269,677	277,901	284,691	290,717
Interest income		38,274	38,344	39,435	39,763	38,497	39,019	39,154
		-----	-----	-----	-----	-----	-----	-----
		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
<b>Operation and Maintenance Expenses</b>								
Operating expenses	D	\$258,838	\$280,433	\$300,781	\$317,838	\$346,696	\$364,636	\$380,863
Variable rate bond fees		3,390	3,320	3,247	3,180	3,106	3,026	2,924
		-----	-----	-----	-----	-----	-----	-----
		\$262,228	\$283,753	\$304,028	\$321,018	\$349,802	\$367,662	\$383,787
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues</b>								
Other Available Funds (coverage requirement)	C	\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
		55,106	55,475	53,716	54,310	66,315	65,847	70,083
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues plus Other Available Funds</b>								
		\$392,862	\$384,221	\$389,732	\$401,323	\$440,107	\$446,925	\$463,918
<b>Less transfers to:</b>								
Bond Fund (a)	C	\$221,754	\$212,040	\$207,546	\$221,972	\$276,639	\$280,635	\$298,345
Reserve account for FedEx project (b)		91	91	91	91	91	91	91
Operation and Maintenance Reserve Account		2,366	2,610	5,399	5,087	4,264	7,215	4,485
		-----	-----	-----	-----	-----	-----	-----
<b>Transfer to Capital Fund</b>								
Adjustments (c)		\$168,651	\$169,480	\$176,697	\$174,173	\$159,113	\$158,985	\$160,997
		702	702	702	702	702	702	702
		-----	-----	-----	-----	-----	-----	-----
<b>Adjusted transfer to Capital Fund</b>								
		\$169,353	\$170,182	\$177,399	\$174,875	\$159,815	\$159,687	\$161,699

Exhibit G (page 2 of 2)

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Allocation of Capital Fund transfer</b>								
Rollover to Coverage Account	C	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083
Addition to Coverage Account (Continental portion)	C	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	554	--	3,768
Interest income credit to Continental Airlines (d)		59	59	59	59	59	59	59
Equipment and Capital Outlay Account								
Other equipment purchases		6,580	3,963	4,082	4,205	4,331	4,461	4,594
Set-aside for installment purchase equipment payments (e)		4,471	6,004	18,605	19,053	19,053	19,053	18,784
Capital Improvement Account (f)								
Set-aside for Stapleton improvements (g)		1,500	--	--	--	--	--	--
Other (c)		702	702	702	702	702	702	702
Remaining balance deposit for Airport improvements		60,233	63,276	59,533	55,844	33,348	33,730	30,802
Airline Revenue Credit Account		40,000	40,000	40,000	40,000	34,751	35,134	32,205
		-----	-----	-----	-----	-----	-----	-----
		<b>\$168,651</b>	<b>\$169,480</b>	<b>\$176,697</b>	<b>\$174,173</b>	<b>\$159,113</b>	<b>\$158,985</b>	<b>\$160,997</b>

- (a) Required annual total of monthly transfers to the Bond Fund, net of the PFC revenues presented on Exhibit C, for payment of debt service on Senior Bonds and Subordinate Bonds.
- (b) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments.
- (c) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel project from the Net Revenues available for revenue sharing.
- (d) Continental receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.
- (e) Set-aside for payments to GE Capital and Siemens for certain equipment funded by those companies and leased by the City.
- (f) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport.  
 Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed \$40 million in any year.
- (g) The City is obligated to pay \$1.5 million per year through 2007, to the extent such amounts are available in the Capital Improvement Account to the SDC.



**Exhibit H**

**NET REVENUES AND DEBT SERVICE COVERAGE**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Estimated	Forecast					
		2007	2008	2009	2010	2011	2012	2013
<b>GENERAL BOND ORDINANCE</b>								
<b>Net Revenues and Other Available Funds (a)</b>								
Gross Revenues		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
Operation and Maintenance Expenses		262,228	283,753	304,028	321,018	349,802	367,662	383,787
Net Revenues		\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
Other Available Funds (coverage requirement)		55,106	55,475	53,716	54,310	66,315	65,847	70,083
	[A]	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
<b>Debt Service Requirements (b)</b>								
Senior Bonds	[B]	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds		11,806	11,806	11,806	11,806	11,806	11,806	11,806
	[C]	\$232,228	\$233,705	\$226,670	\$229,044	\$277,067	\$275,196	\$292,136
<b>Debt service coverage on Senior Bonds</b>	[A/B]	<b>178%</b>	<b>173%</b>	<b>181%</b>	<b>185%</b>	<b>166%</b>	<b>170%</b>	<b>165%</b>
		=====	=====	=====	=====	=====	=====	=====
<b>Debt service coverage on Senior and Subordinate Bonds</b>	[A/C]	<b>169%</b>	<b>164%</b>	<b>172%</b>	<b>175%</b>	<b>159%</b>	<b>162%</b>	<b>159%</b>
		=====	=====	=====	=====	=====	=====	=====

(a) See Exhibit G.

(b) Net of certain PFC revenues. See Exhibit C.

## **APPENDIX B**

### **ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005**

This appendix includes the following sections from the 2006 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 61); and Supplemental Information (pages 62 through 67). The Introduction (pages 1 through 7) and Annual Financial Information (pages 68 through 70) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver  
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport System as of and for the year ended December 31, 2005, were audited by other accountants whose report dated May 5, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of City and County of Denver that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City and County of Denver as of December 31, 2006 and 2005, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

July 2, 2007

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Management's Discussion and Analysis**

The following discussion and analysis of the financial position of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**Financial Highlights**

Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.1% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

**Overview of the Financial Statements**

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to those financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

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MUNICIPAL AIRPORT SYSTEM**

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**Summary of Revenues, Expenses, and Changes in Net Assets**

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues	\$ 500,810	\$	494,491	\$	477,665
Operating expenses before depreciation, amortization and impairment losses	<u>(256,147)</u>		<u>(231,129)</u>		<u>(221,214)</u>
Operating income before depreciation, amortization and impairment losses	244,663		263,362		256,451
Depreciation and amortization	(143,506)		(146,922)		(130,379)
Impairment losses	<u>—</u>		<u>(85,286)</u>		<u>(18,007)</u>
Operating income	101,157		31,154		108,065
Nonoperating revenues	150,223		120,063		84,766
Nonoperating expenses	(217,995)		(227,328)		(223,346)
Capital contributions	<u>29,188</u>		<u>31,547</u>		<u>62,205</u>
Increase (decrease) in net assets	62,573		(44,564)		31,690
Net assets, beginning of year	<u>640,196</u>		<u>684,760</u>		<u>653,070</u>
Net assets, end of year	<u>\$ 702,769</u>	\$	<u>640,196</u>	\$	<u>684,760</u>

**Operating Revenues**

(In thousands)

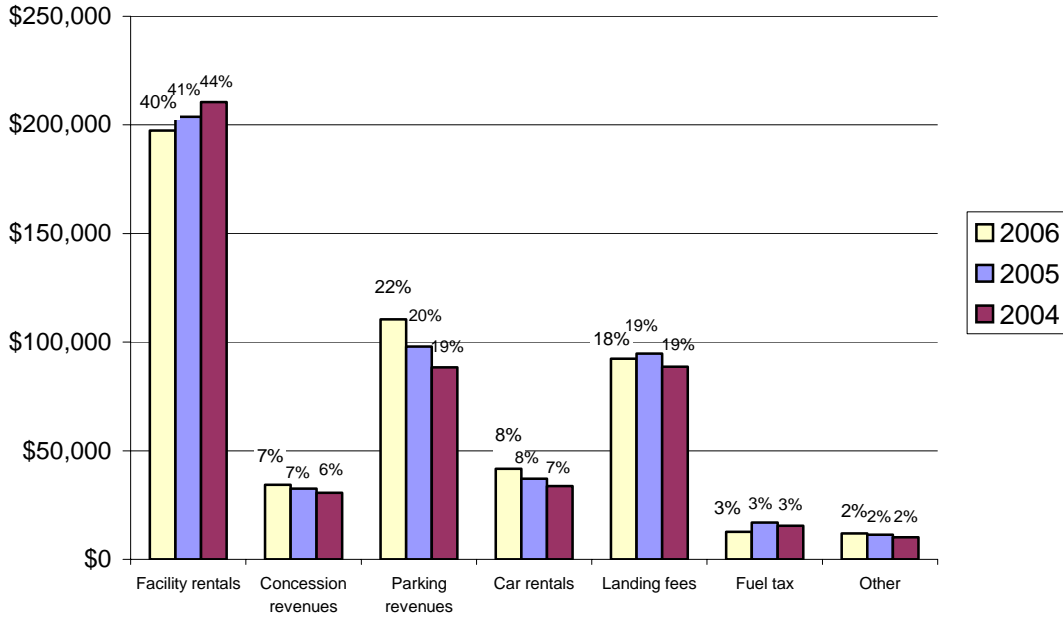
	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues:					
Facility rentals	\$ 197,353	\$	203,800	\$	210,461
Concession revenues	34,305		32,566		30,638
Parking revenues	110,535		97,919		88,411
Car rental revenues	41,641		37,175		33,780
Landing fees	92,390		94,695		88,741
Aviation fuel tax	12,714		16,995		15,402
Other sales and charges	<u>11,872</u>		<u>11,341</u>		<u>10,232</u>
Total operating revenues	<u>\$ 500,810</u>	\$	<u>494,491</u>	\$	<u>477,665</u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

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**Operating Revenues**

**% of Total Operating Revenues**



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increase in revenues.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2006 as compared to 2005 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
Enplanements	23,665	21,702	9.0%
Passengers	47,325	43,388	9.1%
Aircraft operations (1)	610	568	7.4%
Cargo (in pounds)	621,655	683,237	(9.0)%
Landed weight (in tons)	31,848	29,636	7.5%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

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The Airport System's activities increased in three areas as described below and decreased slightly in landed weight and cargo for the year ended December 31, 2005 as compared to 2004 (in thousands):

	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
Enplanements	21,702	21,144	2.6%
Passengers	43,388	42,276	2.6%
Aircraft operations (1)	568	567	0.2%
Cargo (in pounds)	683,237	699,827	(2.4)%
Landed weight (in tons)	29,636	29,651	(0.1)%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

Operating revenues increased by 1.3%, from \$494.5 million in 2005 to \$500.8 million in 2006, primarily due to increases in parking, concession revenues, and car rentals. The parking revenue increase of \$12.6 million, or 12.9%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and an increase in parking rates, discussed below. Concession revenues between 2006 and 2005 increased \$1.7 million, or 5.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$4.5 million, or 12.0%, to \$41.6 million due to an increase in O&D passenger traffic and increased usage charges.

Facility Rentals and Landing Fees decreased in 2006 compared to 2005 by \$6.4 million (3.2%) and \$2.3 million (2.4%) respectively. Charges to airlines are based on the costs of providing the facilities and services. In 2006 these costs decreased because of a reduction in the debt service allocated to airline cost centers, thereby reducing the airline revenues.

Aviation fuel tax revenue in 2006 decreased \$4.3 million, or 25.2%, primarily due to a decrease in aviation fuel usage related to aircraft tanker fueling outside of the Airport.

Operating revenues increased by 3.5%, from \$477.7 million in 2004 to \$494.5 million in 2005, primarily due to increases in parking, landing fees, concession revenues, and car rentals. The parking revenue increase of \$9.5 million, or 10.8%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and a rate increase effective June 15, 2005. The Airport System increased maximum daily parking rates in the garage and valet by \$3, from \$15 to \$18 and \$21 to \$24 per day, respectively. Also, there was a \$2 increase in the economy parking lot, from \$7 to \$9 per day. The landing fees increase of \$6.0 million, or 6.7%, is attributable to reductions in the year-end settlement in the landing fee rate calculation for signatory airlines. Concession revenues between 2004 and 2005 increased \$1.9 million, or 6.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$3.4 million, or 10.1%, to \$37.2 million due to an increase in O&D passenger traffic and increased usage charges.

Aviation fuel tax in 2005 increased \$1.6 million, or 10.3%, primarily due to an increase in aviation fuel usage and prices.



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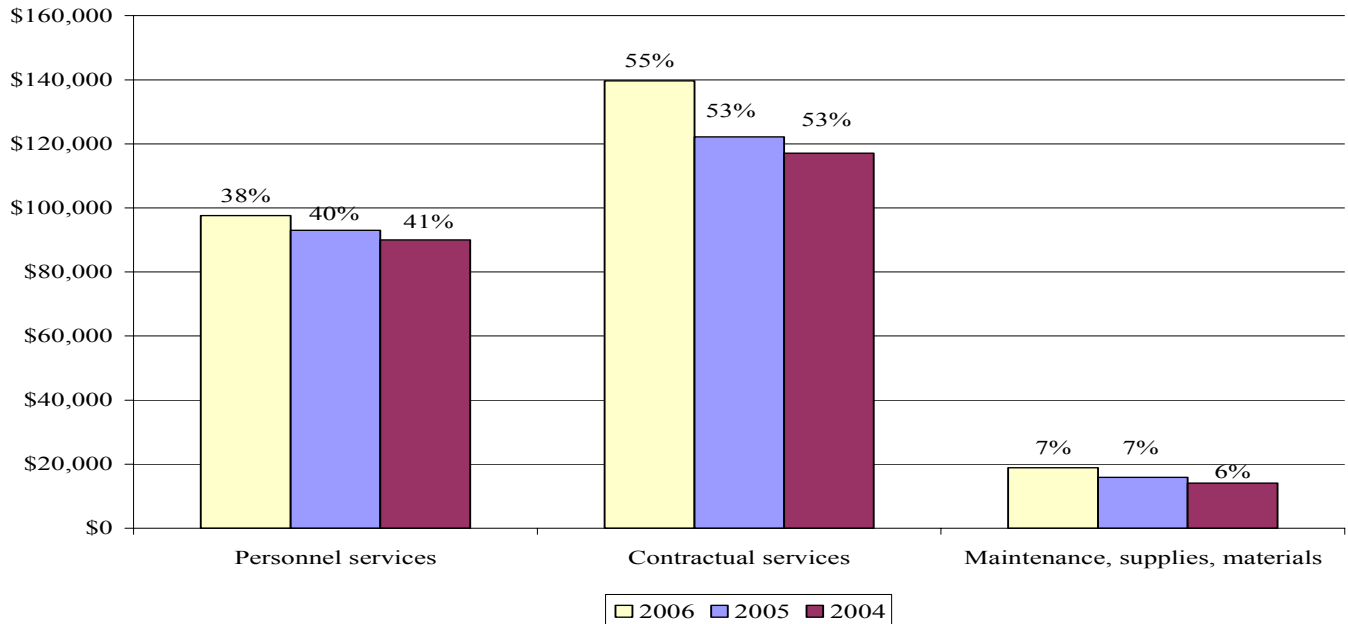
Management's Discussion and Analysis (Unaudited)  
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**Operating Expenses Before Depreciation, Amortization and Impairment Losses**

(In thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating expenses before depreciation, amortization and impairment losses			
Personnel services	\$ 97,592	\$ 92,980	\$ 90,006
Contractual services	139,652	122,193	117,091
Maintenance, supplies, and materials	<u>18,903</u>	<u>15,956</u>	<u>14,117</u>
Total operating expenses before depreciation, amortization, and impairment losses	<u>\$ 256,147</u>	<u>\$ 231,129</u>	<u>\$ 221,214</u>

**% Total Operating Expenses Before Depreciation, Amortization and Impairment Losses**



**2006/2005**

Operating expenses before depreciation, amortization and impairment losses increased by 10.8%, from \$231.1 million in 2005 to \$256.1 million in 2006. The increase in contractual services in 2006 compared to 2005 of \$17.5 million was due to an increase in snow removal costs due to blizzards that occurred in December 2006, as well as an increase in janitorial services, guard services and repair and maintenance expense.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates.

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Personnel services increased by \$4.6 million, or 5.0%, to \$97.6 million in 2006 compared to \$93.0 million in 2005. The increase in personnel costs was due in part to an increase in permanent salaries of 2.25% granted in 2006. Also, snow overtime costs relating to the December 2006 blizzards and a performance based bonus given to all personnel in December of 2006, contributed to the increase. Maintenance, supplies, and materials increased \$2.9 million, or 18.5%, to \$18.9 million from \$16.0 million in 2005 due to an increase in runway lighting costs and plumbing supplies costs. An increase in commercial chemical solvents used during the December 2006 blizzards, heating plant repair parts and jet bridges, also contributed to the increase in 2006.

**2005/2004**

Operating expenses before depreciation, amortization and impairment losses increased by 4.5%, from \$221.2 million in 2004 to \$231.1 million in 2005. The increase in contractual services in 2005 of \$5.1 million was due to an increase in electricity, gas, janitorial services, and repair and maintenance expenses offset by a decrease in aircraft noise penalty cost of \$1.5 million.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates. In addition, contract snow removal costs were higher in 2005 due to an April 2005 blizzard.

Personnel services increased by \$3.0 million, or 3.3%, to \$93.0 million in 2005 compared to \$90.0 million in 2004. The increase in personnel and other city personnel (fire and police) costs was due in part to an increase in permanent salaries of 2.25% granted in 2005. Also, snow overtime costs relating to the April 2005 blizzard contributed to the increase.

Maintenance, supplies, and materials increased \$1.8 million, or 13.0%, to \$16.0 million from \$14.1 million in 2004 due to the increase in runway lighting and janitorial supplies. In addition, an increase in natural gas rates, diesel fuel, and gasoline rates, as a result of increasing oil costs, also contributed to the increase in 2005.

**Impairment Losses**

In 2005, the Airport System concluded that sections of the automated baggage system were permanently impaired. As a result, the Airport System removed these sections of the automated baggage system, from its books, resulting in an impairment loss of \$85.3 million in 2005. See further discussion regarding the write-off of the automated baggage system in the Capital Assets section below.

**Nonoperating Revenues and Expenses**

**2006**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally

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funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

**2005**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which was due to an increase in yields and more cash being invested long term. In addition, PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic. Lastly, there was decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$16.2 million in environmental costs associated with the remediation of Stapleton.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the Explosive Detection System (EDS), which was federally funded. Also, in 2005, there was no capital PFC revenue while in 2004, capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFCs revenues from capital projects to the payment of debt service related to the automated baggage system.

**CITY AND COUNTY OF DENVER, COLORADO  
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Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Summary of Net Assets**

The following is a summary of assets, liabilities, and net assets as of December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Assets:</b>			
Current assets	\$ 242,971	\$ 222,323	\$ 267,237
Restricted assets, current	404,650	487,169	473,364
Noncurrent investments	187,081	197,877	136,289
Capital assets	3,342,913	3,365,021	3,490,129
Bond issue costs, net	61,331	76,112	88,743
Investments restricted	352,704	245,207	309,582
Assets held for disposition	18,807	22,724	24,500
Total assets	<u>4,610,457</u>	<u>4,616,433</u>	<u>4,789,844</u>
<b>Liabilities:</b>			
Current liabilities	119,152	124,503	120,147
Current liabilities payable from restricted assets	221,113	189,904	198,058
Bonds payable, noncurrent	3,500,817	3,619,827	3,723,510
Notes payable, noncurrent	61,488	36,646	56,763
Compensated absences payable, noncurrent	5,118	5,357	5,548
Capital lease, noncurrent	—	—	1,058
Total liabilities	<u>3,907,688</u>	<u>3,976,237</u>	<u>4,105,084</u>
<b>Net assets(deficit):</b>			
Invested in capital assets, net of related debt	(212,179)	(236,200)	(168,315)
Restricted	543,978	488,337	547,526
Unrestricted	370,970	388,059	305,549
Total net assets	<u>\$ 702,769</u>	<u>\$ 640,196</u>	<u>\$ 684,760</u>

**2006**

Assets decreased by \$.6 million in 2006 as compared to 2005. This was principally due to the decrease in capital assets of \$22.1 million. The decline in capital assets was due to normal annual depreciation of approximately \$143.5 million and retirements of \$9.2 million. The decrease in capital assets was offset by purchases of machinery, equipment and additions to construction in progress of approximately \$130.6 million for improvements.

Cash, cash equivalents and investments increased by \$28.9 million in 2006 as compared to 2005 resulting in part from operating activities, passenger facility charges and note proceeds. This was offset by payments of debt of \$123.1 million and purchases of capital assets. See the statement of cash flows for more information regarding the change in cash and investments.

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**MUNICIPAL AIRPORT SYSTEM**

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Grants receivable increased by \$10.4 million. Grants receivable of \$9.5 million were outstanding at the end of 2006 relating to the bomb detection system project and final reimbursements due from TSA.

Lastly, deferred bond issue costs declined by \$14.8 million due to the removal of costs related to the 1996 bonds that were refunded totaling \$17.4 million, the addition of costs related to the 2006 bonds that were issued totaling \$6.4 million and the annual amortization of the costs totaling \$3.8 million.

Total liabilities decreased by \$68.5 million in 2006, compared to 2005, primarily due to the decrease in bonds (which was attributable to principal payments paid during 2006) and deferred rent, offset by an increase in notes payable.

Of the Airport System's 2006 total net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts that are externally restricted for debt service represent \$544.0 million.

At December 31, 2006, the remaining net assets include unrestricted net assets of \$371.0 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**2005**

Assets decreased by \$173.4 million in 2005 as compared to 2004. This was largely due to a decrease in capital assets of \$125.1 million. The decline in capital assets was due to two factors: 1) the write-off of portions of the automatic baggage system and sortation systems with a net book value of approximately \$43.0 million and \$33.5 million, respectively, and 2) normal annual depreciation of approximately \$146.9 million. These decreases in capital assets were offset by purchases of machinery, equipment, and additions to construction in progress of approximately \$107.1 million.

Cash, cash equivalents, and investments also contributed to the Airport System's decrease in total assets. Cash, cash equivalents, and investments decreased by \$22.8 million in 2005 as compared to 2004 due to payments of debt principal of approximately \$120 million and purchases of capital assets as discussed above. These payments were offset by increased cash flows received from operating activities, passenger facility charges, and capital grant receipts. See the statement of cash flows for more information regarding the change in cash and investments.

Grants receivable declined by \$21.1 million. In 2004, the Airport System was due an outstanding reimbursement from the Transportation Security Administration (TSA) to cover costs relating to the bomb detection system initially paid by the Airport System in 2004. The TSA made the reimbursement in 2005, thus relieving this receivable. Only \$1.7 million in grants receivable were outstanding in 2005 related to the bomb detection system project.

Lastly, deferred bond issue costs declined by \$12.6 million due to the removal of costs related to the 1995 bonds that were refunded totaling \$15.4 million, the addition of costs related to the 2005 bonds that were issued totaling \$6.9 million and the annual amortization of the costs totaling \$2.2 million.

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Liabilities decreased by \$128.8 million in 2005, compared to 2004, primarily due to the decrease in bonds and notes payable, which was attributable to principal payments paid during 2005 as discussed above.

Of the Airport System's 2005 total net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent \$480.0 million. The Stapleton redevelopment and sixth runway totaling \$8.3 million, are restricted because the funds were received from other entities and are to be used only for specific capital projects.

At December 31, 2005, the remaining net assets include unrestricted net assets of \$388.1 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**Long-Term Debt**

As of December 31, 2006 and 2005, the Airport System had approximately \$3.6 billion and \$3.7 billion, respectively, in outstanding bonded debt, both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately \$295.4 million in 2006. The Airport System has called or refunded over \$2.0 billion in higher interest rate debt originally issued in the early 1990s. This has resulted in cumulative present value debt service savings of approximately \$737.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poors, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2006.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the years ended December 31, 2006 and 2005 was 174% and 162%, respectively, of total debt service.

The Airport System entered into a \$23.0 million and \$2.0 million, for a total of \$25 million, Master Installment Purchase Agreement with Koch Financial Corporation on October 26, 2006, to finance various capital equipment purchases, for ten-year and five-year terms, respectively. The Airport System also entered into a \$9.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc., on October 26, 2006, to finance four train cars, for a ten-year term.

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bonds, Series 2006A and 2006B respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 9, 2006, the Airport System amended the 2005A Swap Agreements, described below. The notional amounts of the 2005 Swap Agreements were reduced to \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and the aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements was reduced to 3.66%.

On August 9, 2006 the Airport System entered into interest rate Swap Agreements (the 2006B Swap Agreements) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the

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December 31, 2006 and 2005

Series 1996A and 1996D Bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of \$56.0 million, \$56.0 million, \$112.0 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions. The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements have an effective date of November 15, 2006. Payments under these Agreements commenced on December 1, 2006.

The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations.

In November 2006, the 2005 Swap Agreements became effective (see "The 2005 Swap Agreements"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month London Interbank Offered Rate (LIBOR) minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The Airport System entered into a \$20.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc. on August 1, 2006 to finance capital equipment purchases based on a five year useful life.

On June 1, 2006 the Airport System entered into interest rate swap agreements (the "2006A Swap Agreements"), constituting Subordinate Hedge Facility Obligations, with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of LIBOR for one month deposits of U.S. dollars payable for the respective financial institutions. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bonds, Series 2005A in a fixed mode for the purpose of currently refunding \$230,760,000 of the 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, respectively, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

As previously discussed, on April 14, 2005, the Airport System entered into interest rate swap agreements (the 2005A Swap Agreements), constituting Subordinate Hedge Facility Obligations, with four financial institutions, in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1996A Bonds and the Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. The 2005 Swap Agreements originally had notional amounts of \$120 million, \$60 million, \$60 million, and \$60 million, respectively, prior to amendment, and provided for certain payments to or from each financial institution equal to the difference between the fixed rate payable by

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the Airport System under each of the 2005 Swap Agreements and the floating rate equal to 70% of one month LIBOR.

In July 2005, the Airport System and United reached an agreement for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System agreed to allocate \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on the automated baggage system, which is discussed below.

**Capital Assets**

As of December 31, 2006 and 2005, the Airport System had capital assets of approximately \$3.3 billion and \$3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately \$1.4 billion and \$1.2 billion, respectively.

*Explosive Detection System:* On September 2, 2003, the Airport and TSA entered in to a Memorandum of Agreement (TSA MOA), regarding the implementation of screening of all checked baggage by the EDS. The total cost of the EDS project was estimated to be approximately \$92.0 million. With the approval of TSA, as required under the TSA MOA, the Airport entered into a contract with Siemens Dematic Corporation for the implementation of the EDS project, designed by Logplan. The construction of the EDS baggage system commenced in 2003 and each of the Airport's six terminal modules and customs recheck areas were 100% automated in May 2005. Total cost of the project was \$170.5 million, of which \$71.0 million is being funded by federal grants.

*Automated Baggage System:* United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. At December 31, 2004, the book value of the baggage system equipment was \$49.6 million. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement whereby the Airport System will reduce United's Rates and Charges up to \$11.0 million per year, over three years, in exchange for certain concessions. Airport System management commissioned a study to determine what, if any, of the existing automated baggage system would be usable in a new system. Based upon this study, management concluded that the bulk of the automated baggage system was impaired and, as a result, management wrote off approximately \$43.0 million of the baggage system during 2005, with a remaining book value at December 31, 2006 of \$3.2 million.

*2006 Amendment:* In a 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished



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by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, relinquished a second Concourse A gate effective November 30, 2006, and has agreed to relinquish the remaining four Concourse A gates upon the completion of the Concourse B Commuter Facility Project. The full relinquishment occurred May 1, 2007.

*Baggage Sortation System:* The Airport System management commissioned Aviation and Airport Professionals (AvAirPros) to study the future baggage handling system master plan. The master plan states that, at this time, the existing concourses (A, B, and C) are configured with sortation systems that were operable with the automated baggage system discussed above; however, it is not clear whether these existing systems would be capable of being integrated into a new airport-wide baggage system in the future.

Based upon this study, management believed that the sortation systems on concourses A and C were impaired and removed the assets from the books, which resulted in a loss of \$11.9 million. United continues to use a portion of the concourse B sortation system, which remains on the Airport System's books with a net book value of approximately \$8.7 million. The Airport System removed the unused portion of approximately \$47.0 million from its books, resulting in a loss of \$21.6 million.

*PFC:* In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2006, a total of \$832.6 million has been remitted to the Airport, (including interest earned on late payments), of which \$105.0 million has been expended on approved projects, \$723.9 million has been used to pay debt service on the Airport's general airport revenue bonds, and \$3.7 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of \$3.3 billion authorized maximum amount of PFC revenues.

*Construction Commitments:* As of December 31, 2006, the Airport System had outstanding contractual commitments of approximately \$344.9 million and had made over \$98.4 million in contractual payments for the year then ended.

The Airport's current 2007-2012 Capital Program includes approximately \$373.4 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2007-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, Passenger Facility Charges (PFCs), and Airport System monies.

On April 6, 2006, the Airport announced that CMCB Development Company of Denver was the successful bidder on a 17-acre retail development along Pena Boulevard. The development called "The Landings" is located north of Pena Boulevard just southeast of the Conoco station and is the first phase in what could be a 500-acre retail development along the major highway in and out of Denver International Airport. The City is currently negotiating a development agreement with CMCB Development Company of Denver.

In addition, construction is proceeding on a fourth module of the parking garage on the west side of Jeppesen Terminal. Lastly, the Airport and United have agreed to a 2006 Amendatory Lease Agreement (the Agreement). According to the Agreement, United Airlines will release six Concourse A gates it currently leases over the next

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9 months. Frontier Airlines, which now leases 16 gates on Concourse A, will lease all newly available Concourse A gates. United relinquished one of the Concourse A gates on July 1, 2006, and a second one on November 30, 2006. The remaining gates were released May 1, 2007.

**Economic Factors**

Passenger traffic was up 9.1% in 2006 compared with a national average increase of 5.1% as reported by the Airport Council International (ACI), an airline industry group. Much of this passenger growth is attributed to the increased service of low-cost carriers in the Denver market.

Southwest Airlines (Southwest) announced in October 2005 its intention to commence service to the Airport. Service began in January 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Effective March 1, 2006, Southwest leased a third gate and increased its schedule to 20 daily departing flights. On August 1, 2006, Southwest Airlines leased an additional gate and that brings their total number of usage to four gates.

The dominant air carrier at Denver International is United. On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The Chapter 11 filing permitted United to continue operations while developing a plan of reorganization to address existing debt, capital, and cost structures. In February 2006, United emerged from bankruptcy. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 56.4% and 56.0% of passenger enplanements at the Airport in 2006 and for the first three months of 2007, respectively.

As previously discussed, operating revenue was up 1.3%. Operating income before depreciation and amortization of \$244.7 million represented a decrease of \$18.7 million. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over \$97.4 million, its highest level ever. The airlines will receive the maximum allocation of \$40.0 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

**Request for Information**

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at [www.flydenver.com](http://www.flydenver.com).

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash and cash equivalents	\$ 39,548,675	\$ 7,586,793
Investments	176,051,494	189,133,508
Accounts receivable (net of allowance for doubtful accounts \$340,941 and \$323,486, respectively)	14,519,315	14,451,382
Accrued interest receivable	7,105,769	5,423,676
Other long-term receivables	38,774	103,452
Inventories	5,536,967	5,454,318
Prepaid expenses and other	170,131	170,131
	242,971,125	222,323,260
Total current unrestricted assets		
Restricted assets:		
Cash and cash equivalents	271,288,130	227,053,440
Investments	100,741,748	231,647,117
Accrued interest receivable	1,899,940	897,577
Prepaid expenses and other	5,472,506	13,223,650
Grants receivable	12,492,788	2,130,831
Passenger facility charges receivable	12,754,737	12,216,716
	404,649,849	487,169,331
Total current restricted assets		
Total current assets	647,620,974	709,492,591
Noncurrent assets:		
Investments	187,080,957	197,876,686
Capital assets:		
Buildings	1,714,711,598	1,692,775,950
Improvements other than buildings	1,995,739,581	1,926,665,356
Machinery and equipment	557,147,936	530,719,449
	4,267,599,115	4,150,160,755
Less accumulated depreciation and amortization	(1,385,549,501)	(1,243,928,382)
	2,882,049,614	2,906,232,373
Construction in progress	165,558,343	163,483,424
Land, land rights and air rights	295,305,625	295,305,625
	3,342,913,582	3,365,021,422
Total capital assets		
Bond issue costs, net of accumulated amortization	61,330,980	76,111,450
Total noncurrent unrestricted assets	3,591,325,519	3,639,009,558
Investments – restricted	352,703,957	245,207,135
Assets held for disposition	18,806,825	22,724,103
	4,610,457,275	4,616,433,387
Total assets		

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Net Assets

December 31, 2006 and 2005

<b>Liabilities</b>	<u>2006</u>	<u>2005</u>
Current liabilities:		
Vouchers payable	\$ 31,172,356	\$ 32,576,135
Due to other City agencies	17,186,337	18,082,646
Compensated absences payable	1,577,340	1,165,067
Other liabilities	22,003,622	8,890,941
Revenue credit payable	40,000,000	40,000,000
Deferred rent	7,212,505	23,788,633
Total current unrestricted liabilities	<u>119,152,160</u>	<u>124,503,422</u>
Current liabilities payable from restricted assets:		
Vouchers payable	35,717,072	18,032,591
Retainages payable	17,689,100	12,875,680
Accrued interest and matured coupons	22,227,738	23,263,861
Notes payable	27,497,017	20,117,026
Capital lease liability	—	1,061,885
Other liabilities	10,896,786	16,747,604
Revenue bonds	107,085,000	97,805,000
Total current liabilities payable from restricted assets	<u>221,112,713</u>	<u>189,903,647</u>
Total current liabilities	<u>340,264,873</u>	<u>314,407,069</u>
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,762,700,000	3,885,555,000
Less:		
Deferred losses on bond refundings	(301,053,878)	(275,304,950)
Net unamortized premiums	39,170,459	9,576,996
Total bonds payable, noncurrent	<u>3,500,816,581</u>	<u>3,619,827,046</u>
Notes payable	61,488,469	36,646,298
Compensated absences payable	5,118,304	5,357,007
Total noncurrent liabilities	<u>3,567,423,354</u>	<u>3,661,830,351</u>
Total liabilities	<u>3,907,688,227</u>	<u>3,976,237,420</u>
<b>Net Assets(Deficit)</b>		
Invested in capital assets, net of related debt	(212,178,928)	(236,200,039)
Restricted for:		
Capital projects	—	8,296,639
Debt service	543,978,207	480,040,793
Unrestricted	370,969,769	388,058,574
Total net assets	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO**  
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Facility rentals	\$ 197,353,089	\$ 203,800,286
Concession revenues	34,304,468	32,565,648
Parking revenues	110,534,937	97,918,928
Car rental revenues	41,641,365	37,175,320
Landing fees	92,389,849	94,694,946
Aviation fuel tax	12,714,401	16,995,501
Other sales and charges	11,871,715	11,340,736
	<u>500,809,824</u>	<u>494,491,365</u>
Operating expenses:		
Personnel services	97,592,363	92,979,459
Contractual services	139,652,041	122,193,155
Maintenance, supplies, and materials	18,903,028	15,956,243
	<u>256,147,432</u>	<u>231,128,857</u>
Total operating expenses before depreciation, amortization and impairment losses		
	<u>256,147,432</u>	<u>231,128,857</u>
Operating income before depreciation, amortization and impairment losses	244,662,392	263,362,508
Depreciation and amortization	143,505,675	146,922,302
Impairment losses	—	85,286,382
	<u>101,156,717</u>	<u>31,153,824</u>
Operating income		
	<u>101,156,717</u>	<u>31,153,824</u>
Nonoperating revenues (expenses):		
Passenger facility charges	93,509,920	83,999,814
Investment income	56,146,884	35,823,022
Interest expense	(207,385,378)	(205,141,929)
Grants	565,853	240,500
Other expense	(10,609,244)	(22,186,773)
	<u>(67,771,965)</u>	<u>(107,265,366)</u>
Total nonoperating revenues (expenses), net		
	<u>(67,771,965)</u>	<u>(107,265,366)</u>
Income (loss) before capital contributions	33,384,752	(76,111,542)
Capital contributions:		
Capital grants	29,188,329	31,547,273
	<u>29,188,329</u>	<u>31,547,273</u>
Increase (decrease) in net assets	62,573,081	(44,564,269)
Net assets, beginning of year	<u>640,195,967</u>	<u>684,760,236</u>
Net assets, end of year	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO  
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Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:		
Receipts from customers	\$ 499,604,612	\$ 481,817,118
Payments to suppliers	(145,688,172)	(100,028,981)
Interfund activity payments to other funds	(12,181,634)	(12,239,690)
Payments to employees	(96,338,970)	(92,729,306)
Net cash provided by operating activities	245,395,836	276,819,141
Cash flows from noncapital financing activities:		
Operating grants received	313,814	240,500
Net cash provided by noncapital financing activities	313,814	240,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	—	2,376,840
Proceeds from note payable	54,000,000	—
Principal paid on notes payable	(21,777,838)	(19,449,588)
Principal paid on revenue bonds	(101,305,000)	(101,370,000)
Interest paid on revenue bonds	(190,453,776)	(220,329,010)
Principal paid on capital lease	(1,061,885)	(2,052,794)
Bond issuance costs paid	(2,074,724)	(6,834,114)
Interest paid on notes payable	(2,487,809)	—
Capital grant receipts	19,078,411	52,664,919
Passenger Facility Charges	92,971,899	82,754,169
Purchases of capital assets	(81,945,591)	(107,112,083)
Payments from accrued expenses for capital assets	(22,497,901)	(266,506)
Payments to escrow for current refunding of debt	(8,331,179)	(10,378,589)
Proceeds from sale of capital assets	487,822	582,523
Net cash used in capital and related financing activities	(265,397,571)	(329,414,233)
Cash flows from investing activities:		
Purchases of investments	(6,492,915,029)	(8,162,358,749)
Proceeds from sales and maturities of investments	6,542,146,541	8,006,414,109
Proceeds from sales of assets held for disposition	3,917,278	1,776,126
Payments to maintain assets held for disposal	(8,933,727)	(12,156,812)
Interest and dividends on investments and cash equivalents	51,669,430	39,975,086
Net cash provided by (used) in investing activities	95,884,493	(126,350,240)
Net increase (decrease) in cash and cash equivalents	76,196,572	(178,704,832)
Cash and cash equivalents, beginning of year	234,640,233	413,345,065
Cash and cash equivalents, end of year	\$ 310,836,805	\$ 234,640,233

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Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 101,156,717	\$ 31,153,824
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	143,505,675	146,922,302
Miscellaneous income	1,924,205	1,845,549
Impairment losses	—	85,286,382
Changes in assets and liabilities:		
Receivables, net of allowance	(3,255)	545,904
Inventories	(82,649)	50,451
Prepaid expenses and other	517,166	(347,035)
Vouchers and other payables	3,855,982	8,069,434
Deferred rent	(16,576,128)	(1,102,460)
Due to other City agencies	(896,309)	10,988,361
Compensated absences	173,570	163,553
Other operating liabilities	11,820,862	(6,757,124)
Net cash provided by operating activities	\$ 245,395,836	\$ 276,819,141

Noncash activities:

The Airport System issued bonds in the amount of \$449,590,000 and \$407,190,000 in 2006 and 2005, respectively, in order to refund debt. Net bond proceeds of \$465,989,377 and \$415,715,139 for 2006 and 2005, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of \$20,731,149 and \$10,901,979 were realized on the issuance of bonds in 2006 and 2005, respectively.

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2006 and 2005

**(1) Organization and Reporting Entity**

**(a) Nature of Operations**

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

**(b) Reporting Entity**

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2006. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

During the year ended December 31, 2006, the Airport System adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement establishes and modifies requirements



**CITY AND COUNTY OF DENVER, COLORADO**  
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Notes to Financial Statements

December 31, 2006 and 2005

related to restrictions of net assets resulting from enabling legislation. The impact of this standard on the Airport System was immaterial.

During the year ended December 31, 2005, the Airport System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This Statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Airport System's ability to provide services and meet its obligations as they become due.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury Securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

**(c) Investments**

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2006 and 2005. The Airport System's investments are maintained in segregated pools at the City and include U.S. Treasury securities, U.S. Agency securities, commercial paper, and repurchase agreements.

**(d) Inventories**

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

**(e) Capital Assets**

Capital assets are recorded at cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at Denver International. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2006 and 2005 was \$4,547,332 and \$4,696,585, respectively. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life.

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Notes to Financial Statements

December 31, 2006 and 2005

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

**(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)**

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

**(g) Assets Held for Disposition**

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

**(h) Compensated Absences Payable**

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

**(i) Deferred Rent**

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

**(j) Net Assets**

**2006**

The Airport System's assets exceeded liabilities by \$702,769,048 as of December 31, 2006, a \$62,573,081 increase in net assets from the prior year-end. Of the Airport System's 2006 net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts represent \$543,978,207 which is externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represent \$0.

The remaining net assets include unrestricted net assets of \$370,969,769 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally

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designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212,178,928) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**2005**

The Airport System's assets exceeded liabilities by \$640,195,967 as of December 31, 2005, a \$44,564,269 decrease in net assets from the prior year-end. Of the Airport System's 2005 net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts represented \$480,040,793 that was externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represented \$8,296,639.

The remaining net assets included unrestricted net assets of \$388,058,574 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236,200,039) represented the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**(k) *Restricted and Unrestricted Resources***

Use of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

**(l) *Operating Revenues and Expenses***

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, and grants from the federal government and Stapleton demolition and remediation expenses.

**(m) *Governmental Grants***

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

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**(n) Rates and Charges**

The Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2006 and 2005, the Airport System had accrued a liability, included in current other liabilities, of \$14,799,763 and \$3,259,726, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at \$40,000,000 for all years. The Net Revenues credited to the airlines totaled \$40,000,000 for both 2006 and 2005. Liabilities for these amounts were accrued as of December 31, 2006 and 2005, respectively, and are reported in the statement of net assets as revenue credit payable.

**(o) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

**(p) Reclassifications**

Certain 2005 balances have been reclassified to conform with the 2006 financial statements presentation.

**(3) Cash, Cash Equivalents, and Investments**

**(a) Deposits**

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the PDPA. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under

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the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name."

At December 31, 2006, the carrying amount of the Airport System's deposits, excluding certificates of deposit, was \$0 and the bank balance was \$0. At December 31, 2006, the Airport System owned \$11,354,644 of certificates of deposit issued by Colorado Business Bank, a certified eligible public depository.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities.

St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2006 was \$236,881. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

**(b) Investments**

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Revenue (the Manager), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy. The City does not currently invest with external investment pools.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The investment policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

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At December 31, 2006 and 2005, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Money Market Funds	\$ 55,796	\$ 43,507
Certificate of Deposit	11,355	—
Commercial paper	246,001	305,092
Repurchase agreements	125,706	142,035
U.S. Treasury securities	87,446	190,203
U.S. Agency securities	601,111	417,668
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2006, is as follows (amount expressed in thousands).

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Cash on hand	\$ —	\$ 103
Cash and cash equivalents	39,549	7,587
Investments	363,132	387,010
Restricted cash equivalents	271,288	226,951
Restricted investments	453,446	476,854
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for the investment under the control of the manager by limiting the maximum maturity of investments. Bond reserve proceeds that are invested in U.S. Treasury and U.S. Agency securities can have a maximum maturity of ten years. All other U.S. Treasury and U.S. Agency securities can have a maximum maturity of five years. Repurchase agreements are open repurchase agreements and not exposed to interest rate risk.

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At December 31, 2006, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (amounts are expressed in thousands):

<u>Investment type</u>	<u>Investments maturity in years</u>				
	<u>Fair value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10**</u>
Discount Commercial Paper	\$ 246,001	\$ 246,001	\$ —	\$ —	\$ —
U.S. Treasury securities	87,445	—	63,321	24,124	—
U.S. Agency securities	601,111	144,203	255,010	157,533	44,365
Total	<u>\$ 934,557</u>	<u>\$ 390,204</u>	<u>\$ 318,331</u>	<u>\$ 181,657</u>	<u>\$ 44,365</u>

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2006, the Airport System owned callable securities with a fair value of \$250,489,681. Of these, securities with scheduled increases to predetermined interest rates had a fair value of \$102,772,048.

\*\*The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

*Credit Risk:* Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Airport System. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government. The City's Investment Policy requires that commercial paper and bankers' acceptances be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase.

As of December 31, 2006, the Airport System owned \$ 246,000,560 in commercial paper that had minimum ratings of A-1, D-1 and F-1, by two rating agencies.

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the Airport System's investments owned at December 31, 2006, were subject to custodial credit risk.

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In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Government agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week and adjusted on an as needed basis. Collateral for all repurchase agreements are held by the City's custodian, J.P. Morgan. None of the Airport System's repurchase agreements owned at December 31, 2006 were subject to custodial risk.

*Concentration of Credit Risk:* The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper or certificates of deposit issued by any one provider. As of December 31, 2006, all investments in commercial paper and certificates of deposit are in compliance with this policy.

**(4) Accounts Receivables**

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2006 and 2005, an allowance of \$340,941 and \$323,486, respectively, had been established. No amount is reserved for United Airlines (United) in 2006. See further discussion regarding United in note 21 of the financial statements.

**(5) Capital Assets**

Changes in capital assets for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	<b>2006</b>				
	<b>January 1, 2006</b>	<b>Additions</b>	<b>Transfers of completed projects</b>	<b>Retirements and impairments</b>	<b>December 31, 2006</b>
Depreciable:					
Buildings	\$ 1,692,776	\$ —	\$ 26,318	\$ (4,382)	\$ 1,714,712
Improvements other than buildings	1,926,666	—	73,569	(4,496)	1,995,739
Machinery and equipment	530,719	4,808	23,420	(1,799)	557,148
	<u>4,150,161</u>	<u>4,808</u>	<u>123,307</u>	<u>(10,677)</u>	<u>4,267,599</u>
Less accumulated depreciation and amortization	<u>(1,243,928)</u>	<u>(143,506)</u>	<u>—</u>	<u>1,885</u>	<u>(1,385,549)</u>
	2,906,233	(138,698)	123,307	(8,792)	2,882,050
Nondepreciable:					
Construction in progress	163,483	125,763	(123,307)	(381)	165,558
Land, land rights, and air rights	295,306	—	—	—	295,306
Total capital assets	<u>\$ 3,365,022</u>	<u>\$ (12,935)</u>	<u>\$ —</u>	<u>\$ (9,173)</u>	<u>\$ 3,342,914</u>



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	2005				
	January 1, 2005	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2005
Depreciable:					
Buildings	\$ 1,669,551	\$ —	\$ 23,317	\$ (92)	\$ 1,692,776
Improvements other than buildings	1,907,899	—	18,767	—	1,926,666
Machinery and equipment	681,753	8,122	29,626	(188,782)	530,719
	4,259,203	8,122	71,710	(188,874)	4,150,161
Less accumulated depreciation and amortization	(1,200,725)	(146,922)	—	103,719	(1,243,928)
	3,058,478	(138,800)	71,710	(85,155)	2,906,233
Nondepreciable:					
Construction in progress	136,214	98,979	(71,710)	—	163,483
Land, land rights, and air rights	295,437	—	—	(131)	295,306
Total capital assets	\$ 3,490,129	\$ (39,821)	\$ —	\$ (85,286)	\$ 3,365,022

In 2004, the Airport System implemented GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB No. 42 describes the impairment of a capital asset as “a significant, unexpected decline in the service utility of a capital asset.” The significant and unexpected decline is based on events or changes in circumstances that were not anticipated when the capital asset was placed in service.

For the years ended December 31, 2006 and 2005, the Airport System experienced impairments of capital assets of \$0 and \$85.3 million, respectively. Capital assets which incurred significant impairment losses, and which comprise a majority of the \$85.3 million, included the Automated Baggage System and the Concourse A, B, and C sortation systems.

***Automated Baggage System (ABS)***

In September 2005, United Airlines discontinued use of the ABS and reverted to the traditional tug and cart system.

No other airlines used the ABS; therefore, this asset was no longer being used by the Airport System. Based on the requirements of GASB No. 42, there had been a significant, unexpected change in the service utility of the ABS. In order to determine if the ABS was temporarily or permanently impaired, the Airport System hired a consultant to identify what portion, if any, of the ABS should remain to support a future baggage system. Based upon the consultant’s findings, management concluded that a small portion (net book value of \$3.2 million) of structural steel and electrical infrastructure would be used to support a new system; therefore, this portion was judged temporarily impaired and retained on the books. The remaining net book value of the ABS of \$43.0 million was impaired and written off in September 2005.

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***Sortation Systems***

During 2005, the Airport System hired a consultant to determine if the idle sortation systems in Concourses A and C could be used for a future baggage handling system. Based upon the results of this study, management determined that the idle assets would not be used; thus, should be impaired for the remaining net book value.

In addition, United Airlines discontinued use of sections of the sortation system in Concourse B when it discontinued use of the ABS in September 2005. Based upon an investigation performed by management, the Airport System determined that the sections still in use totaled a net book value of \$8.7 million. This amount was not impaired and will be depreciated using the original useful life of the sortation system as management's expectation is that the remaining section of the system will continue to be used. The remaining net book value was considered impaired.

As a result, the Airport System recognized impairment losses in 2005 on the three sortation systems for approximately \$33.5 million.

**(6) Assets Held for Disposition**

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton was \$18,806,825 and \$22,724,103 at December 31, 2006 and 2005, respectively. The current accrued environmental liability for Stapleton was \$3,474,011 and \$8,033,010 at December 31, 2006 and 2005, respectively.

**(7) Due to Other City Agencies**

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2006 and 2005 totaled \$12,181,634 and \$12,239,690, respectively, and have been included in operating expenses.

In addition to the above services, the Airport System also pays directly salaries and wages for police, fire and other city personnel which are reflected as Personnel services expenses. The total services paid for City service and personnel are \$38,883,126 and \$39,213,224 at December 31, 2006 and 2005, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled \$17,186,337 and \$18,082,646 at December 31, 2006 and 2005, respectively.

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**(8) Bonds Payable**

Changes in long-term debt for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	2006				
	January 1, 2006	Additions	Refunded debt	Retirements	December 31, 2006
Airport System revenue bonds	\$ 3,928,480	\$ 449,590	\$ (539,123)	\$ (101,305)	\$ 3,737,642
Economic defeasance	54,880	—	—	—	54,880
Baggage defeasance	—	77,263	—	—	77,263
Less deferred loss on bonds	(275,305)	(43,778)	—	18,029	(301,054)
Plus unamortized premiums	9,577	20,731	13,946	(5,084)	39,170
Total bond debt	<u>\$ 3,717,632</u>	<u>\$ 503,806</u>	<u>\$ (525,177)</u>	<u>\$ (88,360)</u>	3,607,901
Less current portion					(107,085)
Noncurrent portion					<u>\$ 3,500,816</u>

	2005				
	January 1, 2005	Additions	Refunded debt	Retirements	December 31, 2005
Airport System revenue bonds	\$ 4,031,775	\$ 407,190	\$ (409,115)	\$ (101,370)	\$ 3,928,480
Economic defeasance	54,880	—	—	—	54,880
Less deferred loss on bonds	(244,015)	(44,425)	—	13,135	(275,305)
Plus unamortized premiums	(12,880)	12,766	12,081	(2,390)	9,577
Total bond debt	<u>\$ 3,829,760</u>	<u>\$ 375,531</u>	<u>\$ (397,034)</u>	<u>\$ (90,625)</u>	3,717,632
Less current portion					(97,805)
Noncurrent portion					<u>\$ 3,619,827</u>

The Airport System has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The variable rate bonds are issued in weekly mode. Auction rate bonds carry interest rates that are periodically reset for either 7 or 35-day periods. As such, the actual interest rate on the bonds will vary weekly, based on market conditions in the short-term tax-exempt bond market. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2006 are as follows:

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Airport system revenue bonds			
Series 1991A			
Term Bonds	November 15, 2008	14.00%	\$ 18,795,000
Series 1991D			
Term bonds	November 15, 2013	7.75%	96,708,140
Series 1992F,G*	November 15, 2025	3.95%	48,000,000
Series 1995C			
Term bonds	November 15, 2012	6.50%	10,625,000
Series 1997E			
Serial bonds	Annually November 15, 2011 and 2015	5.125-6.00%	87,882,258
Term bonds	November 15, 2017, 2023 and 2025	5.25-5.50%	310,685,000
Series 1998A			
Term bonds	November 15, 2025	5.00%	202,970,000
Series 1998B			
Term bonds	November 15, 2025	5.00%	103,395,000
Series 2000A			
Serial bonds	Annually November 15, 2006 to 2019	4.80-6.00%	236,240,000
Term bonds	November 15, 2023	5.625%	31,495,000
Series 2000B*	November 15, 2025	4.05%	200,000,000
Series 2000C*	November 15, 2025	3.95%	100,000,000
Series 2001A			
Serial bonds	Annually November 15, 2011 to 2017	5.00-5.625%	248,081,334
Series 2001B			
Serial bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D			
Serial bonds	Annually November 15, 2007 to 2024	5.00-5.50%	59,465,000
Series 2002A1 A3*	November 15, 2032	3.65-3.85%	273,975,000
Series 2002C*	November 15, 2024	3.95%	41,100,000
Series 2002E			
Serial bonds	Annually November 15, 2006 to 2023	4.00-5.50%	182,855,000

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Series 2003A			
Term bonds	November 15, 2026 and 2031	5.00%	161,965,000
Series 2003B			
Serial bonds	Annually November 15, 2016 to 2017	5.75%	8,540,000
Term bonds	November 15, 2033	5.00-5.50%	100,460,000
Series 2004A*	November 15, 2024	3.92%	73,300,000
Series 2004B*	November 15, 2024	3.96%	73,300,000
Series 2005A	Annually November 15, 2011 to 2025	4.00-5.00%	227,740,000
Series 2005B1-B2*	November 15, 2017	3.85%	88,800,000
Series 2005C1-C2	November 15, 2025	3.97-4.05%	85,000,000
Series 2006A	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000
Series 2006B	Annually November 15, 2007 to 2015	5.00%	170,005,000
Airport System subordinate revenue bonds			
Series 2001C1-C4*	November 15, 2022	3.64-3.75%	200,000,000
Economic defeasance LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
ABS baggage defeasance		5.00-7.75%	<u>77,263,268</u>
Total revenue bonds			3,869,785,000
Less current portion			(107,085,000)
Net unamortized discount			39,170,459
Deferred loss on refundings			<u>(301,053,878)</u>
Total bonds payable noncurrent			<u>\$3,500,816,581</u>

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

\*The variable rates are as of December 31, 2006

***Economic Defeasance***

On November 1, 1999, the Airport System entered into an economic defeasance of \$54,880,000 from certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under the 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the

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City. Escrow A proceeds will be used to defease \$40,080,000 of the Series 1992C maturing on November 15, 2025. Escrow B proceeds will be used to defease \$14,800,000 of the Series 1991D maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of \$90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account ABS Baggage System defeasance held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system.

***Bond Issuances***

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bond Series 2006A and 2006B, respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bond Series 2005A in a fixed rate mode for the purpose of currently refunding \$230,760,000 of the Airport 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

***Deferred Refunding***

The proceeds of the 2006A-B bonds were used, together with other Airport monies, to currently refund all of the outstanding Series 1996A, 1996D and all but \$12,605,000 of the 1996B and 1996C Airport System Revenue Bonds. Series 2006A-B bonds are structured to provide the Airport with maximum interest savings through 2010 which will be applied to meet a portion of the airline rates and cost reduction goals in the United Stipulated Order. Interest savings for refunding is \$39,808,609 and debt service savings is \$53,303,609 (including principal). The economic gain resulting from the transaction was \$32,671,373. The Airport realized a cash flow savings of \$985,173 with this transaction in 2006. The current refunding resulted in a defeasance of debt between the reacquisition price of \$474,320,556 and the net carrying amount less the unamortized portion of \$430,542,581, which resulted in a deferred loss on refunding amount of \$43,777,975. The deferred loss on refunding is being amortized over the remaining life of the old debt.

The proceeds of the 2005A, B1-B2 and C1-C2 bonds were used together with other Airport monies, to currently refund all of the outstanding series 1995A, 1995B, and all but \$10,625,000 of the 1995C Airport System Revenue Bonds. The Series 2005A bonds interest requirements are based on interest rates of 4.05% to 5.0%. The series 2005B1-B2 and 2005C1-C2 bonds are based on an assumed interest rate of 3.4%. Series 2005A, B1-B2, and C1-C2 bonds are structured to provide the Airport maximum interest savings through 2010 for purposes of the Stipulated Order by matching the principal amortization of the refunding bonds with that of the refunded bonds. The interest savings of \$70,425,785 and debt savings of \$63,056,480 (including principal), are expected to be achieved based upon the interest rate assumptions. The economic gain resulting

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from the transaction was \$45,502,306. The Airport realized a cash flow savings of \$1,176,945 with these transactions in 2005. The current refunding resulted in a defeasance of debt between the reacquisition price of \$426,093,727 and the net carrying amount less the unamortized portion of \$381,669,202 which resulted in a deferred loss on refunding amount of \$44,424,525. The deferred loss on refunding amount is being amortized over the remaining life of the defeased debt, which is shorter than the life of the refunding debt.

***Defeased Bonds***

The Airport System has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2006 and 2005, respectively, \$32,180,000 and \$32,180,000 of bonds outstanding are considered defeased.

**(9) Bond and Notes Payable Debt Service Requirements**

**(a) Bonds Payable**

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2006 are as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 107,085,000	\$ 191,059,701
2008	102,979,756	184,558,291
2009	100,158,339	178,314,618
2010	105,629,846	173,093,046
2011	128,981,929	167,449,534
2012 – 2016	768,891,862	726,337,496
2017 – 2021	1,033,520,000	505,916,076
2022 – 2026	1,143,460,000	211,339,097
2027 – 2031	169,495,000	45,786,750
2032 – 2033	77,440,000	6,032,000
Total	\$ 3,737,641,732	\$ 2,389,886,609

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Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 3,601,900
2008	—	3,601,900
2009	—	3,601,900
2010	—	3,601,900
2011	—	3,601,900
2012 – 2016	14,800,000	14,568,500
2017 – 2021	—	12,274,500
2022 – 2025	40,080,000	8,345,925
Total	<u>\$ 54,880,000</u>	<u>\$ 53,198,425</u>

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 4,496,304
2008	50,244	4,496,304
2009	3,636,661	4,492,470
2010	6,575,154	4,292,454
2011	7,608,071	3,869,204
2012 – 2016	34,063,138	12,358,992
2017 – 2021	21,635,000	4,034,642
2022 – 2026	3,695,000	568,500
Total	<u>\$ 77,263,268</u>	<u>\$ 38,608,870</u>

**(b) Notes Payable**

The Airport System entered into a \$60 million Master Installment Purchase Agreement with Siemens Financial Services on November 5, 2003 to fund the reimbursable portion of the construction of the in-line EDS baggage screening system. Payments are due annually in advance beginning December 31, 2006. The interest rate is 3.4% and is based on a 30/360 calculation. The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for \$20 million and one with GE Capital Public Finance Inc. for \$13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. Two agreements with Koch Financial Corporation for \$23.0



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million and \$2.0 million for a total of \$25.0 million and two agreements with GE Capital Public Finance for \$9.0 million and \$20.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2006. Under the Master Installment Purchase Agreements, the financing companies have a security interest in equipment purchased with the proceeds until the loans are repaid.

The payment schedule relating to note requirements as of December 31, 2006 is as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 27,497,017	\$ 3,423,670
2008	12,146,762	2,403,466
2009	11,477,785	1,911,463
2010	11,563,556	1,438,698
2011	9,194,019	949,031
2012 – 2016	17,106,347	1,870,769
	\$ 88,985,486	\$ 11,997,097

Changes in notes payable for the years ended December 31, 2006 and 2005 were as follows:

	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Notes payable	\$ 56,763,324	\$ 54,000,000	\$ (21,777,838)	\$ 88,985,486
Less current portion				(27,497,017)
Noncurrent portion				\$ 61,488,469

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Notes payable	\$ 76,212,912	\$ —	\$ (19,449,588)	\$ 56,763,324
Less current portion				(20,117,026)
Noncurrent portion				\$ 36,646,298

**(10) Demand Bonds**

Included in long-term debt are \$48,000,000 for Series 1992F,G; \$200,000,000 for Series 2000B; \$100,000,000 for Series 2000C; \$41,100,000 for Series 2002C; \$73,300,000 for Series 2004A; \$73,300,000

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for Series 2004B; \$85,000,000 for Series 2005C1-C2 of Airport System Revenue Bonds Series respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit were issued as collateral for the Series 1992F, 1992G, and 2002C revenue bonds in the amounts as follows:

<b>Bonds</b>	<b>Par amount outstanding</b>	<b>Letter of credit amount</b>	<b>Annual commitment fee</b>	<b>Letter of credit expiration date</b>
Series 1992F	\$ 26,200,000	\$ 31,059,400	0.370%	September 24, 2009
Series 1992G	21,800,000	25,829,467	0.370%	September 24, 2009
Series 2002C	41,100,000	51,232,000	0.370%	October 8, 2009

As of December 31, 2006 and 2005, no amounts have been drawn under any of the existing agreements.

**(11) Bond Ordinance Provisions**

***Additional Bonds***

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

***Airport System Revenue Bonds***

Under the terms of the Bond Ordinance, all bond series, except for the Series 2001 C1-C4 Bonds, (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 2001 C1-C4 Bonds are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

The Airport System is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport System is in compliance with the bond covenants listed in the bond ordinance.

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**(12) Swap Agreements**

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. In accordance with GAAP, the fair value of swap agreements is not reported in the financial statements.

**Summary of Interest Rate Swap Transactions**

<u>Counterparty</u>	<u>Trade date</u>	<u>Effective date</u>	<u>Notional amount (in millions)</u>	<u>Bond/Swap termination date</u>	<u>Associated debt series</u>	<u>Payable swap rate</u>	<u>Variable receivable swap rate</u>	<u>Fair values December 31, 2006</u>
1998 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	\$ 100	11/15/25	2000B	4.7600%	Bond rate	\$ (12,400,000)
Lehman Bros. Special Financing Inc.	1/22/98	10/4/00	100	11/15/25	2000B	4.7600	Bond rate	(12,400,000)
Societe Generale, New York, Branch	1/22/98	10/4/00	100	11/15/25	2000C	4.7190	Bond rate	(11,900,000)
1999 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	100	11/1/22	2001C1-4	5.6179	BMA	(20,150,000)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.5529	BMA	(9,760,000)
RFPC, LTD.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.6229	BMA	(10,100,000)
2002 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.33% LIBOR	1,500,000
RFPC, LTD.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.00% LIBOR	1,330,000
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70% LIBOR	(365,000)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6874	70% LIBOR	(365,000)
Jackson Financial Products, LLC	4/14/05	11/15/06	111.834	11/15/25	2006A	3.6560	70% LIBOR	(1,160,000)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6600	70% LIBOR	(365,000)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
Jackson Financial Products, LLC	8/9/06	11/15/06	111.834	11/15/25	2006A	BMA	4.0855%	2,280,000
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
2006A Swap Agreements								
Forward Starting Swap Agreements								
Bear Stearns Capital Markets Inc	6/1/06	11/15/07	180.850	11/15/25	(1)	4.0085	70% LIBOR	(6,928,000)
Lehman Bros. Special Financing	6/1/06	11/15/07	120.567	11/15/25	(1)	4.0085	70% LIBOR	(4,618,000)
GKB Financial Services Corp. II	6/1/06	11/15/07	60.283	11/15/25	(1)	4.0085	70% LIBOR	(2,309,000)

(1) The associated debt series for the 2006 swap agreement are the proposed issuance of Airport System Revenue Refunding Bonds for the 1997E bonds.

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Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2006. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2006. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

***Risks Associated with the Swap Agreements***

The following risks are generally associated with swap agreements:

***Credit Risk*** – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated, in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2006, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

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The ratings of the counterparties, or their credit support providers, as of December 31, 2006 are as follows:

<b>Counterparty (credit support provider)</b>	<b>Ratings of the counterparty or its credit support provider</b>		
	<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	AA-	Aa3	AA-
Lehman Brothers Special Financing Inc. (Lehman Brothers Holdings Inc.)	A+	A1	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	AA-	Aa3	AA-
RFPC, LTD. (Ambac Assurance Corp.)	AAA	Aaa	AAA
Societe Generale, New York Branch	AA	Aa2	AA
Royal Bank of Canada	AA-	Aaa	AA
JP Morgan Chase Bank, N.A.	AA-	Aa2	AA-
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A+	Aa3	AA-
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services Morgan Stanley)	A+	Aa3	AA-

As of December 31, 2006, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives fair value.

**Termination Risk** – Any party to the Airport System’s swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap’s fair value. If any of the Airport System’s swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or nature of the basis risk associated with the swap agreement which may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

**Basis Risk** – Each of the Airport System’s swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System’s series of swaps is discussed more specifically in the descriptions of these swap agreements below.

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***Description of the Swap Agreements and Associated Debt***

*The 1998 Swap Agreements and Associated Debt* – On January 1, 1998, the Airport System entered into interest rate swap agreements (the 1998 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. Each 1998 Swap Agreement has a notional amount of \$100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing variable rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) plus 0.10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short-term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+ by Fitch or the long-term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index (BMA) and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event nor a downgrade of the short-term ratings for the year ended December 31, 2006.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

*The 1999 Swap Agreements and Associated Debt* – On July 28, 1999, the Airport System entered into interest rate Swap Agreements (the 1999 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of \$100 million, \$50 million and \$50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the BMA Index payable by the respective financial institutions. Historically, average BMA Index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under

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the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The net effect of the 1999 Swap Agreements, when considered together with the variable rate Series 2001 C1-C4 Subordinate Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2001 C1-C4 Subordinate Bonds and the Bond Market Association Index, on \$200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

*The 2002 Swap Agreements and Associated Debt* – On April 11, 2002, the Airport System entered into interest rate Swap Agreements (the 2002 Swap Agreements) with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index (BMA) to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). The 2002 Swap Agreements have a notional amount of \$200 million, relate to the 2001 C1-C4 bonds and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than BMA, to offset the actual rate paid on the Series 2001 C1-C4 bonds.

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

*The 2005 Swap Agreements* – In April 2005, the Airport System entered into interest rate Swap Agreements (the 2005 Swap Agreements) with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately \$56 million, \$56 million, \$112 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under "*The 2006B Swap Agreements*"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70% of 1-month LIBOR on \$280 million of obligations.

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The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between BMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

*The 2006A Swap Agreements* – On June 1, 2006, the City entered into interest rate swap agreements (the “2006A Swap Agreements”) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E bonds through the Airport System’s issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of approximately \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

The Airport System is exposed to market-access risk under the 2006A Swap Agreements. Market-access risk is the risk that the Airport System will not be able to enter the credit markets or that costs associated with entering the credit market will increase. If the 2006A Swap Agreements become effective and proposed refunding bonds are not issued, the Airport System would make net swap payments as required under the Swap Agreement. The Airport System would make fixed payments to the counterparties and receive variable payments of 70% of LIBOR. If the proposed variable rate bonds are issued, actual savings ultimately recognized by the transaction will be affected by the terms of the proposed variable rate refunding bonds and the net effect of the variable rate payments received under the swap and the payments on the bonds.

If the proposed variable rate refunding bonds are issued, and the 2006A Swap Agreements become effective, the Airport System will be exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate to be paid on the associated debt and 70% of LIBOR to be received under the 2006A Swap Agreements.

If the 2006A Swap Agreements become effective, the net effect, when considered together with the proposed variable rate refunding bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate of the variable rate refunding bonds and 70% of LIBOR on \$362.0 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

*The 2006B Swap Agreements*-On August 9, 2006 the Airport System entered into interest rate swap agreements (the “2006B Swap Agreements”) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.



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In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective (see “The 2005 Swap Agreements”). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

***Swap Payments and Associated Debt***

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2006, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Interest rate swaps net</u>	<u>Total</u>
Year:				
2007	\$ —	\$ 33,230,200	\$ 4,621,069	\$ 37,851,269
2008	—	33,230,200	4,621,069	37,851,269
2009	—	33,230,200	4,621,069	37,851,269
2010	—	33,230,200	4,621,069	37,851,269
2011	—	33,230,200	4,621,069	37,851,269
2012-2016	31,695,000	165,738,850	23,126,849	220,560,699
2017-2021	385,975,000	135,504,485	19,451,249	540,930,734
2022-2025	361,915,000	39,967,171	2,405,317	404,287,488
Total	<u>\$ 779,585,000</u>	<u>\$ 507,361,506</u>	<u>\$ 68,088,760</u>	<u>\$ 1,355,035,266</u>

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2006.

**(13) Denver International Special Facility Revenue Bonds**

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2006 and 2005, Special Facility Revenue Bonds outstanding totaled \$327,610,000 and \$332,320,000, respectively.

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**(14) Capital Lease**

The Airport System entered into a capital lease agreement for runway equipment with GE Capital Public Finance on July 1, 2003. The capital lease was paid off in 2006. Amortization of the capital lease is included in depreciation expense. The related net book value of the equipment as of December 31, 2005 was as follows:

Equipment	\$	6,009,746
Less accumulated depreciation		<u>(3,240,972)</u>
Net book value	\$	<u><u>2,768,774</u></u>

Changes in capital lease for the years ended December 31, 2006 and 2005 were as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2006</u>
Capital lease	\$ 1,061,885	\$ —	\$ (1,061,885)	\$ —
Less current				<u>—</u>
Noncurrent portion				<u><u>\$ —</u></u>

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Capital lease	\$ 3,114,679	\$ —	\$ (2,052,794)	\$ 1,061,885
Less current				<u>(1,061,885)</u>
Noncurrent portion				<u><u>\$ —</u></u>

**(15) Compensated Absences**

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2006 and 2005 are as follows:

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	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Compensated Absences payable	\$ 6,522,074	\$ 1,002,609	\$ (829,039)	\$ 6,695,644
Less current				(1,577,340)
Noncurrent portion				\$ 5,118,304

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Compensated Absences payable	\$ 6,358,521	\$ 701,537	\$ (537,984)	\$ 6,522,074
Less current				(1,165,067)
Noncurrent portion				\$ 5,357,007

**(16) Pension Plan**

*Plan Description*

Employees of the Airport System, as well as substantially all of the general employees of the City, are covered under the Denver Employees Retirement Plan (DERP). The following is a brief description of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information.

The DERP is a cost sharing multiple-employer, defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through 18.433.4 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vest the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan's assets. As of January 1, 2006, the date of the last actuarial valuation, the plan was underfunded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the plan. The Retirement Board monitors the plan continually to ensure an appropriate level of funding.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report is available by contacting:

Denver Employees Retirement Plan  
777 Pearl Street  
Denver, Colorado 80203

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***Pension Plan's Funding Policy and Annual Pension Cost***

For DERP, The City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2006, 2005 and 2004 were \$36,036,000, \$35,036,000 and \$33,108,000, respectively, which equaled the required contributions each year.

The City's annual pension cost for the current year and related information for the plan is as follows (dollar amounts expressed in thousands):

<b>Actuarially determined</b>	<b>DERP</b>	<b>DERP health benefits</b>
Contribution rates (as a percentage of covered payroll):		
Employer	8.31%	0.82%
Plan members	2.48%	0.25%
Annual pension cost	\$53,428	\$5,292
Total contributions made	\$49,245	\$5,264
Actuarial valuation date	1-1-06	1-1-06
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	28 years	28 years
Asset valuation method	5-year smoothed mkt.	5-year smoothed mkt.
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	3.0-7.7%	3.0-7.7%
*Includes inflation at	3.0%	0.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	—	—

Three-year trend information (dollar amounts expressed in thousands):

	<b>Year beginning 1-Jan</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
DERP Pension Benefits	2004	\$ 51,480	86.6 %	—
	2005	48,734	99.7	—
	2006	53,428	92.2	—
DERP Health Benefits	2004	4,072	96.5	—
	2005	4,723	96.7	—
	2006	5,292	99.5	—

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Underfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
DERP-Pension Benefits						
1/1/04	\$ 1,572,938,437	\$ 1,604,530,172	\$ 31,591,735	98.0%	\$ 501,966,050	6.3%
1/1/05	1,651,090,641	1,665,540,822	14,450,181	99.1%	495,003,210	3.0%
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3%	495,285,185	9.5%
DERP-Health Benefits						
1/1/04	87,110,400	105,478,904	18,368,504	82.6%	501,966,050	3.7%
1/1/05	88,527,589	116,567,764	28,040,175	75.9%	485,003,210	5.8%
1/1/06	90,227,891	123,775,074	33,547,183	72.9%	495,285,185	6.8%

**(17) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**(18) Commitments and Contingencies**

**(a) Commitments**

At December 31, 2006, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	\$ 124,489,128
Construction projects to be funded by bonded debt	208,771,710
Projects related to remediation – Stapleton	<u>11,672,406</u>
Total commitments	<u><u>\$ 344,933,244</u></u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(b) Noise Litigation**

The City and Adams County entered into an intergovernmental agreement for Denver International dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

As of December 31, 2006, the Airport System accrued \$.5 million in the accompanying financial statements for noise violations and penalties.

**(c) Claims and Litigation**

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

**(d) Denver International Assets under Operating Leases**

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2006 and 2005 was \$61,479,426 and \$53,393,400, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2007	\$	45,635,800
2008		42,615,500
2009		41,786,300
2010		40,905,500
2011		38,868,900
2012-2016		80,636,200
2017-2021		52,600
Total minimum future rentals	\$	<u><u>290,500,800</u></u>

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2006 or 2005. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

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December 31, 2006 and 2005

**(e) Federal grants**

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and operations of the Airport.

**(19) Insurance**

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (includes all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of \$250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of \$25,000, \$100,000, and \$1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

**(20) Significant Concentration of Credit Risk**

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For the years ended December 31, 2006 and 2005, United Airlines represented approximately 59% and 59%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 13% and 12% of the Airport System's airline operating revenue. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

**(21) United Airlines**

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of

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passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 43 of the 95 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 56.4% and 56.4% of enplaned passengers at the Airport in 2006 and 2005.

In May 2005, the Airport System and United reached an agreement in principle for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System allocated \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on United's automated baggage system.

In the 2005-2 Amendment to the United Use and Lease Agreement, the Airport System agreed to a reduction in United's rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement in exchange for United's agreement to grow the Denver hub. This agreed reduction will be achieved by defeasing outstanding debt with available \$1.50 PFCs.

In the 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10.0 million per year, using available Capital Fund moneys and other legally available Airport funds. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The Concourse B Commuter Facility Project was completed April 23, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, and has relinquished a second Concourse A gate on November 30, 2006 and the remaining four Concourse A gates upon completion of the Concourse B Commuter Facility Project.

United emerged from bankruptcy in February 2006.

**(22) Subsequent Events**

The Airport System is seeking proposals from qualified participants to own, manage, finance and/or build a 500 room, four star, four diamond hotel to be connected to Jeppesen Terminal.

In April of 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with an outstanding principal of \$30 million.

The Airport is assisting United in refinancing its Special Facility bond obligations in the amount of \$270,000,000.

Delta Airlines emerged from Chapter 11 bankruptcy on April 30, 2007.



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Schedule of Compliance with Rate Maintenance Covenant  
as Defined in the 1984 Airport System General Bond Ordinance  
Airport Revenue Account (Unaudited)

Year ended December 31, 2006

Gross revenue:	
Facility rentals	\$ 237,394,015
Concession income	34,304,468
Parking income	110,534,937
Car rental income	41,641,365
Landing fees	92,389,849
Aviation fuel tax	12,714,401
Other sales and charges	11,871,715
Interest income	42,519,679
Miscellaneous income	<u>1,242,752</u>
Gross revenues as defined in the ordinance	584,613,181
Operation and maintenance expenses:	
Personnel services	97,592,363
Contractual services	139,652,041
Maintenance, supplies and materials	18,879,094
Miscellaneous expense	<u>1,500,000</u>
Operation and maintenance expenses as defined in the ordinance	<u>257,623,498</u>
Net revenue	326,989,683
Other available funds	<u>49,787,669</u>
Net revenue plus other available funds as defined in the ordinance	<u><u>\$ 376,777,352</u></u>
Debt service requirements as defined in the ordinance (1)	\$ 215,989,302
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	174%
(1) Net of irrevocably committed Passenger Facility Charges of \$74,702,000 applied under Supplemental Bond Ordinance.	

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(1) Bond Account**

There shall be credited to the Bond Account, in the following order of priority:

**(a) Interest Account**

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

<u>Bond series</u>	<u>Interest payment date</u>	<u>Balance interest due</u>	<u>Required interest account balance at December 31, 2006</u>
Series 1991A	05/15/07	\$ 1,315,650	\$ 219,275
Series 1991D	05/15/07	3,975,750	662,625
Series 1992F-G	01/01/07	152,918	152,918
Series 1995C	05/15/07	345,313	57,552
Series 1997E	05/15/07	11,168,913	1,861,485
Series 1998A	05/15/07	5,166,625	861,104
Series 1998B	05/15/07	2,584,875	430,813
Series 2000A	05/15/07	7,832,099	1,305,350
Series 2000B	01/01/07	656,603	656,603
Series 2000C	01/01/07	324,822	324,822
Series 2001A	05/15/07	7,778,416	1,296,403
Series 2001B	05/15/07	456,563	76,094
Series 2001D	05/15/07	1,566,113	261,019
Series 2002A1-A3	01/01/07	982,276	982,276
Series 2002C	01/01/07	140,325	140,325
Series 2002E	05/15/07	4,705,688	784,281
Series 2003A	05/15/07	4,049,125	674,854
Series 2003B	05/15/07	3,279,525	546,588
Series 2004A	01/01/07	236,729	236,729
Series 2004B	01/01/07	238,074	238,074
Series 2005A	05/15/07	5,690,975	948,496
Series 2005B1-B2	01/01/07	250,349	250,349
Series 2005C1-C2	01/01/07	255,105	255,105
Series 2006A	05/15/07	6,920,350	1,153,392
Series 2006B	05/15/07	4,250,125	708,354
			<u>\$ 15,084,886</u>

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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(b) Principal Account**

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

<u>Bond series</u>	<u>Principal payment date</u>	<u>Balance principal due</u>	<u>Required principal account balance at December 31, 2006</u>
Series 1991A	11/15/07	\$ 8,780,000	\$ 731,667
Series 1991D	11/15/07	13,260,000	1,105,000
Series 1992 F, G	11/15/07	1,300,000	108,333
Series 2000A	11/15/07	12,520,000	1,043,333
Series 2001A	11/15/07	17,370,000	1,447,500
Series 2001D	11/15/07	2,905,000	242,083
Series 2002A1-A3	11/15/07	6,350,000	529,167
Series 2002C	11/15/07	1,300,000	108,333
Series 2002E	11/15/07	16,650,000	1,387,500
Series 2004A	11/15/07	1,300,000	108,333
Series 2004B	11/15/07	1,300,000	108,333
Series 2005B1-B2	11/15/07	3,525,000	293,750
Series 2005C1-C2	11/15/07	2,800,000	233,333
Series 2006B	11/15/07	17,725,000	1,477,083
Total principal account requirement			<u>\$ 8,923,748</u>

**(c) Sinking Account**

Required deposit monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. The 1991A Series and 1991D Series are subject to mandatory sinking fund redemption requirements.

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MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)  
Year ended December 31, 2006

**(d) Redemption Account**

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport System exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2006, the redemption account had a balance of \$17.1 million for the sixth runway and baggage system.

**(e) Bond Account Summary**

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	\$	24,008,634
Bond Account balance at December 31, 2006		24,008,634
Underfunded	\$	—

**(2) Bond Reserve Account**

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport System, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2006 is \$325,070,055. The minimum Bond Reserve Account requirement is \$325,070,055.

**(3) Operation and Maintenance Reserve Account**

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2007.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

Computation of minimum operation and maintenance reserve:

2005 Operation and maintenance expenses	\$ <u>231,128,857</u>
Minimum operations and maintenance reserve requirement for 2005	38,521,476
Operation and maintenance reserve account balance at December 31, 2006 (1)	<u>59,733,489</u>
Overfunded	\$ <u><u>21,212,013</u></u>

- (1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average. The City is in the process of increasing the reserve.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Summary of Insurance Coverage (Unaudited)

December 31, 2006

<u>Policy number</u>	<u>Company</u>	<u>Item covered</u>	<u>Expiration date</u>	<u>Annual premium</u>	<u>Coverage</u>
ESP2000-274	Quanta Speciality Lines	Pollution and remediation legal liability	12/23/07	\$ 246,465(1) \$	10,000,000
XSR 310244	Clarendon American	Excess auto	01/01/07	107,896	1,000,000
FL 254	FM Global	Property/boiler and machinery	01/01/07	2,478,342	1,000,000,000
L9900439	Lloyds of London	Excess liability	01/01/07	381,429	450,000,000
AAPN 00981771003	ACE Property and Casualty ACE American/AXA Art	Primary liability	01/01/07	572,398	50,000,000
Multi-participation	Ins./Lloyds Underwriters ACE American/AXA Art	Fine Arts	01/01/07	173,100/8,655(2)	250,000,000

(1) This is a three year prepaid amount. The policy term is 12/23/04 to 12/23/07.

(2) This is a multi-participation policy with coverage shared by DIA.

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## APPENDIX C

### GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for certain proposed amendments to the definitions.

“*AGTS*” means automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Additional Parity Bonds*” means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2007D-E Bonds.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The terms do not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System Fund,” created under the Senior Bond Ordinance.

“*Ambac Assurance*” means Ambac Insurance Corporation, the issuer of the Ambac Assurance Policy.

“*Ambac Assurance Policy*” means the financial guaranty insurance policy issued by Ambac Assurance that guarantees the payment of the principal of and interest on the Series 2007E Bonds.

“*Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund,” created in the Senior Bond Ordinance.

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



“*Bond Reserve Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund,” created under the Senior Bond Ordinance.

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

“*Business Day*” means, with respect to the Series 2007D-E Bonds, any day (1) on which commercial banks in New York, New York and Denver, Colorado, are not required or authorized to remain closed; and (2) on which The New York Stock Exchange is not closed.

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Senior Bond Ordinance.

“*Capitalized Interest Account*” means the special and separate subaccount within the Project Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account,” created under the Senior Bond Ordinance.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

“*City Council*” means the City Council of the City.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the “*Tax Code*” is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

“*Committed Passenger Facility Charges*” means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

“*Completion Bonds*” means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

“*Consent Agent*” means American National Bank (formerly The Bank of Cherry Creek, a Branch of Western National Bank) and any successor and assign thereof.

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

“*Credit Enhanced Bonds*” means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

“*Credit Facility Obligations*” means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

“*Debt Service Requirements*” for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate

Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate the Debt Service Requirement shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

“*Department of Aviation*” or “*Department*” means the Department of Aviation of the City and its successor in functions, if any.

“*DTC*” means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2007D-E Bonds.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Facilities*” or “*Airport Facilities*” means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

“*Favorable Opinion of Bond Counsel*” means an opinion of an attorney or firm of attorneys, selected by the City, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the General Bond Ordinance and the Series 2007D-E Supplemental Ordinance and will not adversely affect the exclusion of interest on the Series 2007D-E Bonds from gross income for federal income tax purposes.

“*Financial Consultant*” means any financial consultant which is appointed by the City with respect to any series of Bonds.

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

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

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” means the General Bond Ordinance approved by the City Council on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2007D-E Supplemental Ordinance.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City’s sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

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

“*Hedge Facility Obligations*” means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under the Senior Bond Ordinance on a parity with the Bonds.

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

“*Hedge Termination Payment*” means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

“*Independent Accountant*” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“*Interest Account*” means the special and separate subaccount within the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Interest Account,” created under the Senior Bond Ordinance.

“*Interest Payment Date*” means, with respect to the Series 2007D-E Bonds, each May 15 and November 15, commencing November 15, 2007.

“*Investment Securities*” means, to the extent the following are permitted investments under the City’s investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders’ equity (e.g., capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker’s acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or

municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer’s deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the “escrow”), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below “A-” (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation’s counterparty rating or that corporation’s

investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

“*Manager*” means the manager of the City’s Department of Aviation, or his or her designee and successor in functions, if any.

“*Mayor*” means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

“*MBIA*” means MBIA Insurance Corporation, the issuer of the MBIA Policy.

“*MBIA Policy*” means the financial guaranty insurance policy issued by MBIA that guarantees the payment of the principal of and interest on the Series 2007D Bonds.

“*Minimum Bond Reserve*” means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Minimum Operation and Maintenance Reserve*” means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Ninth Supplemental Ordinance*” means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in

the Ninth Supplemental Ordinance is replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

“*Operation and Maintenance Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Senior Bond Ordinance.

“*Operation and Maintenance Reserve Account*” means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Senior Bond Ordinance.

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

“*Ordinance*” or “*Senior Bond Ordinance*” means the General Bond Ordinance of the City approved on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the



Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D-E Supplemental Ordinance; and the PFC Supplemental Ordinance.

*“Other Available Funds”* means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

*“Outstanding”* when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds shall have been executed and

delivered; and (d) except any Bonds held as Bank Bonds any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” means, when used with respect to the Series 2007D-E Bonds, the City Treasurer and any successors thereof.

“*PFC Debt Service Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Debt Service Account,” created under the Senior Bond Ordinance.

“*PFC Fund*” means the special and separate account designated as the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund,” created under the Senior Bond Ordinance.

“*PFC Project Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Project Account,” created under the Senior Bond Ordinance.

“*PFC Supplemental Ordinance*” means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

“*Planned Series 2007F Bonds*” means the Airport System Revenue Bonds, Series 2007F, planned to be issued by the City on or before November 15, 2007, in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds.

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

“*Principal Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Principal Account,” created under the Senior Bond Ordinance.

“*Project Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Project Fund,” created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

“*Proposed Amendments*” means the proposed amendments to the Senior Bond Ordinance as set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

“*Purchase Price*” means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

“*Rating Agencies*” means any of Moody’s, S&P, or Fitch, then maintaining ratings on any of the Bonds at the request of the City.

“*Redemption Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Redemption Account,” created under the Senior Bond Ordinance.

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Registrar*” means when used with respect to the Series 2007D-E Bonds, the City Treasurer and any successor thereof.

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

“*Report of the Airport Consultant*” means the report of the Airport Consultant entitled “Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007,” prepared for the City by Jacobs Consultancy Inc., which is attached to this Official Statement as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

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

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Senior Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, designated as the depository for the Series 2007D-E Bonds, and includes any nominee or successor thereof.

“*Senior Bond Ordinance*” means the General Bond Ordinance, as amended and supplemented by the Series 2007D-E Supplemental Ordinance and any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2007D-E Supplemental Ordinance.

“*Series 1990A Bonds*” means the Airport System Revenue Bonds, Series 1990A, issued on May 29, 1990, in the original aggregate principal amount of \$700,003,842.72.

“*Series 1991A Bonds*” means the Airport System Revenue Bonds, Series 1991A, issued on April 25, 1991, in the original aggregate principal amount of \$500,003,523.35.

“*Series 1991D Bonds*” means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of \$600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000.

“*Series 1994A Bonds*” means the Airport System Revenue Bonds, Series 1994A, issued on September 8, 1994, in the original aggregate principal amount of \$257,000,000.

“*Series 1995B Bonds*” means the Airport System Revenue Bonds, Series 1995B, issued on June 22, 1995, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$98,530,000.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of \$107,585,000.

“*Series 1996A Bonds*” means the Airport System Revenue Bonds, Series 1996A, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$146,110,000.

“*Series 1996B Bonds*” means the Airport System Revenue Bonds, Series 1996B, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$137,430,000.

“*Series 1996C Bonds*” means the Airport System Revenue Bonds, Series 1996C, issued on October 17, 1996, and additionally secured by municipal bond insurance (except for the Series 1996C Bonds maturing in 1998 through 2001), in the original aggregate principal amount of \$117,550,000.

“*Series 1996D Bonds*” means the Airport System Revenue Bonds, Series 1996D, issued on October 17, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$160,195,000.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$415,705,000.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$206,665,000.

“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$103,395,000.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$330,625,000.

“*Series 2000B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000B, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$200,000,000.

“*Series 2000C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000C, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$100,000,000.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of \$395,635,000.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of \$16,675,000.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$70,540,000.

“*Series 2002A1-A3 Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002A1-A3, issued on September 12, 2002, as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$300,000,000.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000.

“*Series 2002D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$29,000,000.

“*Series 2002E Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of \$203,565,000.

“*Series 2003A Bonds*” means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$161,965,000.

“*Series 2003B Bonds*” means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of \$125,000,000.

“*Series 2004A Bonds*” means the Airport System Revenue Bonds, Series 2004A, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2004B Bonds*” means the Airport System Revenue Bonds, Series 2004B, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2005A Bonds*” means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$227,740,000.

“*Series 2005B1-B2 Bonds*” means the Airport System Revenue Bonds, Series 2005B1-B2, issued on October 31, 2005, in two subseries as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$91,750,000.

“*Series 2005C1-C2 Bonds*” means the Airport System Revenue Bonds, Series 2005C1-C2, issued on October 31, 2005, in two subseries as variable rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$87,700,000.

“*Series 2006A Bonds*” means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$279,585,000.

“*Series 2006B Bonds*” means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$170,005,000.

“*Series 2007A Bonds*” means the Airport System Revenue Bonds, Series 2007A, expected to be issued concurrently with the Series 2007D-E Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of approximately \$188,350,000.

“*Series 2007A-B Bonds*” means the Series 2007A Bonds and the Series 2007B Bonds.

“*Series 2007A-C Bonds*” means the Series 2007A Bonds, the Series 2007B Bonds and the Series 2007C Bonds.

“*Series 2007B Bonds*” means the Airport System Revenue Bonds, Series 2007B, expected to be issued concurrently with the Series 2007D-E Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$24,250,000.

“*Series 2007C Bonds*” means the Airport System Revenue Bonds, Series 2007C, expected to be issued concurrently with the Series 2007D-E Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$34,635,000.

“*Series 2007D Bonds*” means the Airport System Revenue Bonds, Series 2007D, in the original aggregate principal amount of approximately \$178,245,000\* offered pursuant to this Official Statement.

“*Series 2007D-E Supplemental Ordinance*” means the Series 2007D-E Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Series 2007E Bonds*” means the Airport System Revenue Bonds, Series 2007E, in the original aggregate principal amount of approximately \$46,585,000\* offered pursuant to this Official Statement.

“*Sinking Fund Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account,” created under the Senior Bond Ordinance.

“*Sinking Fund Requirements*” means for any period amounts required by the Senior Bond Ordinance or by Supplemental Ordinance to be credited to the Sinking Fund Account.

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

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

“*Stapleton*” means Stapleton International Airport, which is part of the Airport System.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

“*Subordinate Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

“*Subordinate Bond Ordinance*” means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

“*Subordinate Contract Obligations*” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

“*Subordinate Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

“*Subordinate Credit Facility Obligations*” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only the lien thereon of the Bonds and any Credit Facility Obligations.

“*Subordinate Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

“*Subordinate Hedge Facility Obligations*” means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Supplemental Ordinance*” means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

“*Treasurer*” or “*City Treasurer*” means the manager of the City’s Department of Revenue, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

“*Twenty-first and Twenty-seventh Supplemental Ordinances*” means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Underwriters*” means, with respect to the Series 2007D-E Bonds, Lehman Brothers, Citigroup Global Markets Inc., Piper Jaffray & Company and RBC Capital Markets.

“*Variable Rate Bonds*” means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance, but which is subject to maximum limitations.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2007D-E BONDS.”

*Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

#### **Description of the Bonds**

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2007D-E Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

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

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

#### **Additional Parity Bonds**

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

- (a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service

Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

## **Security**

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment.

### **The Airport System Fund**

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

### **Application of Revenues**

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds;

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first

day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36<sup>th</sup> month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In

addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

**PFC Fund**

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2007	\$107,930,000
2008	111,707,000
2009	115,617,000
2010	119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

## **Project Fund**

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payment will comply with Section 142 of the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

## **Investments**

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the

cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

## **Insurance**

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

## **Records, Reports and Audits**

The City has covenanted that it will keep accurate books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with standard accounting practices; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.



The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

### **Defeasance**

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other

moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Modification of the Senior Bond Ordinance**

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Events of Default**

The Senior Bond Ordinance provides that each of the following events is an “Event of Default”:

- (a) the City’s failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable;
- (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the

City's failure to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after notice of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged; (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it shall not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

### **Remedies of Owners of Bonds**

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

### **Covenant Against Competing Facilities**

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and

nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

### **Corporate Existence**

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

### **Disposal of Airport Property**

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

### **Tax Covenant**

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

**Miscellaneous**

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

**Series 2007D-E Supplemental Ordinance**

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2007D-E Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

The Series 2007D-E Supplemental Ordinance includes provisions required by MBIA and Ambac Assurance, including, without limitation, the right of MBIA to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007D Bonds; the designation of MBIA as the sole holder of the Series 2007D Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of MBIA to consent to the acceleration of the payment of the Series 2007D Bonds in the event of a default); the subrogation of MBIA to the rights of recipients of payments made by MBIA in respect of the Series 2007D Bonds; the right of Ambac Assurance to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007E Bonds; the designation of Ambac Assurance as the sole holder of the Series 2007E Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of Ambac Assurance to consent to the acceleration of the payment of the Series 2007E Bonds in the event of a default); and the subrogation of Ambac Assurance to the rights of recipients of payments made by Ambac Assurance in respect of the Series 2007E Bonds. See also “BOND INSURANCE.”

\* \* \*

## APPENDIX E

### PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

*The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007D-E Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." **The Proposed Amendments are shown in blackline.***

#### DEFINITIONS–Section 1.02 A.

The following definitions are to be amended to read as follows:

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

**(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).**

**(47) "Minimum Bond Reserve" means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the**

Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations. With respect to any series of Bonds, ~~25%~~ 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ (x) such series of Bonds matures over a ~~twenty~~ thirty-year term from its date of issuance, ~~(ii) bears~~ (y) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~ (z) is payable on a substantially level annual debt service basis assuming the rate so determined.

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

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

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

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

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

(b) either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an

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

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

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

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

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

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

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such



Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

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

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

The following new subparagraph (i) is to be added to the definition of “Gross Revenues”:

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

## OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

### **Section 709. Contract Obligations.**

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

A new Section 806 is to be added as follows:

### **Section 806. Loan Agreements for Special Facilities Bonds.**

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

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

**Section 1106. Notice to Rating Agencies.**

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

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

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

**OTHER CHANGES**

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

\* \* \*

## APPENDIX F

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and the DTC book-entry system has been obtained from sources believed to be reliable, but the City and the Department take no responsibility for the accuracy or completeness thereof. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007D-E Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007D-E Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007D-E Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2007D-E Bonds. The Series 2007D-E Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2007D-E Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to Direct Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of the Series 2007D-E Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2007D-E Bonds on DTC's

records. The ownership interest of each Beneficial Owner will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007D-E Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007D-E Bonds.

To facilitate subsequent transfers, all Series 2007D-E Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007D-E Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007D-E Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007D-E Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007D-E Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007D-E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007D-E Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2007D-E Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2007D-E Bonds at any time by giving reasonable notice to the City, or the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2007D-E Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

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## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “Disclosure Undertaking”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “City”), in connection with the issuance of \$224,830,000\* Airport System Revenue Bonds, Series 2007D-E (the “Bonds”), by the City, for and on behalf of its Department of Aviation (the “Department”). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. , Series of 2007, adopted by the City Council of the City on August , 2007 (collectively, the “Ordinance”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

“*Audited Financial Statements*” means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

“*Central Post Office*” means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

“*Commission*” means the Securities and Exchange Commission.

“*Events*” means any of the events listed in Section 3(a) of this Disclosure Undertaking.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*National Repository*” means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

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\* Preliminary, subject to change

“*Obligated Person*” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

“*Official Statement*” means the final Official Statement dated August , 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

“*Repository*” or “*Repositories*” means each National Repository and the State Repository.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State Repository*” shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

“*Treasurer*” means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines (“United”) is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual

Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

**Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.



**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an “obligated person” with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney’s Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days’ prior written notice of the City’s or the Treasurer’s failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

## Schedule 1

“*Annual Financial Information*” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings “AVIATION ACTIVITY AND AIRLINES – Aviation Activity” and “CAPITAL PROGRAM,” data concerning outstanding debt, fund balances and results of operations of the type included under the heading “FINANCIAL INFORMATION” and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

\* \* \*

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**APPENDIX H**

**FORM OF OPINIONS OF BOND COUNSEL**

Hogan & Hartson L.L.P.  
and  
Bookhardt & O'Toole  
Denver, Colorado

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D-E Underwriters  
listed in Schedule 1 of the Series 2007D-E Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
Series 2007D - \$178,245,000\*  
Series 2007E - \$46,585,000\*

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Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$178,245,000\* principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"), and \$46,585,000\* principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007E" (the "Series 2007E Bonds", together with the Series 2007D Bonds, the "Series 2007D-E Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. , Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D-E Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D-E Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2,

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\* Preliminary, subject to change

Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an “enterprise” within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D-E Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D-E Bonds, the form of the Series 2007D-E Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D-E Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D-E Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the “State”), with the power to adopt the Ordinance and issue the Series 2007D-E Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007D-E Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D-E Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007E Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007E Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by

the City with certain requirements of the Internal Revenue Code, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2007D-E Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D-E Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D-E Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D-E Bonds.

6. To the extent interest on the Series 2007D-E Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D-E Bonds, including whether interest on the Series 2007D-E Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D-E Bonds and the enforceability of the Series 2007D-E Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D-E Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued municipal bond new issue insurance policies relating to the Series 2007D-E Bonds. We express no opinion as to the validity or enforceability of such municipal bond insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

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**APPENDIX I**  
**SPECIMEN OF THE MBIA POLICY**



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# FINANCIAL GUARANTY INSURANCE POLICY

## MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

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**APPENDIX J**

**SPECIMEN OF THE AMBAC ASSURANCE POLICY**

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## Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

**Ambac Assurance Corporation (Ambac)**, a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

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*In the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007D Bonds, under existing law and assuming compliance by the City and County of Denver, Colorado (the “City”), with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be met subsequent to the issuance of the Series 2007D Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations. Also, in the respective opinions of Bond Counsel to be delivered upon the issuance of the Series 2007D Bonds, under existing law and to the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.*

**CITY AND COUNTY OF DENVER, COLORADO**  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
**\$147,815,000**  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D**  
**(AMT)**

**Dated: Date of Delivery****Due: November 15, as shown on the inside cover page**

The Series 2007D Bonds are being issued by authority of the City’s home rule charter and ordinances adopted pursuant thereto for the purpose of funding, together with other available Airport System moneys, capital improvements for the Airport, capitalized interest relating to the Series 2007D Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and paying costs of issuing the Series 2007D Bonds, all as described herein.

The Series 2007D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Series 2007D Bonds. Beneficial Ownership Interests in the Series 2007D Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007D Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2007D Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable on November 15, 2007, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

**The Series 2007D Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2007D Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D Bonds. The Series 2007D Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.**

Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2007D Bonds.



The purchase and ownership of Beneficial Ownership Interests in the Series 2007D Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

*Purchasers of Beneficial Ownership Interests in the Series 2007D Bonds will be deemed to have consented to certain proposed amendments to the City’s General Bond Ordinance as discussed herein.*

The Series 2007D Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan & Hartson LLP, Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado. It is expected that delivery of the Series 2007D Bonds will be made through the facilities of DTC on or about August 29, 2007.

**LEHMAN BROTHERS**

**CITI****PIPER JAFFRAY & COMPANY****RBC CAPITAL MARKETS**

Dated: August 20, 2007

## MATURITY SCHEDULE

### CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$147,815,000**

**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D**

**(AMT)**

**(MBIA INSURED)**

<b><u>Maturity</u></b> <b><u>(November 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP® No.</u></b> <sup>1</sup>
2016	\$17,240,000	5.50%	4.57%	106.920%	2491815 B0
2017	18,100,000	5.50	4.63	107.007	2491815 C8
2018	19,050,000	5.25	4.67 <sup>2</sup>	104.660 <sup>2</sup>	2491815 D6
2019	20,050,000	5.25	4.73 <sup>2</sup>	104.165 <sup>2</sup>	2491815 E4
2020	21,105,000	5.25	4.77 <sup>2</sup>	103.837 <sup>2</sup>	2491815 F1
2021	22,210,000	5.25	4.80 <sup>2</sup>	103.591 <sup>2</sup>	2491815 G9
2022	23,380,000	5.25	4.83 <sup>2</sup>	103.346 <sup>2</sup>	2491815 H7
2023	6,680,000	5.25	4.85 <sup>2</sup>	103.183 <sup>2</sup>	2491815 J3

<sup>1</sup> The City and the Department take no responsibility for the accuracy of the CUSIP® numbers, which are included solely for the convenience of the registered owners and the Beneficial Owners of the Series 2007D Bonds.

<sup>2</sup> The prices shown for these maturities and the corresponding yields, are to the first optional redemption date. See "THE SERIES 2007D BONDS - Redemption Prior to Maturity – *Optional Redemption*."

**SELECTED CITY OFFICIALS AND CONSULTANTS**

**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  
Arlene V. Dykstra, Esq.....City Attorney  
LaCharles Keesee .....Manager of the Department of General Services/Deputy Chief Financial Officer  
Alvin J. LaCabe, Jr. ....Manager of the Department of Public Safety  
Peter J. Park .....Manager of Community Planning and Development  
Claude Pumilia .....Manager of the Department of Revenue/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, Ex-Officio Clerk**

Stephanie Y. O’Malley

**Department of Aviation**

Cheryl Cohen-Vader .....Chief Deputy Manager of Aviation  
Stan Koniz, CPA .....Deputy Manager of Aviation/Business and Technologies  
Patrick Heck .....Acting Deputy Manager of Aviation/Revenue Management and Business Development  
Sally Covington .....Deputy Manager of Aviation/Public Relations and Marketing  
John Kinney .....Deputy Manager of Aviation/Operations  
Ruth Rodriguez .....Deputy Manager of Aviation/Maintenance and Engineering  
Helen Raabe, Esq. ....Director of Airport Legal Services/Assistant City Attorney

**Airport Consultant**

Jacobs Consultancy Inc.  
Burlingame, California

**Financial Consultants**

First Albany Capital Inc. New York, New York	Estrada Hinojosa & Company, Inc. Dallas, Texas
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**Bond Counsel**

Hogan & Hartson LLP Denver, Colorado	Bookhardt & O’Toole Denver, Colorado
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**Special Counsel**

Peck, Shaffer & Williams LLP  
Denver, Colorado

This Official Statement does not constitute an offer to sell the Series 2007D Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and this Official Statement is not to be construed as the promise or guarantee of the Underwriters.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2007D Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2007D Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2007D Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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## OFFICIAL STATEMENT

### RELATING TO

## CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

**\$147,815,000**

### **AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D (AMT)**

## INTRODUCTION

### **The Issuer**

This Official Statement, which includes the cover page, the inside cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the “City”), for and on behalf of its Department of Aviation (the “Department”), of its Airport System Revenue Bonds, Series 2007D, in the principal amount of \$147,815,000 (the “Series 2007D Bonds”).

Unless otherwise defined herein, capitalized terms used herein are defined in “APPENDIX C – GLOSSARY OF TERMS.”

*This Official Statement contains information that was either not available or differs from that stated in the Preliminary Official Statement dated August 7, 2007, including, without limitation, the aggregate principal amount of the Series 2007D Bonds, principal amount per maturity, interest rates, offering prices, yields, CUSIP® numbers and prior optional redemption provisions of the Series 2007D Bonds, the sources and anticipated uses of proceeds of the Series 2007D Bonds, the prices paid by the Underwriters for the Series 2007D Bonds and certain other information related to or dependent upon the foregoing. Accordingly, prospective investors should read this Official Statement in its entirety. The planned Airport System Revenue Bonds, Series 2007E (the “Planned Series 2007E Bonds”) described in the Preliminary Official Statement dated August 7, 2007, were not marketed or sold contemporaneously with the Series 2007D Bonds but, subject to market conditions, could be marketed and sold at a future time. See “Plan of Financing” below and “FINANCIAL INFORMATION – Plan of Financing.”*

### **The Airport System; the Senior Bond Ordinance**

The City is a political subdivision of the State of Colorado (the “State”). The Denver Municipal Airport System (the “Airport System”) is owned by the City and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the State constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City. Denver International Airport (the “Airport”) is the primary asset of the Airport System.

The Series 2007D Bonds are being issued by authority of the City’s home rule charter (the “City Charter”), the State’s Supplemental Public Securities Act and the General Bond Ordinance approved by the Denver City Council (the “City Council”) on November 29, 1984, as amended and supplemented (the “General Bond Ordinance”), and the Series 2007D-E Airport System Supplemental Bond Ordinance to be approved by the City Council prior to the delivery of the Series 2007D Bonds. The General Bond Ordinance, the Series 2007D-E Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2007D-E Supplemental Ordinance are referred to herein collectively as the “Senior Bond Ordinance.” The covenants and undertakings of the City with respect to

the Series 2007D Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City that have not been adopted by the City Council (the "Proposed Amendments"). See "Consent to Proposed Amendments to the Senior Bond Ordinance" below, "THE SERIES 2007D BONDS – Authorization – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

### **Denver International Airport**

**General.** The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See "THE AIRPORT SYSTEM," "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

**Passenger and Revenue Growth.** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and the former Stapleton International Airport ("Stapleton"). Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 enplaned passengers at the Airport increasing 5.2% over 2002. The number of enplaned passengers at the Airport continued to increase by 12.7% in 2004, 2.6% in 2005 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. In 2006, the rentals, fees and charges received from airlines operating at the Airport under use and lease agreements and other agreements with the City constituted approximately 53.7% of the Gross Revenues of the Airport System.

In 2006, non-airline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 39.0% of the Gross Revenues of the Airport System. Non-airline revenues of the Airport System also recovered from the downturns experienced in 2001 and 2002, increasing 2.2% in 2003, 12.1% in 2004, 11.5% in 2005 and 12.2% in 2006, compared to the previous years, largely as the result of increases in passenger traffic.

The cost per enplaned passenger at the Airport also improved commensurately, declining from \$15.20 in 2002 to \$14.51 in 2003, \$13.05 in 2004, \$12.90 in 2005 and \$11.41 in 2006.

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 consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport.

For further information regarding passenger growth at the Airport and revenue growth of the Airport System, see generally "RISKS AND OTHER INVESTMENT CONSIDERATIONS,"



“AVIATION ACTIVITY AND AIRLINES,” “FINANCIAL INFORMATION – Historical Operations – Management’s Discussion and Analysis of Financial Performance – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Nonairline Revenue.”

**Major Air Carriers Operating at the Airport.** The principal air carrier operating at the Airport is United Airlines (“United”), one of the largest airlines in the world. The Airport is a primary connecting hub in United’s route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the “United Use and Lease Agreement”), United currently leases 43 of the existing 95 full service jet gates at the Airport, as well as the 16-gate regional jet facility on Concourse B. In 2006, United, together with its low-fare Ted unit and its United Express commuter affiliates (collectively, the “United Group”), accounted for approximately 56.4% of passenger enplanements at the Airport, as well as approximately 59.3% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 31.8% of the Airport System’s Gross Revenues (as defined in the Senior Bond Ordinance). Also, after over three years in bankruptcy reorganization proceedings under Chapter 11 of the U.S. Bankruptcy Code (the “Bankruptcy Code”) during which United continued operations, UAL Corporation (“UAL”) and 27 of its subsidiaries, including United, emerged from bankruptcy in February 2006.

Frontier Airlines (“Frontier”) has the second largest market share at the Airport, which serves as Frontier’s only hub. 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 (a related amendment to its Use and Lease Agreement to add these gates is pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. In 2006, Frontier, together with its Frontier JetExpress commuter affiliate (together, the “Frontier Group”), accounted for approximately 20.7% of passenger enplanements at the Airport, as well as approximately 13.0% of the airline rentals, fees and charges component of the Airport System’s operating revenues and approximately 6.9% of the Airport System’s Gross Revenues. Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation (“Lynx”), a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

Southwest Airlines (“Southwest”) commenced service at the Airport in January 2006. Southwest accounted for 3.3% of passenger enplanements at the Airport in 2006 and for 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period).

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System’s operating revenues or the Airport System’s Gross Revenues; however, as noted above Southwest has been accounting for an increasing share of passenger enplanements at the Airport.

For further information regarding the major air carriers operating at the Airport and the fare and service competition initiated by Southwest at the Airport see “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AVIATION ACTIVITY AND AIRLINES – Airline Information – *United – Frontier – Southwest* – Aviation Activity,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “AIRLINE BANKRUPTCY MATTERS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS AND

### **Airport Capital Program; 2007 Project**

The City has a Capital Program for the Airport System that represents the City’s current expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project, each as described in “DENVER INTERNATIONAL AIRPORT - Terminal Complex,” was initially financed with the proceeds of Airport System Subordinate Commercial Paper Notes, Series A (the “Tax-Exempt Commercial Paper Notes”) and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the “2008-2013 Capital Program”) is described in “CAPITAL PROGRAM.” The Airport System’s capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The capital projects for the Airport to be funded in part with the net proceeds of the Series 2007D Bonds and the net proceeds of the Series 2007A-B Bonds being issued by the City concurrently with the Series 2007D Bonds as described below in “Plan of Financing” (the “2007 Project”) include the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project in the 2008-2013 Capital Program as described under “CAPITAL PROGRAM.”

### **The Series 2007D Bonds**

**Purpose.** The proceeds of the Series 2007D Bonds, together with other available Airport System moneys, will be used to fund the 2007 Project, capitalized interest relating to the Series 2007D Bonds and an increase in the amount on deposit in the Bond Reserve Fund, and to pay the costs of issuing the Series 2007D Bonds. See “Plan of Financing” below, “APPLICATION OF PROCEEDS,” “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.”

**General Provisions.** The Series 2007D Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates and in the amounts set forth on the cover page and inside cover page hereof. Interest on the Series 2007D Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2007, and semiannually thereafter on each May 15 and November 15, computed on the basis of a 360-day year of twelve 30-day months. The Series 2007D Bonds are subject to redemption prior to maturity as described in “THE SERIES 2007D BONDS – Redemption Prior to Maturity.”

**Book-Entry Only System.** The Series 2007D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2007D Bonds. Ownership interests in the Series 2007D Bonds (“Beneficial Ownership Interests”), in non-certificated book-entry only form, may be purchased in integral multiples of \$5,000 by or through participants in the DTC system (“DTC Participants”). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof (“Beneficial Owners”) on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2007D Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in “THE SERIES 2007D BONDS – General Provisions” and “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

***Security and Sources of Payment.*** The Series 2007D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the “Senior Bonds.” The aggregate principal amount of Senior Bonds currently outstanding is approximately \$3.7 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2007D Bonds, the Series 2007A-C Bonds and the Planned Series 2007F Bonds (as described below under “Plan of Financing”) is approximately \$4.0 billion. See “FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds.*” None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the “Owners”) or Beneficial Owners of the Series 2007D Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D Bonds. The Series 2007D Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See “SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues.”

***Bond Insurance.*** Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by a financial guaranty insurance policy (the “MBIA Policy”) to be issued by MBIA Insurance Corporation (“MBIA”) simultaneously with the delivery of the Series 2007D Bonds. See “BOND INSURANCE” and “APPENDIX I – SPECIMEN OF THE MBIA POLICY.”

MBIA will have the right to consent to amendments to the Senior Bond Ordinance affecting the Series 2007D Bonds, and the right to consent to or direct various actions under the Senior Bond Ordinance, such as the acceleration of the payment of the Series 2007D Bonds in the event of a default.

***Further Information.*** For further information regarding the Series 2007D Bonds, the MBIA Policy and MBIA, see generally “THE SERIES 2007D BONDS,” “BOND INSURANCE,” “FINANCIAL INFORMATION – Senior Bonds,” “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE,” “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” and “APPENDIX I – SPECIMEN OF THE MBIA POLICY”

## **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (the “Financial Consultants”) have prepared the plan of financing (the “Plan of Financing”) in connection with the issuance of the Series 2007D Bonds, as well as the Series 2007A-C Bonds, the Planned Series 2007E Bonds and the Planned Series 2007F Bonds described in the following paragraph. See “APPLICATION OF PROCEEDS” and “FINANCIAL INFORMATION – Plan of Financing.”

Concurrently with the issuance of the Series 2007D Bonds, the City also plans to issue its (1) Airport System Revenue Bonds, Series 2007A, in the principal amount of \$188,350,000 (the “Series 2007A Bonds”), and its Airport System Revenue Bonds, Series 2007B, in the principal amount of \$24,250,000 (the “Series 2007B Bonds”), referred to herein collectively as the “Series 2007A-B Bonds,” for the purpose of funding the 2007 Project; and (2) its Airport System Revenue Bonds, Series 2007C, in the principal amount of \$34,635,000 (the “Series 2007C Bonds”), for the purpose of advance refunding certain of its outstanding Airport System Revenue Bonds, Series 2003B (the “Series 2003B Bonds”). The Series 2007A-B Bonds and the Series 2007C Bonds are referred to herein collectively as the “Series 2007A-C Bonds.” The City had planned to market and sell the Planned Series 2007E Bonds, as a non-AMT (not subject to the alternative minimum tax) series, contemporaneously with the marketing and sale of the Series 2007D Bonds, for the purpose of funding a portion of the 2007 Project. The City determined that the Planned Series 2007E Bonds would not be marketed and sold contemporaneously with the marketing and sale of the Series 2007D Bonds. Consequently, the Planned Series 2007E Bonds will not

be issued concurrently with the issuance of the Series 2007D Bonds and the Series 2007A-C Bonds, although, subject to market conditions, the Planned Series 2007E Bonds may be sold and issued prior to the date set forth in the Series 2007D-E Supplemental Ordinance, currently November 30, 2007. Subject to market conditions, the City also plans to issue, on or prior to November 15, 2007, its Airport System Revenue Bonds, Series 2007F (the "Planned Series 2007F Bonds"), in the approximate principal amount of \$362 million to current refund and defease, together with other available Airport System moneys, certain of its outstanding Airport System Revenue Bonds, Series 1997E (the "Series 1997E Bonds"). See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

### **Report of the Airport Consultant**

Jacobs Consultancy Inc. (the "Airport Consultant") has been retained by the City as its Airport Consultant and in such capacity prepared the Report of the Airport Consultant dated July 25, 2007 (the "Report of the Airport Consultant"), included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a "Fiscal Year") 2007 through 2013, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "AVIATION ACTIVITY AND AIRLINES – Airline Information," "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing" and "REPORT OF THE AIRPORT CONSULTANT."

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds, the Series 2007D Bonds, the Planned Series 2007E Bonds and the Planned Series 2007F Bonds. Accordingly, the Report of the Airport Consultant makes assumptions as to the principal amounts and Debt Service Requirements (as defined in "APPENDIX C – GLOSSARY OF TERMS") of the Series 2007A-B Bonds, the Series 2007D Bonds and the Planned Series 2007E Bonds, and also assumes no debt service savings resulting from the issuance of the Series 2007C Bonds and the Planned Series 2007F Bonds and the related defeasance of the Series 2003B Bonds and the Series 1997E Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds, the Series 2007D Bonds and the Planned Series 2007E Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of such Senior Bonds as marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in respect of the issuance of the Series 2007A-B Bonds, the Series 2007D Bonds and the Planned Series 2007E Bonds. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

### **Consent to Proposed Amendments to the Senior Bond Ordinance**

Purchasers of Beneficial Ownership Interests in the Series 2007D Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "THE SERIES 2007D BONDS – Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are set forth in "APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

## **Continuing Disclosure**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Exchange Act”), as the same may be amended from time to time (“Rule 15c2-12”), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “CONTINUING DISCLOSURE UNDERTAKING” and “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

## **Additional Information**

Brief descriptions of the Series 2007D Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007D Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

Inquiries regarding information about the Airport System contained in this Official Statement may be directed to Stan Koniz, Deputy Manager of Aviation/Business and Technologies, at (303) 342-2200. Inquiries regarding other City financial matters contained in this Official Statement may be directed to R.O. Gibson, Director of Financial Management, Department of Revenue, at (720) 865-7116.

## **Investment Considerations**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007D Bonds involve investment risk. Prospective purchasers are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed under “RISKS AND OTHER INVESTMENT CONSIDERATIONS.”

## **Forward Looking Statements**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “RISKS AND OTHER INVESTMENT

CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

**Miscellaneous**

The cover page, inside cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2007D Bonds.

**APPLICATION OF PROCEEDS**

The following table presents the estimated sources and uses of funds in connection with the issuance of the Series 2007D Bonds.

<b>Sources</b>	
Principal Amount of Series 2007D Bonds	\$147,815,000.00
Original Issue Premium	<u>6,786,366.65</u>
Total Sources	<u>\$154,601,366.65</u>
<b>Uses</b>	
Deposit to Series 2007D Project Account <sup>1</sup>	\$117,449,788.41
Deposit to Capitalized Interest Subaccount <sup>2</sup>	24,639,843.83
Deposit to Bond Reserve Fund <sup>3</sup>	10,372,025.83
Payment of Costs of Issuance <sup>4</sup>	<u>2,139,708.58</u>
Total Uses	<u>\$154,601,366.65</u>

<sup>1</sup> The Series 2007D Project Account is created in the Project Fund pursuant to the Series 2007D-E Supplemental Ordinance for the purpose of providing for the payment of a portion of the 2007 Project. See also “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Senior Bonds – Plan of Financing.”

<sup>2</sup> The Series 2007D Subaccount is created in the Capitalized Interest Account of the Project Fund pursuant to the Series 2007D-E Supplemental Ordinance for the purpose of funding capitalized interest on portions of the Series 2007D Bonds through the various estimated completion dates of the projects included in the 2007 Project.

<sup>3</sup> To fund an increase in the Minimum Bond Reserve required as a result of the issuance of the Series 2007D Bonds. See also “SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund.”

<sup>4</sup> Includes Underwriters’ discount, premiums for the MBIA Policy, legal and other costs of issuance for the Series 2007D Bonds. See also “UNDERWRITING.”

**THE SERIES 2007D BONDS**

The following is a summary of certain provisions of the Series 2007D Bonds during such time as the Series 2007D Bonds are subject to the DTC book-entry system. Reference is hereby made to the

Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2007D Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX C – GLOSSARY OF TERMS,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2007D Bonds upon an Event of Default under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2007D Bonds.

### **Authorization**

Pursuant to the home rule article of the Colorado Constitution, the State’s Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution. The Department is owned by the City, and the Manager of the Department of Aviation (the “Manager”) is the governing body of the Department. See “THE AIRPORT SYSTEM – Management.” The Department has the authority to issue its own bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2007D Bonds will be issued pursuant to the Senior Bond Ordinance and, if adopted, the Proposed Amendments. See “Proposed Amendments to the Senior Bond Ordinance” below, “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **General Provisions**

The Series 2007D Bonds will be issued in the aggregate principal amounts, bear interest at the rates and mature on the dates set forth on the cover page and inside cover page hereof, and are subject to redemption prior to maturity as described below in “Redemption Prior to Maturity.” Interest on the Series 2007D Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable on November 15, 2007, and semiannually on each May 15 and November 15 thereafter, each such date being referred to herein as an “Interest Payment Date.”

Principal and interest payments with respect to the Series 2007D Bonds will be payable by check or wire transfer by the Chief Financial Officer of the City (the “Chief Financial Officer”), in his or her capacity as paying agent for the Series 2007D Bonds (the “Paying Agent”) to Cede & Co., as the Owner of the Series 2007D Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

### **DTC Book-Entry System**

The Series 2007D Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2007D Bonds. Beneficial Ownership Interests in the Series 2007D Bonds, in non-certificated book-entry only

form, may be purchased in integral multiples of \$5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the registered owners of the Series 2007D Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

Principal and interest payments with respect to the Series 2007D Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2007D Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.”

*None of the City, the Department, the Underwriters, the Paying Agent or the Chief Financial Officer in his or her capacity as registrar for the Series 2007D Bonds (the “Registrar”) has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007D Bonds or (5) any other related matter.*

### **Redemption Prior to Maturity**

***Optional Redemption.*** The Series 2007D Bonds maturing on and after November 15, 2018, are subject to redemption prior to maturity at the option of the City, on and after November 15, 2017, in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to 100% of the principal amount of the Series 2007D Bonds to be redeemed plus accrued interest to the Redemption Date.

***Notice of Redemption.*** Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2007D Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2007D Bonds is not a condition precedent to such redemption if the notice has in fact been duly given, and failure of DTC or its nominee to receive such notice will not affect the validity of the proceedings for such redemption or the cessation of interest on the Redemption Date.

If at the time any notice for the redemption of any Series 2007D Bonds is required to be given, moneys sufficient to redeem all of such Series 2007D Bonds have not been deposited as required, the notice is required to state that redemption is conditional upon the required deposit of such moneys.

***Redemption of Beneficial Ownership Interests.*** The Registrar will be required to send notice of redemption of the Series 2007D Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC’s standard call. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in “APPENDIX F – DTC BOOK-ENTRY SYSTEM.” DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2007D Bonds properly called for redemption or any other action premised on that notice.



## SECURITY AND SOURCES OF PAYMENT

### **Pledge of Net Revenues**

The Series 2007D Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2007D Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in “Bond Reserve Fund” below, and from funds made available under the MBIA Policy as discussed in “BOND INSURANCE.” The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund, the Bond Reserve Fund and the Project Fund (which are only on deposit in the Project Fund until such funds are spent on the 2007 Project) to the payment of the Senior Bonds. See also “APPLICATION OF PROCEEDS” and “CAPITAL PROGRAM.” The Series 2007D Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2007D Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2007D Bonds.

“Net Revenues” is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. “Gross Revenues” generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges (“PFCs”), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. No Supplemental Ordinance has included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. “Operation and Maintenance Expenses” means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For a further description of the application of revenues under the Senior Bond Ordinance and the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

### **PFC Debt Service Account**

The City has, pursuant to the Senior Bond Ordinance, created the PFC Fund within the Airport System Fund and, within the PFC Fund, the PFC Debt Service Account and the PFC Project Account. In addition, pursuant to a Supplemental Ordinance (the “PFC Supplemental Ordinance”) approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through December 31, 2013, as further discussed in “FINANCIAL INFORMATION – Passenger Facility Charges – *PFC Debt Service Account; Irrevocable Commitment of Certain PFCs.*”

### **Bond Insurance**

Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by the MBIA Policy to be issued by MBIA simultaneously with the delivery of the Series 2007D Bonds. See “BOND INSURANCE,” “APPENDIX I – SPECIMEN OF THE MBIA POLICY.”

## **Rate Maintenance Covenant**

The City has covenanted in the Senior Bond Ordinance (the “Rate Maintenance Covenant”) to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the larger of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 125% of the aggregate Debt Service Requirements for the Fiscal Year. See “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Capital Fund.”

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the City also has the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Regulations and Restrictions Affecting the Airport,” and could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport less attractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. However, the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the “Signatory Airlines”) acknowledge the existence of the Rate Maintenance Covenant and require such Signatory Airlines to pay any such increased rentals, rates, fees and charges. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements” and “AIRLINE BANKRUPTCY MATTERS – Assumption or Rejection of Agreements.”

The term “Debt Service Requirements” in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See “APPENDIX C – GLOSSARY OF TERMS.” As described in “PFC Debt Service Account” above, the City has irrevocably committed a portion of the moneys collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through December 31, 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is excluded from the respective computations and is therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds in the years 2007 through 2013. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms “Committed Passenger Facility Charges” and “Maximum Committed Amounts” being used as defined in “FINANCIAL INFORMATION – Passenger Facility Charges – Irrevocable Commitment of Certain PFCs to Debt Service Requirements”) in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the additional \$1.50 PFC that

commenced April 1, 2001 (the “Additional \$1.50 PFC”), being PFC revenues that do not constitute Committed Passenger Facility Charges, will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and all of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. The amount of such PFC revenues forecast by the Airport Consultant to be so applied to the payment of Debt Service Requirements is set forth in Exhibit C to the Report of the Airport Consultant. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges,” “REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

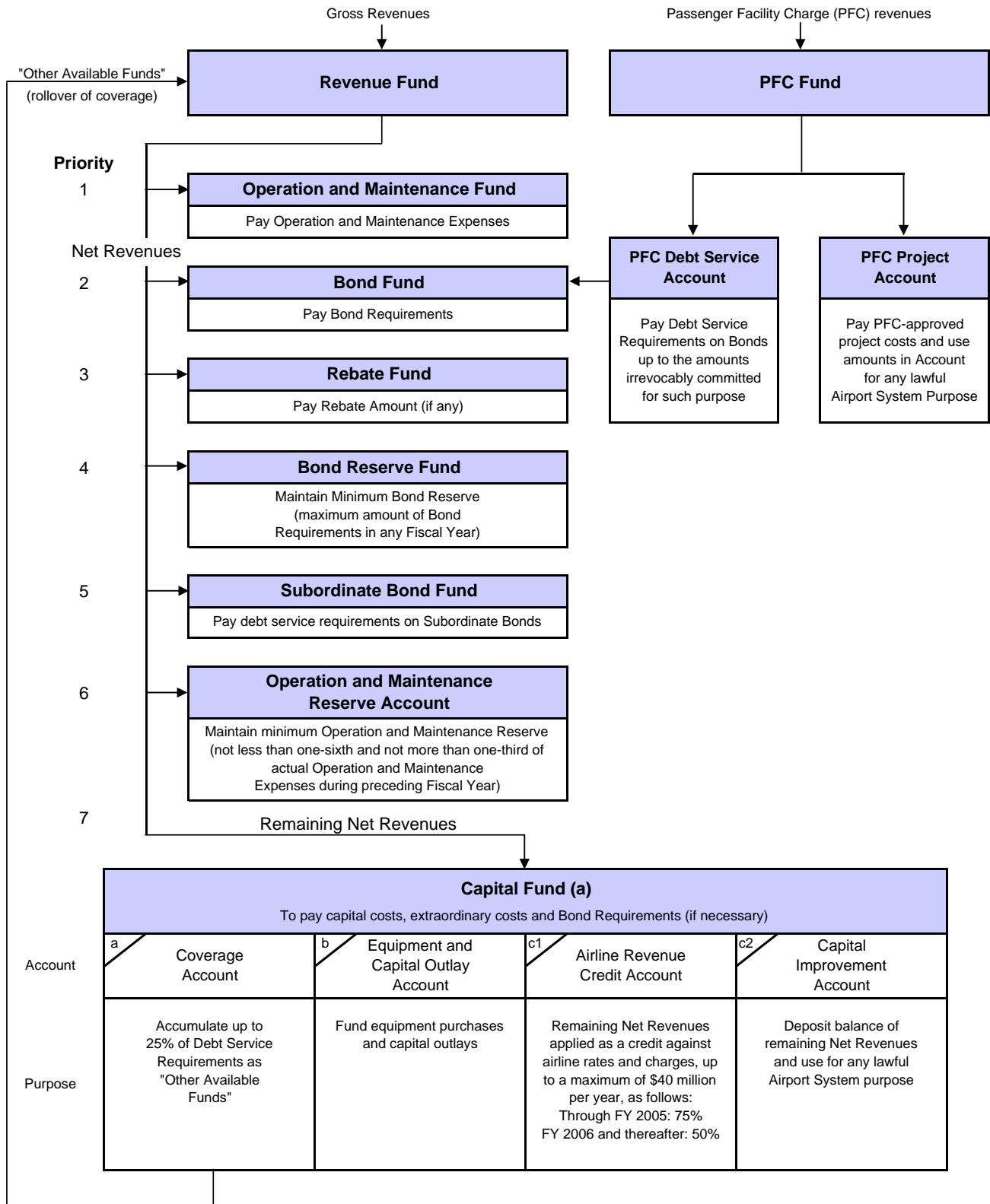
### **Flow of Funds**

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates a special fund designated as the “Revenue Fund” and to which the City is required to set aside all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” for a complete description of the application of Gross Revenues.

The flow of funds under the Senior Bond Ordinance is illustrated on the following page.

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## FLOW OF FUNDS UNDER THE SENIOR BOND ORDINANCE



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.

## **Bond Reserve Fund**

Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months. The Proposed Amendments would amend the definition of “Minimum Bond Reserve” in certain regards. See “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

Upon the issuance of the Series 2007A-B Bonds and the Series 2007D Bonds, an amount at least equal to the Minimum Bond Reserve is expected to be on deposit in the Bond Reserve Fund. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. See “APPLICATION OF PROCEEDS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues.”

## **Additional Parity Bonds**

The City may issue additional Senior Bonds under the Senior Bond Ordinance (“Additional Parity Bonds”) to pay the cost of acquiring, improving or equipping Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. In order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the “Additional Bonds Test”), including obtaining various certificates, opinions and a report of an Airport Consultant regarding, among other things, projected compliance with the Rate Maintenance Covenant as described in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Parity Bonds. For purposes of the Additional Bonds Test, only Committed Passenger Facility Charges may be considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See “PFC Debt Service Account” and “Rate Maintenance Covenant” above, “Historical Debt Service Coverage” below and “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

Since the Series 2007A-B Bonds and the Series 2007D Bonds are being issued for the purpose of funding capital improvements for the Airport, the Additional Bonds Test is applicable to their issuance. The Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in connection with the issuance of the Series 2007A-B Bonds and the Series 2007D Bonds. See “APPLICATION OF PROCEEDS,” “FINANCIAL INFORMATION – Plan of Financing,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **Subordinate Bonds and Other Subordinate Obligations**

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and authorized the issuance of Subordinate Commercial Paper Notes (defined herein), and has also

entered into various Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations (all as defined herein), that are secured by a pledge of the Net Revenues on a basis subordinate to the pledge of Net Revenues that secures the Senior Bonds. See “FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations.”

### Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2002 through 2006 in accordance with the Rate Maintenance Covenant discussed in “Rate Maintenance Covenant” above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

#### Historical Net Revenues and Debt Service Coverage of the Senior Bonds

(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
Gross Revenues <sup>1</sup>	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses <sup>1</sup>	216,791	201,573	220,254	231,733	257,623
Net Revenues	282,644	325,994	322,790	336,120	326,990
Other Available Funds <sup>2</sup>	46,751	50,807	54,849	55,173	49,787
Total Amount Available for Debt Service	\$329,395	\$376,801	\$377,639	\$391,293	\$376,777
Debt Service Requirements for the Senior Bonds <sup>3,4</sup>	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt Service Coverage <sup>4</sup>	162%	184%	171%	175%	189%

<sup>1</sup> Gross Revenues and Operation and Maintenance Expenses in this table are determined in accordance with the definitions of such terms in the Senior Bond Ordinance, and are not directly comparable to the information provided in “FINANCIAL INFORMATION – Historical Financial Operations.” See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>2</sup> Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See “APPENDIX C – GLOSSARY OF TERMS.”

<sup>3</sup> Debt service is net of capitalized interest, certain PFC revenues and other available funds irrevocably committed to the payment of Debt Service Requirements. See “FINANCIAL INFORMATION – Passenger Facility Charges.” Debt service also does not include the debt service on certain Senior Bonds that have been economically defeased in the total principal amount of \$144,230,648. See “FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges.”

<sup>4</sup> The calculation of debt service coverage appearing in the financial statements of the Airport System appended to this Official Statement is based upon the combined debt service on both Senior Bonds and Subordinate Bonds and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

Sources: Financial statements of the Airport System for Fiscal Years 2002-2006, and Airport management and Department of Aviation management records

### Proposed Amendments to the Senior Bond Ordinance

Various amendments to the Senior Bond Ordinance were proposed by the City. Certain of these amendments required the consent of the registered owners of a majority in aggregate principal amount of all Senior Bonds then outstanding under the Senior Bond Ordinance. In July 2005, the City Council adopted a Supplemental Ordinance that approved several, but not all, of the amendments that had been consented to by the requisite amount of the registered owners of the Senior Bonds and those amendments are in effect and have been incorporated in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.” These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007D Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments,

either in whole or in part, substantially in the form set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE,” and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

It is assumed in the Report of the Airport Consultant that any or all of the Proposed Amendments that the City may adopt during the forecast period would not materially change the forecast coverage results presented therein. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **BOND INSURANCE**

### **General**

Payment of the principal of and interest on the Series 2007D Bonds when due will be insured by the MBIA Policy to be issued by MBIA simultaneously with the delivery of the Series 2007D Bonds. Reference is made to “APPENDIX I – SPECIMEN OF THE MBIA POLICY” for a specimen of the MBIA Policy, which includes the procedures for payment thereunder.

*The following information has been furnished by MBIA for use in this Official Statement. None of the City, the Department or the Underwriters has reviewed such information or makes any representation as to the accuracy or completeness or as to the absence of material adverse changes therein.*

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the MBIA Policy and MBIA set forth below. Additionally, MBIA makes no representation regarding the Series 2007D Bonds or the advisability of investing in the Series 2007D Bonds.

### **MBIA Insurance Corporation Insurance Policy**

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the City to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2007D Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2007D Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a “Preference”).

The MBIA Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2007D Bonds. The MBIA Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2007D Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The MBIA Policy also does not insure against nonpayment of principal of or

interest on the Series 2007D Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2007D Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Series 2007D Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2007D Bonds or presentment of such other proof of ownership of the Series 2007D Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2007D Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2007D Bonds in any legal proceeding related to payment of insured amounts on the Series 2007D Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Series 2007D Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

### **MBIA Insurance Corporation**

**Generally.** MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions. In February 2007, MBIA Corp. incorporated a new subsidiary, MBIA México, S.A. de C.V. (“MBIA Mexico”), through which it intends to write financial guarantee insurance in Mexico beginning in 2007. To date, MBIA Mexico has had no operating activity.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

**Regulation.** As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

**Financial Strength Ratings of MBIA.** Moody’s Investors Service, Inc. (“Moody’s”) rates the financial strength of MBIA “Aaa.”

Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), rates the financial strength of MBIA “AAA.”

Fitch Ratings (“Fitch”) rates the financial strength of MBIA “AAA.”



Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2007D Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2007D Bonds. MBIA does not guaranty the market price of the Series 2007D Bonds nor does it guaranty that the ratings on the Series 2007D Bonds will not be revised or withdrawn.

***MBIA Financial Information.*** As of December 31, 2006, MBIA had admitted assets of \$10.9 billion (audited), total liabilities of \$6.9 billion (audited), and total capital and surplus of \$4.0 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2007, MBIA had admitted assets of \$11.2 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$4.2 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2006 and December 31, 2005 and for each of the three years in the period ended December 31, 2006, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2006 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2007 and for the three month period ended March 31, 2007 and March 31, 2006 included in the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2007, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

***Incorporation of Certain Documents by Reference.*** The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2006; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Series 2007D Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

## **RISKS AND OTHER INVESTMENT CONSIDERATIONS**

The purchase and ownership of Beneficial Ownership Interests in the Series 2007D Bonds involve investment risk and considerations. Prospective investors are urged to read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2007D Bonds.

### **Dependence on Continued Level of Airline Traffic and Activity**

The Series 2007D Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2007D Bonds, through 2013. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. The future level of aviation activity and enplaned passenger traffic at the Airport will be dependant upon many local, regional, national and international factors, including economic and political conditions, aviation security concerns and, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. Many of these factors are discussed in detail in the Report of the Airport Consultant. If aviation activity at the Airport does not meet forecast levels, there will likely be a corresponding impact on both forecast Gross Revenues (absent an increase in Airport rentals, rates, fees and charges) and forecast PFC revenues. See "Air Travel Security Concerns" below, "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

### **Market Share Risk**

The United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, is the principal air carrier operating at the Airport. United currently leases all 43 of the full service jet gates on Concourse B, constituting approximately 45.3% of the current 95 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. The United Group also currently accounts for over 50% of (1) passenger enplanements at the Airport and (2) the airline rentals, fees and charges component of the Airport System's operating revenues and over 30% of Airport System Gross Revenues. After the United Group, the Frontier Group is the next largest air carrier operating at the Airport, currently accounting for approximately 20.7% of passenger enplanements at the Airport, and approximately 13.0% of airline rentals, fees and charges component of the Airport System's operating revenues and approximately 6.9% of the Airport System's Gross Revenues.

Except for the United Group and the Frontier Group, no airline has accounted for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. No assurances can be given with regard to the future level of activity of the United Group or the Frontier Group at the Airport, or that, in the event that the operations of the United Group or the Frontier Group at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See

“AVIATION ACTIVITY AND AIRLINES – Aviation Activity – Airline Information – *United – Frontier – Southwest – Other Airlines*,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

### **Airport Rates and Charges**

The Report of the Airport Consultant bases the forecasts of Net Revenues and Other Available Funds, debt service coverage and airline costs per enplaned passenger on the assumption that the airlines will pay the rates and charges established by the City, and while the City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable, no assurance can be given that challenges will not be made to the rates and charges established by the City or its method of allocating particular costs. See “The Rate Maintenance Covenant” below, “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FORECAST DEBT SERVICE COVERAGE – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Debt Service Coverage” for historical and forecast debt service coverage, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

### **Regulations and Restrictions Affecting the Airport**

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations, including, without limitation, the provisions of the Use and Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all domestic airports. See, for example, “AVIATION ACTIVITY AND AIRLINES – Security Matters.” It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the City or whether such restrictions or legislation or regulations would adversely affect Gross Revenues. See also “AGREEMENTS FOR USE OF AIRPORT FACILITIES” and “FINANCIAL INFORMATION – Passenger Facility Charges – *Federal Grants and Other Funding*.”

### **Airport Use and Lease Agreements**

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements expire between 2008 and 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See “Risk of Future Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

### **Air Travel Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – *Aviation Security Concerns*.”

## **Risk of Future Airline Bankruptcies**

Since 2001, several airlines with operations at the Airport, including United, filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007D Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

## **Forward Looking Statements; Report of the Airline Consultant**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “FORWARD LOOKING STATEMENTS,” “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

## **THE AIRPORT SYSTEM**

### **General**

The Airport System is owned by the City, and the power to operate, maintain and control the Airport System is vested in the Department. The City by ordinance has designated the Department as an “enterprise” within the meaning of the Colorado Constitution, with the authority to issue its own revenue bonds or other financial obligations in the name of the City.

The primary asset of the Airport System is the Airport, which opened on February 28, 1995, and replaced Stapleton. The Airport System also includes certain land still owned by the City at the Stapleton site. See “FINANCIAL INFORMATION – Stapleton.”

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International, was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006. See “AVIATION ACTIVITY AND AIRLINES.”

### **Management**

Under the City Charter, the management, operation and control of the Airport System is delegated to the Department of Aviation under the direction of a Manager appointed by and responsible directly to

the Mayor. The Manager of Revenue, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. At a special municipal election held on November 7, 2006, the City's electors approved certain changes to the City Charter, to take effect on January 1, 2008, that created a new Department of Finance and the position of Manager of Finance, replacing the Department of Revenue and the Manager of Revenue. The newly created Department of Finance consolidates all of the City's financial operations in one department, including the management of the debt and financial obligations of the City.

**Turner West** was appointed Manager of the Department of Aviation in April 2006 after having served as Co-Manager of the Department of Aviation since July 2003, Deputy Manager of Aviation/Maintenance and Engineering since October 2000, Acting Deputy Manager of Aviation/Maintenance and Engineering since July 1999 and Deputy Manager of Aviation/Maintenance since September 1985. Mr. West has 35 years of aviation industry experience, including 18 years of airline management experience. Prior to joining the City, Mr. West was with Frontier Airlines from 1979 to 1985, Texas International Airlines from 1978 to 1979, Otis Engineering Corp., a subsidiary of Halliburton Co., from 1975 to 1978 and Braniff International Airways from 1966 to 1975.

Mr. West recently announced his intention to retire from his position as Manager of the Department of Aviation in the spring of 2008. The City intends to conduct an international search for a new Manager of the Department of Aviation.

**Claude Pumilia** was appointed the City's Chief Financial Officer and Manager of Revenue in April 2007, and is to officially begin serving as the Manager of Finance on January 1, 2008. Mr. Pumilia has over 15 years of experience as a senior financial and business executive at the Fortune 100 companies of Compaq Computer Corp., Hewlett-Packard Co. and, most recently, CA Inc., where he served as senior vice president of finance. Prior to working for these companies, Mr. Pumilia served as a strategy consultant with McKinsey & Company Inc., an associate at the law firm of Baker & Botts and an associate at Anderson Consulting.

**Cheryl Cohen-Vader** was appointed Chief Deputy Manager of Aviation in April 2006 after having served as Manager of Revenue for the City since January 1996. Ms. Cohen-Vader has over 21 years of professional experience in commercial and investment banking. Prior to her appointment as Manager of Revenue, she served as an investment banker in the public finance divisions of Kirkpatrick Pettis Smith Polian, Inc. (now D.A. Davidson & Co.), Weldon Sullivan Carmichael & Company and Citicorp Securities. From 1977 to 1981, Ms. Cohen-Vader worked as a corporate lending officer in the international division of the Bank of New York where she specialized in trade financing. Ms. Cohen-Vader served, as one of five public members, on the Municipal Securities Rulemaking Board for a three year period that commenced October 1, 1998.

**Stan Koniz**, a Certified Public Accountant, became Deputy Manager of Aviation/Business and Technologies in December 2006, having served in this position in an acting capacity since February 2005. Mr. Koniz had previously served as Assistant Deputy Manager of Aviation/Finance since August 1999. Prior to joining the City, Mr. Koniz worked for the Cyprus Amax Coal Company since 1997 in the positions of Market Development Manager and Vice President Customer Alliances. From 1981 through 1997, Mr. Koniz was a senior level financial manager with Public Service Company of Colorado where he held management positions in the accounting and procurement/contract administration areas.

**Patrick Heck** became Acting Deputy Manager of Aviation/Revenue Management and Business Development in June, 2007 after serving as Strategic Advisor for the Airport since August, 2006. Prior to joining the City, Mr. Heck held various positions with United Airlines at the Flight Training Center in Denver, including Senior Financial Analyst, Manager of Scheduling and Director of Sales and Marketing.

**Sally Covington** became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and

Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 21 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

**John Kinney, C.A.E., C.M.**, became Deputy Manager of Aviation/Operations in November 2006 after having served as Strategic Advisor for the Airport since September 2005. Prior to joining the City, Mr. Kinney has been actively involved in the management of airports for the past 23 years, serving in a variety of senior management functions at both commercial service and general aviation airports. Mr. Kinney was the airport director at Scottsdale Airport for 10 years after which he served the Department of Homeland Security in Chicago and throughout Montana in senior management positions as the Federal Security Director and Assistant Federal Security Director.

**Ruth Rodriguez** became Deputy Manager of Aviation/Maintenance and Engineering in October 2006, after having spent the prior 32 years in public and private management. Ms. Rodriguez has been a senior executive manager for local, county and federal government agencies and has worked in the private sector as an executive consultant and community development manager.

**Helen Raabe, Esq.**, became Director of the Airport Legal Services Section of the City Attorney's Office in February 2004. As supervising attorney for the Airport, Ms. Raabe is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate and concessions. Ms. Raabe has been with the Denver City Attorney's Office for 19 years. She was previously a trial attorney at the law firm of Coghill & Goodspeed in Denver and also served as a law clerk for the Honorable Richard P. Matsch, U.S. District Court for the District of Colorado.

## **DENVER INTERNATIONAL AIRPORT**

The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road from Interstate 70.

### **Airfield**

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000-foot long by 150-foot wide, and the sixth runway is 16,000-foot long by 200-foot wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stopbars at intersections, also allows air traffic controllers to guide pilots and direct them through the airfield during periods of poor visibility. The airfield has substantial expansion capabilities, having been designed to accommodate up to 12 runways. See also "CAPITAL PROGRAM" for a discussion of the airfield maintenance and improvements planned for the Airport.

Airfield facilities also include a Federal Aviation Administration ("FAA") air traffic control tower and base building structures, an airport maintenance complex, four "rapid response" aircraft rescue and firefighting stations, de-icing pads, glycol storage/distribution/collection/recycling facilities and a hydrant fueling system. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Systems Leases."

## Terminal Complex

The passenger terminal complex consists of (1) a landside terminal, (2) three airside concourses having a total of 95 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the newly completed Concourse B Commuter Facility Project described below and 30 positions on Concourse A currently being used by Great Lakes Aviation and (3) the Airport Office Building. The number of full service jet gates at the Airport is planned to be increased by 10 additional gates and the number of commuter aircraft parking positions is planned to be increased by 23 additional positions, all as part of the Concourse C Expansion Project discussed under “CAPITAL PROGRAM.” The terminal and concourses are connected by an underground automated guideway transit system, or “AGTS,” and an elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the landside terminal and Concourses B and C.

The landside terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed “in-line” for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Concourse A, nearest the terminal, encompasses approximately 1 million square feet and includes 30 full service jet gates, of which 8 gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 1.7 million square feet and includes 43 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B have been improved recently in order to accommodate larger regional jet aircraft and provide various enhancements for passengers (the “Concourse B Commuter Facility Project”). The Concourse B Commuter Facility Project was opened in the spring of 2007. A portion of the costs of the Concourse B Commuter Facility Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A-B Bonds. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates to be increased by 10 additional full service jet gates as part of the Concourse C Expansion Project and commuter aircraft facilities to be expanded as part of the Concourse C Expansion Project. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of the existing concourses or the construction of two additional concourses. Approximately 60 different concessionaires currently operate in excess of 140 shops within the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement – Other Agreements – *Terminal Complex Concessions.*”

Two multi-level parking structures adjacent to the landside terminal provide in excess of 12,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces. A 1,714 parking space expansion of the west-side terminal parking structure (the “West/Terminal Parking Project”) is under construction. This expansion is currently scheduled to be opened in December 2007. A portion of the costs of the West/Terminal Parking Project was paid from the proceeds of the Tax-Exempt Commercial Paper Notes to be refunded by a portion of the net proceeds of the Series 2007A-B Bonds. The 2008-2013 Capital Program includes plans to construct a future public parking structure and shuttle lot. See “CAPITAL PROGRAM” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking.*”

In April 2006, the City announced the award of a contract to CMCB Development Co. of Denver (“CMCB”) to develop a 17-acre retail development along Peña Boulevard, the major access highway to the Airport, near the Airport’s 45 minute waiting area. The development, known as the “Landings at DIA,” will incorporate the waiting area and constitutes the first phase in a planned 500-acre development that is designed to provide additional revenue to the Airport. CMCB will lead the development, with SullivanHayes Brokerage as leasing agent. The City recently entered into a related ground lease with the

developers of this project. Groundbreaking for the project is expected to occur in the summer of 2007, with phase one of the project expected to be fully operational in the summer of 2008.

### **Request for Proposal for Airport Hotel**

In June 2007 the City received several proposals from qualified participants in response to its Request for Proposal for the Hotel at Jeppesen Terminal (the “Hotel RFP”). The Hotel RFP sought the proposal to the City of structures to own, manage, finance and/or construct a first-class hotel property (the “Airport Hotel”) to be located immediately adjacent and attached to the terminal complex at the Airport, on land owned by the City. The City is in the process of evaluating the proposals received and cannot predict when or if it will complete a final agreement with any particular qualifying proposer for the construction and operation of an Airport Hotel.

### **Other Facilities**

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and the WorldPort at DIA Project, consisting of warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to Dobbs International Services and support facilities originally built for Continental Airlines (“Continental”) and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases” and “FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds.”

## **CAPITAL PROGRAM**

### **2007 Project; 2008-2013 Capital Program**

It is the City’s practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis. See “FINANCIAL INFORMATION – Historical Financial Operations – Management’s Discussion and Analysis of Financial Performance.”

The City has a current Capital Program for the Airport that represents the City’s expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2007 and in the six-year period from 2008 through 2013. The Concourse B Commuter Facility Project was opened in the spring of 2007 and the West/Terminal Parking Project is currently scheduled to be opened in December 2007, all as described in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” A portion of the costs of the Concourse B Commuter Facility Project and the West/Terminal Parking Project was initially financed with the proceeds of the Tax-Exempt Commercial Paper Notes and available Airport System moneys. The six-year capital program developed for the Airport for the years 2008 through 2013 (the “2008-2013 Capital Program”) is set forth in the table below. The Airport System’s capital needs between 2007 and 2013 are estimated to cost \$1.2 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper Notes, installment purchase agreements, federal grants and Airport System moneys.

The 2007 Project for the Airport to be funded in part with the net proceeds of the Series 2007A-B Bonds and the Series 2007D Bonds includes the Concourse B Commuter Facility Project and the West/Terminal Parking Project (including refunding the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects), improvements to the



Airport baggage systems to increase the efficiency of airline operations and the Concourse C Expansion Project.

**Denver International Airport  
2008-2013 Capital Program Projects**

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

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

<sup>1</sup> A portion of each of these projects is planned to be funded with the proceeds of the Series 2007A-B Bonds and the Series 2007D Bonds.

Source: Department of Aviation management records

Planned Projects in the City's 2008-2013 Capital Program include the projects described below.

### **Airfield Improvements**

The City expects to continue and increase an existing paving and slab replacement program to gradually repair, rehabilitate and upgrade the runways and taxiways at the Airport. The total estimated cost of this program reflected in the 2008-2013 Capital Program is approximately \$150 million, of which approximately 57% is expected to be funded from FAA Federal Airport Improvement Program ("AIP") discretionary and entitlement grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

In connection with the Concourse C Expansion Project described below in "Terminal and Concourse Improvements," the City plans to construct a new apron around the new facilities for aircraft loading and provide the associated continuation of taxiways and a holding area for full-sized aircraft. The total estimated cost of this portion of the Concourse C Expansion Project is approximately \$48.4 million, of which approximately 41% is expected to be funded from AIP entitlement and discretionary grants and the balance from proceeds of Airport System revenue bonds and other Airport System moneys.

Other airfield improvements include upgrading runway and taxiway safety areas and maintaining and improving airfield lighting, drainage and other facilities. See "FINANCIAL INFORMATION – Federal Grants."

### **Terminal and Concourse Improvements**

The City is planning to expand Concourse C (the "Concourse C Expansion Project") to add 10 new full service jet gates to the east end of Concourse C and a one-story commuter jet aircraft facility to be connected to the expanded east end of Concourse C by a pedestrian bridge. The commuter facility is planned to support 23 commuter aircraft and include holdroom space, concessions and amenities for passengers. The Concourse C Expansion Project includes the related apron, taxiway, holding and runway paving described above under "Airfield Improvements" and a portion of the Concourse C Expansion Project is included in the 2007 Project. A design contract for the Concourse C Expansion Project has been awarded. The Concourse C Expansion Project, including the related airfield improvements, is

expected to cost approximately \$280 million and to be completed in the spring of 2010. The City anticipates that various airlines will utilize the new full service jet gates and that Great Lakes Aviation will relocate from its current operations on Concourse A to the new commuter facility on Concourse C upon completion of the Concourse C Expansion Project.

The 2008-2013 Capital Program also includes a terminal complex project that will provide access from a new rail station to be constructed by the Regional Transportation District (“RTD”) to the Airport terminal. RTD, the public agency responsible for mass transit in the Denver metropolitan area, is currently in the environmental processing and preliminary engineering phases of providing commuter rail service from Denver Union Station, located in downtown Denver, to the Airport. Through the issuance of revenue bonds, Federal Transit Administration (“FTA”) grants and regional use and sales taxes, the RTD is planning to fund, design, build and operate a rail line to the Airport, as well as the station platforms and other rail transit amenities at the Airport station. The City, through the proceeds from future Airport System revenue bonds, is planning to design, build and operate the rail station facilities required to provide access from the rail station to the terminal building, including the elevators, escalators, baggage checking and security requirements necessary to accomplish this access. Construction on the 23-mile rail line and associated stations is expected to begin in 2011 and be completed by 2014, with the rail system becoming operational in 2015.

The City is planning a series of projects to improve the baggage system at the Airport in order to improve the efficiency of airline operations. These projects include the design and construction of a relocation project for terminal screening, the design and analysis of a spine system to deliver baggage from the terminal to the concourses and construction of phase one of the spine system and the renovation and upgrading of the Airport baggage system, including sortation carousels, baggage claim carousels, odd-size baggage systems and related right-of-way clearances in the terminal, the baggage tunnel and the concourses. Certain improvements to the Airport baggage system are included in the 2007 Project.

The 2008-2013 Capital Program includes a project to upgrade the automated guideway transit system or “AGTS” computer hardware and equipment located in the central control center for the AGTS and a project to extend the AGTS south of the terminal in order to accommodate additional trains, allowing the AGTS to handle six train system operations.

### **Roads, Parking and Ground Transportation Improvements**

The 2008-2013 Capital Program includes the construction of a new parking structure and shuttle lot, improvements to Peña Boulevard and the rehabilitation of pavement in targeted roadway and parking areas of the Airport.

### **Other Projects**

The 2008-2013 Capital Program also includes the improvement of Airport building systems such as the fire protection system, the baggage information display system, electrical and mechanical systems and elevators and the expansion of security screening checkpoints.

### **Proposed Improvements**

As part of an ongoing effort to upgrade the Airport’s snow removal capabilities, the Department has proposed a new snow removal plan. The plan, which still requires approval by City Council, includes the use of multi-functional equipment, snow melters, contractors and additional facilities. The plan will be funded by a combination of Airport System Revenue Bonds, an installment purchase agreement and other Airport System moneys. The total capital cost of this new plan is not yet reflected in the 2008-2013 Capital Program.

## AVIATION ACTIVITY AND AIRLINES

### Denver Air Service Region

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest).

### Aviation Activity

**Passenger Traffic.** Denver's central geographic location makes it a major destination point for communities throughout the Rocky Mountain region and a major transportation hub for airline flights connecting between the east and west coasts and other major metropolitan centers. According to statistics compiled by Airports Council International, the Airport was ranked as the 5<sup>th</sup> busiest airport in the nation and the 10<sup>th</sup> busiest airport in the world based on total passengers in 2006.

The tables set forth below under "*Passenger and Revenue Growth*" and "*Summary of Aviation Activity*" illustrate the total enplanements and market share of individual airlines serving the Airport for the past five years and the first three months of 2006 and 2007.

**Passenger and Revenue Growth.** Currently, 29 passenger airlines provide scheduled 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 airlines and all-cargo airlines provide service at the Airport. In 2006, the Airport served approximately 23.7 million enplaned passengers (passengers embarking on airplanes), the highest number in the history of the Airport and Stapleton. Approximately 56.0% of the passengers enplaned in 2006 were passengers originating their travel at the Airport and 44.0% were passengers making connecting flights at 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 and 9.0% in 2006, compared to the previous years. This trend has continued during the first three months of 2007, with enplaned passengers at the Airport increasing by 4.7% as compared to the same period in 2006. According to U.S. Department of Transportation T-100 database information, the national average of enplaned passengers increased by 8.3% in 2004, 4.2% in 2005 and 0.3% in 2006, compared to the previous years. See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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 of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel and capacity of the national air traffic control system and of the Airport. See particularly "RISKS AND OTHER INVESTMENT CONSIDERATIONS" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

**Enplaned Passengers<sup>1</sup>**  
**Denver International Airport**

<u>Year<sup>4</sup></u>	<u>Major/National Airlines<sup>2</sup></u>		<u>Regional/Commuter Airlines<sup>3</sup></u>		<u>Charter/Miscellaneous Airlines</u>		<u>Total Airlines</u>	
	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>	<u>Enplaned Passengers</u>	<u>Percent Change</u>
2002	16,891,218	(2.1)%	669,432	44.4%	268,914	(19.4)%	17,829,564	(1.2)%
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

**Jan.-March<sup>4</sup>**

2006 <sup>5</sup>	4,664,269	9.2%	858,406	16.4%	46,791	(14.0)%	5,569,466	10.0%
2007	4,838,296	3.7	933,480	8.7	61,109	30.6	5,832,885	4.7

<sup>1</sup> Includes revenue and nonrevenue enplaned passengers.

<sup>2</sup> Includes Ted beginning in 2004 and Southwest Airlines beginning in 2006.

<sup>3</sup> See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – *Enplaned Passenger Market Shares*" for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low-cost and regional/commuter airlines.

<sup>4</sup> See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements since 2002.

<sup>5</sup> Percentage changes are from the same period in 2005.

Source: Department of Aviation management records

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**Percentage of Enplaned Passengers by Airline**  
**Denver International Airport**  
(Totals may not add due to rounding)

<u>Airline</u>	<u>Calendar Year</u>					<u>January-March</u>	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.8%	34.2%
Ted <sup>1</sup>	--	--	6.3	7.8	8.5	9.3	9.1
United Express <sup>2</sup>	8.0	9.2	11.1	12.8	12.6	12.7	12.7
Total United Group	62.6	60.2	59.0	56.4	56.4	56.9	56.0
Frontier	10.5	13.8	14.8	17.3	18.7	18.0	18.7
Frontier JetExpress	0.5	0.8	1.8	2.2	2.0	2.0	1.6
Total Frontier Group	11.0	14.5	16.7	19.4	20.7	20.0	20.3
American Airlines <sup>3</sup>	5.4	4.7	3.7	4.1	3.8	4.0	3.8
America West Airlines <sup>4</sup>	1.6	1.8	1.9	1.7	1.2	1.7	0.0
Continental <sup>3</sup>	2.9	2.7	2.3	2.4	2.3	2.5	2.3
Delta Airlines <sup>3,5</sup>	4.7	3.9	3.7	3.4	2.4	2.5	2.2
Northwest Airlines <sup>5</sup>	2.9	2.8	2.9	2.8	1.9	2.0	1.9
Southwest <sup>6</sup>	--	--	--	--	3.3	2.6	4.8
US Airways <sup>4</sup>	1.9	2.0	1.8	1.8	1.3	1.3	2.3
Other	6.9	7.4	8.1	8.0	6.6	6.5	6.4
	26.4	25.2	24.3	24.2	22.9	23.1	23.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<sup>1</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>2</sup> Includes Chautauqua Airlines from 2005, GoJet from 2005, Great Lakes Aviation through January 2002, Mesa Airlines from 2003, Shuttle America from 2005, SkyWest Airlines from 2002, Trans States Airlines in 2004 and 2005 and Air Wisconsin through 2006.

<sup>3</sup> Does not include commuter affiliates.

<sup>4</sup> The parent companies of America West Airlines ("America West") and US Airways, Inc. ("US Airways") merged effective September 27, 2005.

<sup>5</sup> Delta Airlines, Inc. ("Delta") and Comair, Inc. ("Comair"), a Delta subsidiary that operates as Delta Connection, emerged from bankruptcy on April 30, 2006 and Northwest Airlines, Inc. ("Northwest") emerged from bankruptcy on May 31, 2007. See also "Airline Information – United" and "AIRLINE BANKRUPTCY MATTERS."

<sup>6</sup> Southwest commenced service at the Airport on January 3, 2006.

Sources: Department of Aviation management records and the Report of the Airport Consultant

**Summary of Aviation Activity.** The following table sets forth a summary of selected aviation activity at the Airport for the past five years and the first three months of 2006 and 2007.

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**Summary of Aviation Activity  
Denver International Airport**  
(Totals may not add due to rounding)

	Calendar Year <sup>1</sup>					January-March	
	2002	2003	2004	2005	2006	2006	2007
<b>Enplaned Passengers (millions)</b>							
United	9.732	9.575	8.802	7.775	8.365	1.941	1.994
Ted <sup>2</sup>	--	--	1.340	1.690	2.011	0.519	0.531
United Express	1.431	1.721	2.337	2.776	2.971	0.708	0.740
Total United Group	11.162	11.295	12.479	12.241	13.347	3.168	3.265
Frontier	1.869	2.581	3.130	3.749	4.427	1.004	1.089
Frontier Jet Express	0.091	0.149	0.391	0.468	0.478	0.112	0.093
Total Frontier Group	1.960	2.729	3.521	4.217	4.904	1.116	1.181
Other	4.707	4.736	5.144	5.244	5.414	1.285	1.386
Total	17.830	18.761	21.144	21.702	23.665	5.569	5.833
Percent Change from Prior Year	(1.2)%	5.2%	12.7%	2.6%	9.0%	10.0%	4.7%
Total Originating Passengers (millions)	9.644	10.266	11.395	11.984	13.249	3.204	3.438
Percent of Total Enplaned	54.1%	54.7%	53.9%	55.2%	56.0%	57.5%	58.9%
United Group Percent of Total Originating	40.5%	38.9%	39.4%	40.3%	41.2%	42.2%	40.9%
Frontier Group Percent of Total Originating	13.1%	17.5%	18.3%	19.0%	21.0%	20.6%	22.0%
Total Connecting Passengers (millions)	8.185	8.495	9.749	9.718	10.416	2.366	2.395
Percent Connecting of Total Enplaned	45.9%	45.3%	46.1%	44.8%	44.0%	42.5%	41.1%
United Group Percent of Total Connecting	88.6%	86.0%	82.0%	76.2%	75.7%	76.8%	77.7%
Frontier Group Percent of Total Connecting	8.6%	10.9%	14.7%	20.0%	20.3%	19.3%	17.8%
United Group Passengers <sup>3</sup> :							
Percent Originating	35.0%	35.3%	36.0%	39.5%	40.9%	42.7%	43.0%
Percent Connecting	65.0%	64.7%	64.0%	60.5%	59.1%	57.3%	57.0%
Frontier Group Passengers:							
Percent Originating	64.2%	65.9%	59.4%	54.0%	56.8%	59.2%	63.9%
Percent Connecting	35.8%	34.1%	40.6%	46.0%	43.2%	40.8%	36.1%
<b>Average Daily Departures:</b>							
Passenger Airlines:							
United and Ted	244	233	238	213	230	222	228
United Express	113	119	156	182	191	182	196
Frontier	68	80	94	107	125	116	128
Frontier JetExpress	8	11	21	25	24	25	22
Other	202	195	208	194	203	194	208
Total Passenger Airlines	635	638	719	722	772	739	782
All-Cargo Airlines	23	29	31	30	28	29	27
Total	659	666	750	752	801	767	810
Percent Change from Prior Year	2.9%	1.2%	12.5%	0.4%	6.4%	6.2%	5.5%
<b>Landed Weight (billion pounds):</b>							
Passenger Airlines:							
United and Ted	14.483	13.173	13.418	12.254	13.364	3.132	3.242
United Express	1.879	2.054	2.731	3.282	3.512	0.845	0.913
Frontier	2.907	3.630	4.434	5.222	6.087	1.416	1.565
Frontier JetExpress	0.140	0.181	0.526	0.616	0.617	0.150	0.132
Other	7.066	6.663	7.025	6.734	6.837	1.616	1.780
Total Passenger Airlines	26.474	25.701	28.134	28.108	30.418	7.159	7.633
All-Cargo Airlines	1.567	1.495	1.516	1.541	1.430	0.358	0.327
Total	28.041	27.195	29.651	29.649	31.848	7.517	7.961
<b>Enplaned Cargo (million pounds)<sup>3</sup></b>	328.078	326.843	321.204	312.663	280.534	77.056	64.539
Percent Change from Prior Year	(10.6)%	(0.4)%	(1.7)%	(2.7)%	(10.3)%	(9.0)%	(16.2)%
<b>Total Aircraft Operations (Landings/Take-Offs):</b>							
Air Carriers	338,049	323,610	330,674	384,552	428,794	101,568	109,120
Air Taxi/Commuter/Military/General Aviation	171,180	186,665	235,847	183,006	180,723	42,109	41,057
Total	509,229	510,275	566,521	567,558	609,517	143,677	150,177
Percent Change from Prior Year	0.3%	0.2%	11.0%	0.2%	7.4%	5.9%	4.5%

<sup>1</sup> See "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements.

<sup>2</sup> Ted commenced service at the Airport on February 12, 2004.

<sup>3</sup> The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

Source: Department of Aviation management records

## Originating and Connecting Passengers

Originating passengers are those enplaned passengers whose flights originate at the Airport (residents and visitors) and who are not connecting from another flight. Historically, originating passengers have accounted for over 50% of total enplaned passengers at the Airport. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Passenger Demand – Passenger Demand Components” for data on the economy of the Denver region and other determinants of originating passenger traffic.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important connecting hub in the route systems of both United and Frontier, making it one of the few dual-hub airports in the nation. The Airport is Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2006, approximately 10.4 million passengers (44.0%) of the approximately 23.7 million passengers enplaned at the Airport connected from one flight to another. Nearly all of the passengers using the Airport as a connecting hub connected either between the flights of United and its regional airline affiliates operating as United Express, or between the flights of Frontier and its regional affiliates operating as Frontier JetExpress. United and Frontier accounted for approximately 75.7% and 20.3%, respectively, of the connecting passengers at the Airport in 2006. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

## Airlines Serving the Airport

The following airlines currently provide scheduled passenger service at the Airport:

<u>Major/National</u>	<u>Regional/Commuter</u>	<u>Foreign Flag</u>
AirTran Airways	Big Sky Airlines	Air Canada
Alaska Airlines	Comair (operating as Delta Connection) <sup>1</sup>	British Airways
American Airlines	ExpressJet (Continental Express)	Lufthansa German Airlines
Continental	GoJet Airline (operating as United Express)	Mexicana de Aviacion
Delta <sup>1</sup>	Great Lakes Aviation	Aero Mexico
Frontier	Horizon Air (operating as Alaska Airlines and Frontier Jet Express) <sup>3</sup>	
JetBlue Airways	Mesa Airlines (operating as United Express and America West Express)	
Midwest Airlines	Pinnacle Airlines, Inc. (operating as Northwest AirlinK)	
Northwest <sup>1</sup>	Republic Airlines (operating as Frontier JetExpress)	
Southwest	Shuttle America (operating as United Express)	
United/Ted	SkyWest Airlines (operating as United Express and Delta Connection)	
US Airways <sup>2</sup>	Trans States Airlines (operating as United Express and American Connection)	

<sup>1</sup> Delta and Comair (a Delta subsidiary) emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See “AIRLINE BANKRUPTCY MATTERS.”

<sup>2</sup> The parent companies of America West and US Airways merged in September 2005.

<sup>3</sup> Horizon Air is a sister airline of Alaska Airlines and operates at the Airport under its own livery and as Frontier JetExpress under a code-share agreement with Frontier.

Source: Department of Aviation management records

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, and several all-cargo airlines, including, among others, ABX Air, Inc., Air Transport

International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, provide service at the Airport.

### Airline Information

**United.** United, one of the world’s largest airlines, is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United’s route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under the United Use and Lease Agreement, United currently leases 43 of the existing 95 full service gates at the Airport, as well as a 16-gate regional jet facility described as the Concourse B Commuter Facility Project in “DENVER INTERNATIONAL AIRPORT – Terminal Complex.” These 43 gates and the regional jet facility are all of the gates on Concourse B. In addition, the United Group, consisting of United, its low-fare Ted unit and its United Express commuter affiliates, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System’s operating revenues and the Airport System’s Gross Revenues for the past five years.

**United Group Percent of Airport Operations**

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	62.6%	60.2%	59.0%	56.4%	56.4%	56.9%	56.0%
United Group Percent Originating Passengers	35.0	35.3	36.0	39.5	40.9	42.7	43.0
United Group Percent Connecting Passengers	65.0	64.7	64.0	60.5	59.1	57.3	57.0
Percent of Airport Originating Passengers	40.5	38.9	39.4	40.3	41.2	42.2	40.9
Percent of Airport Connecting Passengers	88.6	86.0	82.0	76.2	75.7	76.8	77.7
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	58.2	66.3	61.3	58.6	59.3	Not Available	
Percent of Airport System Gross Revenues	35.5	39.4	36.3	33.5	31.8	Not Available	

Source: Department of Aviation management records

See also “Aviation Activity – Originating and Connecting Passengers” in this section, as well as “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – United Use and Lease Agreement.”

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 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. No assurances can be given with regard to the future level of aviation activity of the United Group at the Airport or that, in the event that the operations of the United Group at the Airport are discontinued, for whatever reason, such operations would be replaced by other carriers. See “RISKS AND OTHER INVESTMENT CONSIDERATIONS,” “AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement,” “FINANCIAL INFORMATION – Special Facilities Bonds” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions.”

**Frontier.** Frontier has the second largest market share at the Airport, which serves as Frontier’s only hub. Frontier currently leases 15 full service jet gates at the Airport on Concourse A, uses six additional full service gates on Concourse A (a related amendment to its Use and Lease Agreement to add



these gates is currently pending with the City) and uses one international gate on Concourse A on a subordinated basis. In addition, it is expected that Frontier will lease two full service jet gates on Concourse C at the Airport in the fall of 2007. The Frontier Group, consisting of Frontier and its Frontier JetExpress commuter affiliate, accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first three months of 2006 and 2007, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the past five years. See also "Aviation Activity – Originating and Connecting Passengers" in this section.

#### Frontier Group Percent of Airport Operations

	Fiscal Year					January – March	
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>
Percent of Total Enplanements at the Airport	11.0%	14.5%	16.7%	19.4%	20.7%	20.0%	20.3%
Frontier Group Percent Originating Passengers	64.2	65.9	59.4	54.0	56.8	59.2	63.9
Frontier Group Percent Connecting Passengers	35.8	34.1	40.6	46.0	43.2	40.8	36.1
Percent of Airport Originating Passengers	13.1	17.5	18.3	19.0	21.0	20.6	22.0
Percent of Airport Connecting Passengers	8.6	10.9	14.7	20.0	20.3	19.3	17.8
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	5.9	8.3	10.3	12.1	13.0	Not Available	
Percent of Airport System Gross Revenues	3.6	4.9	6.1	6.9	6.9	Not Available	

Source: Department of Aviation management records

Frontier has announced its intention to expand its hubbing operations at the Airport by, among other things, introducing and expanding Lynx Aviation ("Lynx") a new Frontier subsidiary, which is expected to add routes to underserved markets in Colorado and elsewhere in the Rocky Mountain region. It is expected that Lynx will have ten Bombardier Q400 turboprop aircraft (74 seat capacity) in operation at the Airport by January 2008.

**Southwest.** Southwest commenced service at the Airport in January 2006. Southwest accounted for approximately 3.3% of passenger enplanements at the Airport in 2006 and for approximately 4.8% of passenger enplanements at the Airport in the first three months of 2007 (which exceeded the passenger enplanements of any airline other than United and Frontier serving the Airport during that three month period). In 2006, Southwest accounted for approximately 2.7% of the airline rentals, fees and charges component of the Airport System and approximately 1.4% of the Airport System's Gross Revenues.

**Other Airlines.** Other than the United Group and the Frontier Group, no airline currently accounts for more than 5% of either passenger enplanements at the Airport, the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues. American currently accounts for approximately 3.8% of passenger enplanements at the Airport and Delta, Continental and Northwest currently account for approximately 2.2%, 2.3% and 1.9%, respectively, of passenger enplanements at the Airport. See "Aviation Activity – Passenger Traffic" in this section, as well as "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements."

**Availability of Information Concerning Individual Airlines.** Certain of the airlines or their parent corporations, including UAL and Frontier, are subject to the information reporting requirements of the Exchange Act, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington, DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the

SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

*None of the City, the Department or the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other internet sites accessed through the SEC or the DOT web sites.*

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

### **AGREEMENTS FOR USE OF AIRPORT FACILITIES**

The City has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

#### **Passenger Airlines Use and Lease Agreements**

The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 87 leased gates, 8 gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

#### **Passenger Airlines Use and Lease Agreements With Leased Gates**

<u>Airline</u>	<u>Number of Gates</u>	<u>Concourse</u>	<u>Lease Expiration</u>
AirTran Airways	1	C	February 2011
Alaska Airlines	1	C	December 2010
American Airlines	3	C	December 2010
Continental	3	A	February 2010
Delta <sup>1</sup>	3	C	December 2010
Frontier <sup>2</sup>	21	A	February 2010
Midwest Airlines	1	C	December 2010
Northwest <sup>1</sup>	3	C	December 2010
Southwest <sup>3</sup>	5	C	December 2010
United	43	B	February 2025
US Airways <sup>3</sup>	3	C	December 2010
	<u>87</u>		

<sup>1</sup> Delta emerged from bankruptcy on April 30, 2007 and Northwest emerged from bankruptcy on May 31, 2007. See "AIRLINE BANKRUPTCY MATTERS."

<sup>2</sup> Frontier also currently utilizes one common use international gate on a subordinated use basis and it is expected that in the fall of 2007 Frontier will use two additional full service jet gates on Concourse C.

<sup>3</sup> The parent companies of America West and US Airways merged on September 27, 2005.

The following five international airlines and 18 other airlines have executed Use and Lease Agreements with the City that do not include leased gates but in many cases include other leased premises such as ticket counters: Aero Mexico, Air Canada, ATA, Atlantic Southeast Airlines, Big Sky Transportation Co., British Airways, Chautauqua Airlines, Comair, ExpressJet/Continental Express, GoJet, Great Lakes Aviation, Horizon Air, JetBlue, Key Lime Air, Lufthansa German Airlines, Mesa Airlines, Mexicana de Aviacion, Pinnacle Airlines, Republic Airlines, Shuttle America, SkyWest, Trans States Airlines. These airlines sublease gates from or use gates pursuant to code-sharing arrangements

with airlines leasing gates at the Airport or use common use international gates on Concourse A. These Use and Lease Agreements expire between 2008 and 2012.

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year (the "Majority in Interest") and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of each Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August with a projection of rentals, rates, fees and charges, which is to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide a pro forma projection of revenues and expenses for the current Fiscal Year and a projection of cost per enplaned revenue passenger for each such Signatory Airline. Within 15 days of providing such projections, the City is required to convene a meeting with the Signatory Airlines to review these projections and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of \$40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of \$40 million. For Fiscal Years 2003, 2004, 2005 and 2006, the maximum of \$40 million was credited to the Airline Revenue Credit Account. See also "FINANCIAL INFORMATION – Capital Fund."

The City may terminate an airline Use and Lease Agreement after a 30 day notice and cure period in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Agreement, (3) sublets its leased property at the Airport other than as provided in the Agreement, (4) becomes subject to certain insolvency events or (5) fails to comply with certain federal regulations in connection with its leased property at the Airport.

An airline may terminate the Use and Lease Agreement after a 30 day notice and cure period, whether or not Senior Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so

long as (a) it did not request such withdrawal or (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal or the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United, United may also terminate if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of \$20 (in 1990 dollars) as discussed in "United Use and Lease Agreement" below.

### **United Use and Lease Agreement**

United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "Passenger Airlines Use and Lease Agreements" above. Under the United Use and Lease Agreement, United agreed to lease, on a preferential use basis, Concourse B, and, on an exclusive use basis, certain ticket counters and other areas in the terminal complex of the Airport, all through February 2025. The United Use and Lease Agreement was amended in 1999 and 2001, prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the United Use and Lease Agreement as so amended, and in connection with the assumption, certain changes were made to the United Use and Lease Agreement under a stipulated order (the "Stipulated Order") of the bankruptcy court. After the assumption and in connection with United's emergence from bankruptcy generally, the United Use and Lease Agreement was further amended in 2005, 2006 and 2007. The United Use and Lease Agreement as described below includes all amendments thereof to date.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed \$20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the \$20 threshold. The cost per enplaned passenger for 2005 was \$11.19 (in 1990 dollars) and has been forecast in the Report of the Airport Consultant to not exceed \$15.01 (in 1990 dollars) during the forecast period. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by \$4 million per year from 2004 through 2010, an aggregate amount of \$28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of \$50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional \$1.50 PFC, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport revenue bonds. The City met the \$4 million per year cost reduction goals through 2006. Because the net amount available for revenue sharing in 2004, 2005 and 2006 was in excess of \$55 million in each year, it has not been necessary to further reduce airline rates and charges. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – Airport Use and Lease Agreements – United's Airport Use and Lease Agreement."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated

baggage system are to continue to be charged to the airlines. See “FINANCIAL INFORMATION – Plan of Financing – Rentals, Fees and Charges for the Airport.” However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United’s rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by \$4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United’s baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

In the 2005 amendments to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: for 2006, 7.5 million; for 2007, 7.6 million; and for 2008 and subsequent years, 7.7 million. The United Group had 7.4 million revenue connecting passengers in 2005 and 7.9 million revenue connecting passengers in 2006. If United fails to meet this “Base Hub Commitment” in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City’s commitment to reduce rates and charges to United will decline by \$6.00, such amount to be set-off against United’s share of the Net Revenues credit described above. See “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

### **Cargo Operations Leases**

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Inc., Air Transport International, LLC (formerly BAX Global Inc.), DHL Worldwide Express, FedEx, Kitty Hawk Airlines and UPS Air Cargo, as well as with several companies having only ground handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. Several other cargo carriers are operating at the Airport on a non-signatory basis.

In 2000, the City, for and on behalf of the Department, entered into a 30-year Master Lease with WorldPort LLC for the construction of up to seven buildings, as well as ramp areas, for air cargo support activities at the Airport. These facilities were to be owned by the City and subleased by WorldPort LLC to air cargo companies and other tenants. Only two of the seven buildings that were planned to be developed were completed by WorldPort LLC, and only one of the buildings has been leased. Special Facilities Bonds were issued by the City to finance construction of the WorldPort project, payable solely from facilities rentals to be received from WorldPort LLC and not from general Airport Revenues. It is expected that the special facilities bonds that remain outstanding for the WorldPort project will be redeemed on August 1, 2007. Following the redemption, the City intends to enter into negotiations with JP Morgan Chase Bank, the provider of the direct pay letter of credit for the bonds, for the City to buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes. See “FINANCIAL INFORMATION – Special Facilities Bonds.”

There are currently at least two other airports in the Denver metropolitan area that are physically capable of handling the same types of aircraft utilized by carriers that conduct cargo operations at the Airport. To the extent that any such carriers elect to discontinue operations at the Airport in favor of an alternative local site, Net Revenues would not be adversely affected. The Airport receives revenue from

cargo carriers only from landing fees and space rentals, which historically have constituted less than 2% of Gross Revenues.

### **Other Building and Ground Leases**

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. The City also has leased a 12.4-acre site for 30 years, with a 10-year renewal option, to AMR Combs, which has financed and constructed general aviation facilities on the site and, in May 2007, the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – Terminal Complex," "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds" and "AIRLINE BANKRUPTCY MATTERS – *Assumption or Rejection of Agreements.*"

### **Effect of Bankruptcy on Airline Agreements and Other Obligations**

For a discussion of the effect of airline bankruptcies on agreements with, and certain other financial obligations to, the City in connection with the Airport, see "AIRLINE BANKRUPTCY MATTERS."

### **Systems Leases**

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

### **Other Agreements**

The City has also entered into various agreements in addition to those described above that generate a significant portion of Airport Gross Revenues. The following is a brief description of some of these additional agreements, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

***Terminal Complex Concessions.*** Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. In 2006, revenues from terminal complex concessions constituted approximately 5.9% of Airport Gross Revenues.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has over 60 concession companies who operate from over 140 different locations in the terminal complex.

**Public Parking.** Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces called “WallyPark.” In 2006, public parking revenues constituted approximately 18.0% of Airport Gross Revenues.

**Rental Cars.** The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. In 2006, rental car privilege fee revenues constituted approximately 5.6% of Airport Gross Revenues.

**Other.** Other nonairline revenues include employee parking fees and storage area, building and terminal space (such as customer service counters) rentals by nonairline tenants at the Airport.

## **FINANCIAL INFORMATION**

### **Historical Financial Operations**

The following table sets forth comparative operating results of the Airport System for Fiscal Years 2002 through 2006. See also “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005” and “Management’s Discussion and Analysis of Financial Performance” below.

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**City and County of Denver Airport System**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
(Amounts expressed in 000's. Totals may not add due to rounding.)

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Operating revenues:					
Facility rentals	\$204,867	\$207,540	\$210,461	\$203,800	\$197,353
Concession income	23,977	25,933	30,638	32,566	34,304
Parking income	77,619	80,381	88,411	97,919	110,535
Car rentals	31,551	33,530	33,780	37,175	41,641
Landing fees	86,865	88,473	88,741	94,695	92,390
Aviation fuel tax	10,644	12,104	15,402	16,996	12,714
Other sales and charges	8,398	9,133	10,232	11,341	11,872
Total operating revenues	<u>443,921</u>	<u>457,093</u>	<u>477,665</u>	<u>494,491</u>	<u>500,810</u>
Operating expenses:					
Personnel services	86,490	88,414	90,005	92,979	97,592
Contractual services	129,732	112,339	117,091	122,193	139,652
Maintenance, supplies and materials	12,654	11,160	14,117	15,956	18,903
Bad debt (revenue) expense <sup>1</sup>	9,608	--	--	--	--
Total operating expenses	<u>238,484</u>	<u>211,913</u>	<u>221,214</u>	<u>231,129</u>	<u>256,147</u>
Operating income before depreciation and amortization and asset impairment	205,437	245,180	256,451	263,363	244,662
Depreciation and amortization <sup>2</sup>	125,692	144,758	130,379	146,922	143,506
Impairment losses <sup>3</sup>	--	--	18,007	85,286	--
Operating income	<u>79,745</u>	<u>100,422</u>	<u>108,065</u>	<u>31,154</u>	<u>101,157</u>
Nonoperating revenues (expenses)					
Passenger facility charges <sup>4</sup>	62,730	64,057	62,040	84,000	93,510
Investment income	41,840	25,762	22,486	35,823	56,147
Interest expense	(208,267)	(213,762)	(221,296)	(205,142)	(207,385)
Grants	4,568	373	241	241	566
Other revenue (expense) <sup>5</sup>	(20,716)	(11,700)	(2,051)	(22,187)	(10,609)
Net operating revenues (expenses)	<u>(119,845)</u>	<u>(135,271)</u>	<u>(138,581)</u>	<u>(107,265)</u>	<u>(67,772)</u>
Change in net assets before capital contributions	(40,100)	(34,849)	(30,515)	(76,112)	33,385
Capital contributions:					
Capital grants <sup>6</sup>	84,140	26,029	42,083	31,547	29,188
Capital contributions <sup>6</sup>	--	6,625	--	--	--
Capital passenger facility charges <sup>4</sup>	7,013	7,888	20,122	--	--
Change in net assets	<u>\$ 51,052</u>	<u>\$ 5,693</u>	<u>\$ 31,690</u>	<u>\$(44,564)</u>	<u>\$ 62,573</u>

<sup>1</sup> This constitutes the net prepetition receivable of United that was recognized in 2002 and paid in 2003.

<sup>2</sup> Depreciation and amortization increased significantly in 2003 due in part to assets placed in service in 2003, including the Sixth Runway; decreased in 2004 due primarily to the partial write-off of the automated baggage system; and increased again in 2005 due primarily to the completion of an explosive detection system project implemented for the screening of checked baggage (the "EDS").

<sup>3</sup> In accordance with GASB No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, implemented by the City in 2004, the City concluded that sections of the automated baggage system were permanently impaired, being a significant, unexpected decline in the service utility of a capital asset, and removed them from its books, resulting in the impairment losses stated in the table in 2004 and 2005. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – United Use and Lease Agreement" and Note 5 to the Fiscal Year 2006 and 2005 financial statements of the Airport System appended to this Official Statement.

<sup>4</sup> These amounts are net of the PFC collection fee retained by the airlines. The PFC revenues recorded as nonoperating revenues include the revenues of the \$3.00 portion of the PFC and a part of the revenues from the \$1.50 portion of the PFC not related to capital projects. The PFC revenues recorded as capital contributions constitute the balance of the revenues of the \$1.50 portion of the PFC that may be used for FAA-approved capital projects. For 2005 and 2006, all capital PFC revenue was reallocated to the payment of debt service related to the automated baggage system and, in 2006, the original cost of the Airport. See "Passenger Facility Charges" below.

<sup>5</sup> Includes expenses incurred since February 1995 to maintain and preserve Stapleton. See "Stapleton" below for further information.

<sup>6</sup> Capital contributions constitute amounts received pursuant to a Memorandum of Agreement and a Letter of Intent under which the Transportation Security Administration (the "TSA") reimbursed the City for a portion of the cost of the EDS. The amount received in 2003 was classified as capital contributions; the amounts received in 2004, 2005 and 2006 have been classified as capital grants. The final TSA federal grant payment was received in 2006.

Sources: Audited financial statements of the Airport System for Fiscal Years 2002-2006



## Management's Discussion and Analysis of Financial Performance

The following is a discussion and analysis by Airport management of the financial performance of the Airport System for Fiscal Years 2002 through 2006. All figures presented below are approximate unless otherwise stated.

**2006 vs. 2005.** Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.0% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the EDS project in 2005, which was federally funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2006 compared to 2005 is included as part of the financial statements of the Airport System appearing as "APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005."

**2005 vs. 2004.** Operating revenues at the Airport were \$494.5 million, an increase of \$16.8 million (3.5%) for the year ending December 31, 2005, as compared to December 31, 2004. The increase in revenue was related primarily to the increase in passenger traffic, which led to an increase in concession, parking and car rental revenues, as well to an increase in landing fees. Passenger traffic increased 2.6% for the year ended December 31, 2005. Operating expenses, exclusive of depreciation, were \$231.1 million, an increase of \$9.9 million (4.5%) for the year ended December 31, 2005, as compared to December 31, 2004. The increase was attributable to an increase in personnel costs, electricity, natural gas rates, diesel fuel and gasoline costs and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which resulted from an increase in yields and more cash being invested long term. In addition, non-capital PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic, as well as no PFC's being expended on capital projects. Lastly, there was a decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$23.3 million in environmental costs associated with remediation of Stapleton. See "Stapleton" below.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the EDS project, which was federally funded. Also, in 2005 there was no capital PFC revenue, while in 2004 capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFC's revenues from the capital projects to the payment of debt service related to the automated baggage system.

In 2005, net assets decreased by \$44.6 million, compared to an increase of \$31.7 million in 2004. Income from operations decreased \$76.9 million (71.2%) due to an increase in operating expenses of \$9.9 million and an increase in depreciation and impairment loss of \$83.8 million as a result of the write down of a portion of the automated baggage system.

**2004 vs. 2003.** Operating revenues at the Airport in 2004 were \$477.7 million, an increase of 4.5% as compared to 2003. The increase in revenues was related primarily to an increase in passenger traffic which led to an increase in facility rentals, concession and parking revenues. Operating expenses, exclusive of depreciation, increased by \$9.3 million (4.4%) to \$221.2 million in 2004 as compared to 2003, attributable to an increase in personnel, utility rates and repair and maintenance costs.

Total nonoperating expenses, net of nonoperating revenues, increased by \$3.3 million to \$138.6 million in 2004. The increase was due primarily to an increase in interest expense of \$7.5 million (3.5%) as the result of issuance of new debt for capital projects. The decrease in investment income of \$3.3 million (13.0%) was due to an unrealized loss on investments and a decrease in yields. In addition, non-capital PFC revenues decreased \$2.0 million (3.1%). These were offset by a decrease in other expenses of \$9.6 million. The decrease was the result of the near completion of environmental and demolition costs associated with Stapleton.

In 2004 and 2003, capital grants totaled \$11.3 million and \$26.0 million, respectively, while capital PFCs totaled \$20.1 million and \$7.9 million, respectively. The increase in capital PFCs was due to the increase in passenger traffic and reallocation of PFCs from operating to capital. Other capital contributions of \$30.8 million and \$6.6 million were received in 2004 and 2003, respectively, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project.

In 2004, net assets increased by \$31.7 million, compared to an increase of \$5.7 million in 2003. Income from operations increased \$7.6 million (7.6%) due to an increase in operating revenues of \$20.6 million, offset by an increase in operating expenses of \$9.3 million and an increase in depreciation of \$3.6 million as a result of the write-off of a portion of the automated baggage system.

**2003 vs. 2002.** Operating revenues at the Airport in 2003 were \$457.1 million, an increase of 3.0% as compared to 2002. The increase in revenue was primarily related to the increase in passenger traffic, parking revenues and landing fee rates. Operating expenses, exclusive of depreciation, decreased by \$26.6 million (11.1%) in 2003 as compared to 2002. The significant decrease was attributable to the recognition of the Adams County noise penalty settlement that was accrued for in 2002 of \$14.5 million compared to \$2.5 million in 2003, the payment of previously recognized bad debt related to United's prepetition receivable and other reductions resulting from budgetary control and fiscal restraint.

In 2003, net assets increased by \$5.7 million, compared to an increase of \$51.1 million in 2002. Income from operations increased \$20.7 million (25.9%), due primarily to the increase in operating revenues and a decrease in operating expenses, offset by an increase in depreciation and amortization of \$19.0 million.

Total nonoperating expenses, net, increased by \$15.4 million to \$135.3 million. The increase was due primarily to a decrease in investment income of \$16.1 million (38%) resulting from a decrease in yields. In 2003 there was a decrease of \$4.2 million (92%) in non-capital grants received from the federal government. The increase in PFCs of \$1.3 million (2.1%) was due to an increase in passenger traffic.

Interest expense increased by \$5.5 million (2.6%) as the result of the reclassification of deferred refunding from other expense to interest expense, offset by both lower interest rates realized from debt refunding and a decline in variable interest rates paid on several series of outstanding Senior Bonds and Subordinate Bonds.

In 2003 and 2002, capital grants totaled \$26.0 million and \$84.1 million, respectively, while capital PFCs totaled \$7.9 million and \$7.0 million, respectively. Other capital contributions of \$6.6 million were also received in 2003, consisting of amounts reimbursed to the City by the TSA pursuant to a Memorandum of Agreement and TSA Letter of Intent for the EDS project. The decrease in capital grants and capital PFCs was due to the completion of the Sixth Runway that was heavily grant funded.

## **Senior Bonds**

*Outstanding Senior Bonds.* The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2007A-C Bonds, the Series 2007D Bonds and the Planned Series 2007F Bonds and the related advance refunding and defeasance of certain of the outstanding Series 2003B Bonds and the planned current refunding and defeasance of certain of the outstanding Series 1997E Bonds. The table does not reflect the possible marketing, sale and issuance of the Planned Series 2007E Bonds, which may be issued prior to the date set forth in the Series 2007D-E Supplemental Ordinance, currently November 30, 2007, and in the maximum aggregate principal amount set forth in the Series 2007D-E Supplemental Ordinance, currently \$57 million. See also “INTRODUCTION – Plan of Financing” and “Plan of Financing” below.

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**City and County of Denver, Colorado, Department of Aviation  
Senior Bonds**

<u>Issue</u>	<u>Principal Amount Outstanding</u>	
	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds, the Series 2007D Bonds and the Planned Series 2007F Bonds</u>
Series 1991A Bonds <sup>1</sup>	\$ 18,795,000	\$ 18,795,000
Series 1991D Bonds <sup>1,2</sup>	117,400,000	117,400,000
Series 1992C Bonds <sup>2</sup>	40,080,000	40,080,000
Series 1992F Bonds <sup>3</sup>	26,200,000	26,200,000
Series 1992G Bonds <sup>3</sup>	21,800,000	21,800,000
Series 1995C Bonds	10,625,000	10,625,000
Series 1997E Bonds <sup>4</sup>	415,705,000	62,220,000
Series 1998A Bonds	206,665,000	206,665,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds	267,735,000	267,735,000
Series 2000B Bonds <sup>3,5</sup>	200,000,000	200,000,000
Series 2000C Bonds <sup>3,5</sup>	100,000,000	100,000,000
Series 2001A Bonds	282,620,000	282,620,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	59,465,000	59,465,000
Series 2002A1 Bonds <sup>6</sup>	68,500,000	68,500,000
Series 2002A2 Bonds <sup>6</sup>	105,025,000	105,025,000
Series 2002A3 Bonds <sup>6</sup>	100,450,000	100,450,000
Series 2002C Bonds <sup>3</sup>	41,100,000	41,100,000
Series 2002E Bonds	182,855,000	182,855,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds <sup>4</sup>	125,000,000	91,460,000
Series 2004A Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2004B Bonds <sup>3</sup>	73,300,000	73,300,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2005B1 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005B2 Bonds <sup>6</sup>	44,400,000	44,400,000
Series 2005C1 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2005C2 Bonds <sup>3</sup>	42,500,000	42,500,000
Series 2006A Bonds <sup>5</sup>	279,585,000	279,585,000
Series 2006B Bonds	170,005,000	170,005,000
Series 2007A Bonds	--	188,350,000
Series 2007B Bonds	--	24,250,000
Series 2007C Bonds	--	34,635,000
Series 2007D Bonds	--	147,815,000
Planned Series 2007F Bonds <sup>7</sup>	--	362,000,000 <sup>7</sup>
	<u>\$3,669,785,000</u>	<u>\$4,039,810,000<sup>7</sup></u>

<sup>1</sup> A portion of Series 1991A Bonds and Series 1991D Bonds are capital appreciation bonds shown at their principal value at maturity.

<sup>2</sup> In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease \$54,880,000 of Series 1991D Bonds and Series 1992C Bonds. In 2006, the City used revenues from PFCs to establish an escrow to defease \$90 million of Senior Bonds. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2006 appended to this Official Statement.

<sup>3</sup> These constitute variable interest rate obligations that are additionally secured by letters of credit or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

<sup>4</sup> Certain of the outstanding Series 2003B Bonds will be advance refunded with the proceeds of the Series 2007C Bonds, and certain of the outstanding Series 1997E Bonds are planned to be current refunded with the proceeds of the Planned Series 2007F Bonds. See "Plan of Financing."

<sup>5</sup> The Series 2000B Bonds, the Series 2000C Bonds and the 2006A Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligation*" below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement, effectively converting the floating rates of the Series 2000B Bonds and Series 2000C Bonds to fixed rates and converting the fixed rates of the Series 2006A Bonds to variable rates.

<sup>6</sup> These constitute auction rate bonds.

<sup>7</sup> Subject to change upon the marketing of the Planned Series 2007F Bonds.

Sources: The Department of Aviation and First Albany Capital Inc.

All or certain of the maturities of all series of the Senior Bonds issued since 1995 have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured.

Support facilities located at the Airport that were originally built to support Continental's then-planned hub at the Airport (specifically an aircraft maintenance facility, a flight kitchen, a ground support equipment facility and an air freight facility) were financed in part from a portion of the proceeds of the Series 1992C Bonds. In 1992, Continental and the City entered into several 25-year leases pursuant to which Continental agreed to be responsible for all costs attributable to its support facilities at the Airport, including an amount equal to the debt service on the Senior Bonds issued for such purpose. Continental subleases portions of these support facilities to a variety of other users. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases."

**Debt Service Requirements.** The following table sets forth the aggregate Debt Service Requirements for the Senior Bonds (1) prior to the issuance of the Series 2007A-C Bonds, the Series 2007D Bonds and the Planned Series 2007F Bonds, and (2) after the issuance of the Series 2007A-C Bonds and the Series 2007D Bonds and defeasance of certain of the outstanding Series 2003B Bonds.

**City and County of Denver, Colorado, Department of Aviation**  
**Senior Bonds Debt Service Requirements<sup>1,2,3</sup>**  
(Totals may not add due to rounding)

<u>Year</u>	<u>As of the Date Hereof</u>	<u>After Issuance of the Series 2007A-C Bonds and the Series 2007D Bonds</u>
2007	\$ 294,392,418	\$ 297,726,030
2008	283,818,445	302,162,783
2009	278,332,500	296,676,838
2010	281,328,413	299,672,750
2011	299,639,775	317,984,113
2012	299,861,638	318,205,975
2013	311,589,385	329,933,723
2014	299,684,463	318,028,800
2015	299,951,238	318,295,575
2016	300,424,390	336,093,728
2017	300,299,303	335,879,165
2018	283,650,113	319,157,551
2019	261,889,504	297,396,816
2020	258,118,512	293,628,199
2021	257,511,273	293,017,948
2022	295,771,396	331,282,046
2023	328,437,782	363,945,982
2024	340,922,598	375,763,848
2025	363,523,455	371,920,455
2026	43,261,250	78,103,250
2027	43,186,750	78,031,500
2028	43,108,500	77,949,750
2029	43,038,250	77,881,750
2030	42,962,000	76,914,750
2031	42,886,250	44,021,250
2032	42,812,000	68,197,000
2033	40,655,000	41,527,500
	<u>\$5,981,056,597</u>	<u>\$6,659,399,072</u>

<sup>1</sup> Includes the Debt Service Requirements for the economically defeased Senior Bonds. See "Outstanding Senior Bonds" above.

<sup>2</sup> The interest rate for variable rate bonds is assumed to be 4.00%.

<sup>3</sup> Interest on the Series 2000B and 2000C Senior Bonds associated with fixed rate swap agreements is calculated at the fixed rate on such swap agreements. See "Subordinate Bonds and Other Obligations – Subordinate Hedge Facility Obligations" below.

Source: First Albany Capital Inc.

## Subordinate Bonds and Other Obligations

**Subordinate Bond Ordinance.** Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds. Subordinate obligations are issued pursuant to the Airport System Subordinate Bond Ordinance approved by the City Council in 1997, as supplemented and amended by a separate Airport System Supplemental Subordinate Bond Ordinance for each series of such subordinate obligations (collectively, the “Subordinate Bond Ordinance”).

Subordinate Bonds include all obligations issued and outstanding from time to time under the Subordinate Bond Ordinance except for Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of the Net Revenues on a basis subordinate to the Senior Bonds and any Credit Facility Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue additional Subordinate Bonds and Subordinate Contract Obligations for the purpose of paying the cost of acquiring, improving or equipping Facilities or refunding, paying and discharging any Subordinate Bonds, Subordinate Contract Obligations, Subordinate Credit Facility Obligations, Senior Bonds, Junior Lien Bonds or other securities or obligations. Under the terms of the Subordinate Bond Ordinance, the City, on its own behalf or for and on behalf of the Department, may issue up to \$800 million aggregate principal amount of Subordinate Bonds and Subordinate Contract Obligations upon the Manager’s certificate that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance. In order to issue additional Subordinate Bonds and Subordinate Contract Obligations in excess of \$800 million (other than for a refunding), the City must comply with certain conditions as set forth in the Subordinate Bond Ordinance.

**Outstanding Subordinate Bonds.** The following table sets forth the Subordinate Bonds currently outstanding.

<b>City and County of Denver, Colorado</b>	
<b>Department of Aviation</b>	
<b>Outstanding Subordinate Bonds</b>	
<b><u>Issue</u></b> <sup>1,2</sup>	<b><u>Outstanding Principal Amount</u></b>
Series 2001C1 Subordinate Bonds	\$ 50,000,000
Series 2001C2 Subordinate Bonds	50,000,000
Series 2001C3 Subordinate Bonds	50,000,000
Series 2001C4 Subordinate Bonds	<u>50,000,000</u>
	<u>\$200,000,000</u>

<sup>1</sup> The outstanding Subordinate Bonds are Periodic Auction Reset Securities, or “PARS<sup>sm</sup>.” PARS<sup>sm</sup> is a service mark of Goldman, Sachs & Co.

<sup>2</sup> The outstanding Subordinate Bonds have been hedged with the 1999 Swap Agreements and 2002 Swap Agreements discussed below.

Sources: The Department of Aviation and First Albany Capital Inc.

***Subordinate Commercial Paper Notes.*** On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (defined herein as the Tax-Exempt Commercial Paper Notes), and its Airport System Subordinate Commercial Paper Notes, Series B, (Taxable) (collectively, the “Series A-B Commercial Paper Notes”), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of \$300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Commercial Paper Notes. The Series A-B Commercial Paper Notes are currently secured by a letter of credit issued severally by JPMorgan Chase Bank, National Association (as successor to JPMorgan Chase Bank) (62.893%) and Bayerische Landesbank (now Bayern LB), acting through its New York Branch, individually and as agent (37.107%), in the original stated amount of \$55 million, but which may be increased to a maximum of \$127.2 million. The Tax-Exempt Commercial Paper Notes are currently outstanding in the amount of \$30 million, which amount was issued in 2007 to fund the costs of certain Airport capital projects, including the West/Terminal Parking Project and the Concourse B Commuter Facility Project. The Tax-Exempt Commercial Paper Notes are to be current refunded with a portion of the net proceeds of the Series 2007A-B Bonds. See “CAPITAL PROGRAM” and “Plan of Financing” below.

***Subordinate Hedge Facility Obligations.*** In 1998, 1999, 2002, 2005 and 2006, 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 the outstanding Senior Bonds. Detailed information regarding these swap agreements is set forth in Note 12 to the financial statements of the Airport System for Fiscal Year 2006 appended to this Official Statement. See “APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005.” The City has not entered into any additional Subordinate Hedge Facility Obligations in 2007.

### **Special Facilities Bonds**

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are not payable from Gross Revenues.

United financed and recently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. In connection with the issuance of the original United Special Facilities Bonds in 1992 (the “1992 Special Facilities Bonds”), United executed a 31-year combined special facilities and ground lease (the “1992 Lease”) for all of the support facilities and certain tenant finishes and systems on Concourse B, the lease payments under which constituted the sole source of payment for the 1992 Special Facilities Bonds. In June 2007, the 1992 Bonds were refunded and defeased with the proceeds of \$270,025,000 Airport Special Facilities Bonds (United Air Lines Project), Series 2007A (the “2007 Special Facilities Bonds”) issued by the City, for and on behalf of the Department. In connection with the issuance of the 2007 Special Facilities Bonds, the 1992 Lease was amended (the “Amended Lease”). The Amended Lease terminates on October 1, 2023, unless extended as set forth in the Amended Lease or unless terminated earlier upon the occurrence of certain events as set forth in the Amended Lease and the lease payments under the Amended Lease constitute the sole source of payment for the 2007 Special Facilities Bonds.

See “DENVER INTERNATIONAL AIRPORT – Other Facilities” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases.”

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its \$36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A, \$38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B, and \$3,105,000 Airport Development Revenue Bonds (Rental Car Projects), Taxable Series 1999C, currently outstanding in the aggregate principal amount of \$45,675,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport. In addition, two of the rental car companies executed nine-year Loan Agreements with the City to acquire shuttle vehicles.

In 2000, WorldPort LLC financed a portion of the cost of the WorldPort at DIA project with Special Facilities Bonds. These bonds were secured by a Master Lease between the City and WorldPort LLC and an irrevocable, direct pay letter of credit issued by JP Morgan Chase Bank. The bonds are payable solely from revenues of WorldPort LLC and not from general Airport Revenues. Of the original authorized \$53,780,000 Airport Special Facilities Revenue Bonds (WorldPort at DIA Project), Series 2000A, the principal amount currently outstanding is \$12,170,000. On June 26, 2007, a Notice to Redeem this outstanding amount was sent to HSBC Bank as Trustee. It is expected that the bonds will be fully redeemed on August 1, 2007, by JP Morgan Chase Bank, as the letter of credit provider for the bonds.

### **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, 2006, the Master Installment Purchase Agreements were outstanding in the total principal amount of \$88,985,485.

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.

### **Plan of Financing**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have prepared the Plan of Financing in anticipation of the issuance of the Series 2007D Bonds, the Series 2007A-C Bonds, the Planned Series 2007E Bonds and the Planned Series 2007F Bonds. The Plan of Financing, which forms the basis for certain elements of the financial forecasts in the Report of the Airport Consultant, assumes: (1) the issuance of the Series 2007A-B Bonds to fund a portion of the costs of the 2007 Project, including the current refunding of the outstanding Tax-Exempt Commercial Paper Notes and reimbursing available Airport System moneys spent on such projects, capitalized interest relating to the Series 2007A-B Bonds and an increase in the amount on deposit in the Bond Reserve Fund; (2) the issuance of the Series 2007C Bonds to advance refund and defease certain of the outstanding Series 2003B Bonds; (3) the issuance of



the Series 2007D Bonds and the Planned Series 2007E Bonds to fund a portion of the costs of the 2007 Project, capitalized interest relating to the Series 2007D Bonds and the Planned Series 2007E Bonds and related increases in the amount on deposit in the Bond Reserve Fund; (4) the issuance of the Planned Series 2007F Bonds in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds; and (5) additional Senior Bonds and Commercial Paper Notes between 2009 and 2012 for the purpose of funding certain projects in the 2008-2013 Capital Program. The issuance of the Planned Series 2007E Bonds, the Planned Series 2007F Bonds and such other additional Senior Bonds and Commercial Paper Notes as assumed in the Plan of Financing will be dependent upon various factors, including market conditions, the continued need for particular projects in the 2008-2013 Capital Program, the eventual scope and timing of particular Planned Projects and the financial feasibility of issuing additional Senior Bonds or Commercial Paper Notes at particular times. Consequently, there can be no assurance that the Planned Series 2007E Bonds, the Planned Series 2007F Bonds or any of the other additional Senior Bonds and/or Commercial Paper Notes assumed in the Plan of Financing will be issued. See also "INTRODUCTION – Plan of Financing," "Subordinate Bonds and Other Obligations – *Subordinate Commercial Paper Notes – Subordinate Hedge Facility Obligations*" above, "CAPITAL PROGRAM" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

### **Capital Fund**

The amount on deposit in the Capital Fund as of March 31, 2007, was approximately \$180.3 million. Amounts in the Capital Fund have been designated by the City as follows: (1) \$67.1 million for the Coverage Account (constituting Other Available Funds); (2) \$5.7 million to cover existing obligations and contingencies; and (3) \$107.5 million for any lawful Airport System purpose. See also "SECURITY AND SOURCES OF PAYMENT – Flow of Funds."

### **Rentals, Fees and Charges for the Airport**

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For those airlines that are not signatory to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally "AGREEMENTS FOR USE OF AIRPORT FACILITIES."

### **Passenger Facility Charges**

**General.** Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport a passenger facility charge for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. §40117 (the "PFC Enabling Act"). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of \$3.00, which was increased to \$4.50 effective April 1, 2001. The PFC is collected by air carriers as

part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs. Effective May 1, 2004, the collection fee was increased from \$0.08 of each PFC collected and remitted to \$0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also “AIRLINE BANKRUPTCY MATTERS – PFCs” for a discussion of the impact upon PFC collections in the event of an airline bankruptcy.

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenue for the years 2004, 2005 and 2006 increased 14.2%, 2.2% and 11.3%, respectively, compared to the corresponding prior periods. See also “THE REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT,” “APPENDIX C – GLOSSARY OF TERMS” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE.”

The City’s authorization to impose the PFC will expire upon the earlier of January 1, 2030, or the collection of approximately \$3.3 billion of PFC revenues, net of collection fees. Through March 2007, the City had collected approximately \$850.4 million of PFC revenues. In addition, the City’s authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”) and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City’s authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City’s ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds.

***Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*** The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. To date, no Supplemental Ordinance has included PFC revenues in the definition of Gross Revenues. The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See “APPENDIX C – GLOSSARY OF TERMS” and “SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds.”

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined “Committed Passenger Facility Charges” to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from \$3.00 of the \$4.50 PFC). Pursuant to the PFC Supplemental Ordinance, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority: (1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be

sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the “Maximum Committed Amounts”); and (2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied in clause (1). The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through December 31, 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The PFC revenues forecast to be deposited in the PFC Debt Service Account are less than the Maximum Committed Amounts in each year of the forecast period. See “*Treatment of PFCs in the Report of the Airport Consultant*” below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund” for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the current \$4.50 PFC and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA, and is only for the payment of Debt Service Requirements on Senior Bonds through December 31, 2013.

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds.

***Treatment of PFCs in the Report of the Airport Consultant.*** In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast to be less than the Maximum Committed Amounts in each year of the forecast period, and (2) it is assumed that all of the revenue derived from the Additional \$1.50 PFC (*i.e.*, PFC revenues that do not constitute Committed Passenger Facility Charges) will be applied by the City either to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through December 31, 2013, or to the defeasance of Senior Bonds, all as further described in “*Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*” For purposes of the Rate Maintenance Covenant, the amounts forecast to be derived from both the Committed Passenger Facility Charges and the portion of the Additional \$1.50 PFC that is expected to be applied either to the payment of Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013 or to the defeasance of Senior Bonds are therefore reflected in the Report of the Airport Consultant as a reduction in the Debt Service Requirements of Senior Bonds. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **Aviation Fuel Tax**

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for “aviation purposes” as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. The Report of the Airport Consultant assumes that future aviation fuel tax revenues will continue to be remitted to the City each year. State aviation fuel tax receipts remitted to the Airport in 2006 were approximately \$6.2 million.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2006 totaled approximately \$6.5 million.

## Federal Grants and Other Funding

Proceeds from federal grants are not included in the definition of Gross Revenues under the Senior Bond Ordinance and therefore are not pledged to the payment of Senior Bonds or Subordinate Bonds. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program (the "AIP"). AIP grants include entitlement funds that are apportioned annually based upon enplaned passengers and discretionary funds that are available at the discretion of the FAA based upon a national priority system. In accordance with the laws and regulations relating to PFCs, because the City imposes a PFC at the rate of \$4.50, annual AIP entitlement grants available to the Airport are reduced by the amount of PFC revenues received during such year, with a maximum reduction of 75% of the amount of the available entitlement grants. See "Passenger Facility Charges" above.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate unless and until a reauthorization bill is passed. For purposes of the Report of the Airport Consultant, it is assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding or PFC collection authority will occur. Under the FAA's proposed reauthorization bill, large-hub airports, including the Airport, would no longer receive entitlement grants beginning in federal fiscal year 2010, but would continue to be eligible for discretionary grants.

## Stapleton

***Agreements Regarding Disposition.*** When the Airport opened in February 1995, the City ceased aviation operations at Stapleton and proceeded to dispose of Stapleton's approximately 4,051 acres. A plan for the redevelopment of the Stapleton site as a mixed-use community containing residential areas, commercial centers and open space and parks was approved by the City Council in March 1995 (the "Redevelopment Plan"). In 1998 the City entered into a Master Lease and Disposition Agreement with the Stapleton Development Corporation ("SDC"), a Colorado nonprofit corporation created by the City and the Denver Urban Renewal Authority, under which the SDC manages, operates and disposes of the Stapleton site in accordance with the Redevelopment Plan.

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period at land values set forth in a December 1999 appraisal (approximately \$123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has to date sold a total of approximately 1,330 acres of Stapleton property for a total of approximately \$44.33 million, and there are approximately 292 acres of pending sales in the amount of approximately \$9.6 million. An additional 437 acres of open space has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund.

The City allocated approximately \$120 million for certain Stapleton environmental remediation pursuant to an agreement among the City and nine of the air carriers that formerly operated at Stapleton (the "Stapleton Airlines Agreement"), and purchased an environmental liability insurance policy to cover cost overruns and unknown events. Pursuant to the Stapleton Airlines Agreement, three of the signatory air carriers that formerly operated at Stapleton paid an aggregate of \$15 million to the City to perform certain environmental remediation that was related to or caused by their past operations at Stapleton. The cost of certain other environmental remediation at Stapleton that was not attributable to the past operations of any specific airlines is to be funded from rate-based charges to the airlines operating at the Airport and from Stapleton Gross Proceeds (as defined in the Stapleton Airlines Agreement) in a maximum amount of \$85 million. This amount has been funded as follows: \$13.1 million in Airport Net Revenues previously withheld from the 1996 year-end revenue credit; \$30 million from Airport System Revenue Bonds; and \$41.9 million advanced from the Capital Fund. The debt service on these bonds is

being paid by the City from airline rates and charges collected from the airlines through 2025, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional \$20 million for such additional remediation from the City's share of Airport Net Revenues. The City has paid \$10 million to date for such additional remediation, and does not expect to incur any additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

***Related Assumptions in the Report of the Airport Consultant.*** Proceeds from the sale of Stapleton are not included in the definition of Gross Revenues under the Senior Bond Ordinance, although the City used approximately \$15.7 million received from the sale of Stapleton assets to retire then outstanding Subordinate Bonds.

During the period covered by the Report of the Airport Consultant, no proceeds from the sale of Stapleton assets are assumed to be received by the Airport System, but it is assumed that all overhead and maintenance expenses associated with Stapleton will be paid by the SDC, and that the City will fund certain Stapleton disposition expenditures and will continue to amortize its investment in the Airfield Cost Center at the Airport over 25 years as discussed above.

### **Noise Agreement with Adams County**

The City and Adams County, Colorado, from which a portion of land for the Airport was annexed, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "Intergovernmental Agreement"), that, among other things, establishes maximum levels of noise at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Intergovernmental Agreement also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels.

When calculated noise levels, based on a full year of data, exceed the Intergovernmental Agreement standards, the City and Adams County agreed to jointly petition the FAA to implement changes in flight procedures or Airport operations to bring the noise levels within the standards of the Intergovernmental Agreement. If the FAA fails to act, the City is obligated to impose rules and regulations to meet the noise standards. As defined in the Intergovernmental Agreement, a failure to act by the FAA occurs if (1) the FAA has not stated its intention to implement changes to achieve and maintain the noise levels required by the Intergovernmental Agreement within 180 days of the date of the joint petition by the City and Adams County, or (2) the FAA has not implemented such changes within one year of the date of the joint petition. If the City does not act within 90 days following the FAA's failure to act to impose rules and regulations to achieve the noise standards, Adams County or any affected city may seek a court order compelling the City to do so. If the court does not order the City to act, or finds that the City does not have the authority to act, then the City is obligated to pay to Adams County \$500,000 for each annual Class II violation that occurs at any grid point (when individual grid point values are exceeded by at least two decibels), or the noise contour restriction is exceeded.

Since the opening of the Airport, twelve annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2006, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time the potential Class II violations have decreased to the extent that the annual noise reports for calendar years ending December 31, 2005 and 2006 reflected only one potential Class II violation for each year (maximum potential liability of \$500,000 per year) and that the noise contour restriction in the Intergovernmental Agreement had not been exceeded in either year. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise

violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. In the City's judgment, it is likely that noise levels at a limited number of grid points may continue to exceed the levels established under the Intergovernmental Agreement.

### **Investment Policy**

The Senior Bond Ordinance permits the City to invest Airport System funds in "Investment Securities" as defined therein. See "APPENDIX C – GLOSSARY OF TERMS."

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; and other similar securities as may be authorized by ordinance. An ordinance authorizing investment of City funds in forward purchase agreements, debt service reserve fund put agreements and debt obligations of the Resolution Funding Corporation has been approved by the City. The City is not authorized to leverage its securities for investment purposes.

Consistent with the City Charter, the City has adopted a written investment policy which, among other things, mandates diversification by specifying maximum limits for each eligible security type as well as further restrictions, such as the credit quality of commercial paper and the amount of securities of any single issuer that may be held. Investment maturities are generally matched to anticipated cash flow requirements and each month securities held by the City are valued by the City on the basis of fair market value.

### **Property and Casualty Insurance**

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. Airport real and personal property is insured based on a total loss limit of \$1 billion, subject to a \$250,000 per occurrence deductible, on a reported value of approximately \$2.9 billion. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sub-limits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately \$70.9 million. Terrorism and non-certified acts of terrorism are included under the Airport's property insurance at a sub-limit of \$1 million per occurrence and \$5 million in the aggregate. As an additional cost savings initiative, Airport management has determined that it is not cost-effective to maintain property insurance on the Airport's runways and roadways, which are valued at approximately \$1.7 billion.

The City maintains liability insurance to cover liabilities arising out of Airport operations. A \$50 million per occurrence liability limit is currently provided with various aviation specific sub-limits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of \$450 million per occurrence in excess of the \$50 million primary layer. Prior to the events of September 11, 2001, war risk/terrorism insurance was provided as a free rider to the Airport's general liability insurance policy. After such events the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Airport, although not in meaningful amounts and at a cost that Airport management has determined to be prohibitive.

## **Continued Qualification as an Enterprise**

Pursuant to the City Charter, the City by ordinance has designated the Department as an “enterprise” within the meaning of Article X, Section 20 of the State Constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. “Enterprises” are defined as government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an “enterprise” is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an “enterprise,” such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City’s overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from the Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

## **AIRLINE BANKRUPTCY MATTERS**

Since 2001, several airlines with operations at the Airport, including United, have filed for bankruptcy protection, although with the exception of Midway Airlines and Vanguard Airlines, which eventually ceased operations, all of these airlines have reorganized and emerged from bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future; however, the City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2007D Bonds. The following is a discussion of various impacts to the Airport of an airline bankruptcy.

### **Assumption or Rejection of Agreements**

In the event an airline that has executed a Use and Lease Agreement or other agreement with the City seeks protection under U.S. bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the City within certain timeframes provided in the bankruptcy laws. In the event of assumption, the airline is required to cure any prior monetary defaults and provide adequate assurance of future performance under the applicable Use and Lease Agreement or other agreements.

Rejection of a Use and Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the City for damages, the amount of which in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. However, the amount ultimately received in the event of a rejection of a Use and Lease Agreement or other agreement could be considerably less than the maximum claim amounts allowed under the Bankruptcy Code. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the AGTS, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines’ cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to terminal and concourse rents of nonairline tenants, although there can be no assurance that such other tenants would be financially able to absorb the increases.

With respect to any airline that may seek bankruptcy protection under the laws of a foreign country (such as Air Canada as described above), the City is unable to predict what types of orders or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States. Typically, foreign airline bankruptcy proceedings obtain an order in the United States to support and complement the foreign proceedings and stay the actions of creditors in the United States.

## **Prepetition Obligations**

During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may seek to avoid and recover as preferential transfers certain payments, including landing fees and terminal rentals, paid by such airline in the 90 days prior to the date of the bankruptcy filing.

## **PFCs**

Pursuant to the PFC Enabling Act, the FAA has approved the City's applications to require the airlines to collect and remit to the City a \$4.50 PFC on each enplaning revenue passenger at the Airport as further discussed in "FINANCIAL INFORMATION – Passenger Facility Charges."

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act, as amended in December 2003, provides certain statutory protections for the City of PFC collections, however, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

## **REPORT OF THE AIRPORT CONSULTANT**

Jacobs Consultancy Inc., as the Airport Consultant, prepared the Report of the Airport Consultant, dated July 25, 2007, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2007 through 2013. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were prepared taking into account analyses of (1) historical long-term trends in passenger traffic growth at the Airport, (2) short-term monthly passenger traffic trends at the Airport, (3) historical and forecast economic indicators for the Denver metropolitan area and (4) forecasts developed by the FAA. It was assumed that airline traffic at the Airport will increase as a function of both growth in the population and the economy of the Denver metropolitan area,



continued airline competition and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant.”

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2007A-B Bonds, the Series 2007D Bonds, the Planned Series 2007E Bonds and other additional Airport System Revenue Bonds and Commercial Paper Notes that may be issued during the forecast period to fund Planned Projects in the Airport’s current capital program. The financial forecasts do not include any debt service savings from the issuance of the Series 2007C Bonds, the Planned Series 2007F Bonds or other refunding bonds that the City may issue during the forecast period. Based on the Plan of Financing, the Report of the Airport Consultant assumes that the Planned Series 2007E Bonds and all of such other additional Airport System Revenue Bonds will be Senior Bonds. See “THE SERIES 2007D BONDS – Security and Sources of Payment – *Additional Parity Bonds*.” The forecasts do not reflect any Airport System Revenue Bonds the City may issue for (1) Demand Responsive Projects at the Airport, or (2) refundings of outstanding Airport System Revenue Bonds in or after 2007. See “CAPITAL PROGRAM” and “FINANCIAL INFORMATION – Plan of Financing.” In addition, the estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds and that are forecasted to be received during the forecast period plus other PFC revenues that the City intends to use to pay Debt Service Requirements during the forecast period. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

The following table summarizes the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds as presented in the Report of the Airport Consultant. Net Revenues, together with Other Available Funds, are forecast to be sufficient to meet the Rate Maintenance Covenant in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds and Debt Service Requirements on Senior Bonds, as well as historical debt service coverage figures, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” See also “THE SERIES 2007D BONDS – Historical Debt Service Coverage.”

The Report of the Airport Consultant was prepared in connection with and prior to the marketing of the Series 2007A-C Bonds, the Series 2007D Bonds, the Planned Series 2007E Bonds and the Planned Series 2007F Bonds. Accordingly, the Report of the Airport Consultant makes assumptions as to the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds, the Series 2007D Bonds and the Planned Series 2007E Bonds, and also assumes no debt service savings resulting from the issuance of the Series 2007C Bonds and the Planned Series 2007F Bonds and the related defeasance of certain of the outstanding Series 2003B Bonds and the Series 1997E Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2007A-B Bonds, the Series 2007D Bonds and the Planned Series 2007E Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of such Senior Bonds as marketed or in the case of the Planned Series 2007E Bonds, if marketed. However, the Report of the Airport Consultant indicates that the Airport Consultant intends to demonstrate compliance with the Additional Bonds Test by a separate letter to the City in respect of the issuance of the Series 2007A-B Bonds and the Series 2007D Bonds. See also “SECURITY AND SOURCES OF PAYMENT –

Rate Maintenance Covenant – Additional Parity Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds.”

**Net Revenues and Other Available Funds, Debt Service Requirements and Debt Service Coverage on Senior Bonds**

(In thousands, except coverage ratios)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenues and Other Available Funds <sup>1</sup>	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements on Senior Bonds <sup>2</sup>	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Debt Service Coverage <sup>2</sup>	178%	173%	181%	185%	166%	170%	166%

<sup>1</sup> Other Available Funds include amounts forecast to be available in the Coverage Account of the Capital Fund to be applied to help meet the Rate Maintenance Covenant of the Senior Bond Ordinance.

<sup>2</sup> Excludes Debt Service Requirements forecast to be paid from PFC revenues. See “FINANCIAL INFORMATION – Passenger Facility Charges.”

Sources: Report of the Airport Consultant and audited financial statements of the Airport System

Forecasts of revenues to be derived from airline landing fees, terminal rentals and other use charges are often expressed on a per enplaned passenger basis for the purpose of comparing airline costs at different airports. The following table shows the forecast amounts of revenues and average cost per enplaned passenger for all airlines as presented in the Report of the Airport Consultant.

**Cost Per Enplaned Passenger for All Airlines**

(In thousands except cost per passenger)

	Estimated	Forecast					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net airline rentals, fees and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	24,602	25,351	25,936	26,332	26,730	27,068	27,293
Cost per passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

Source: Report of the Airport Consultant

For a more detailed discussion of forecast airline rates and charges and forecast Gross Revenues, see “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS – FINANCIAL ANALYSIS – EXHIBIT E – Airline Rentals, Fees and Charges.”

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of Jacobs Consultancy Inc. as airport consultants.

**LITIGATION**

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. The City believes that any liability assessed against the City as a result of such other claims or lawsuits which are not covered by insurance would not materially adversely affect the financial condition or operations of the Airport System.

**FORWARD LOOKING STATEMENTS**

This Official Statement, including particularly the Report of the Airport Consultant, contains statements relating to future results that are “forward looking statements” as defined in the federal Private

Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. For a discussion of certain of such risks and possible variations in results, see “RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant,” as well as “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

## **RATINGS**

Moody’s, S&P and Fitch have published ratings of “Aaa,” “AAA” and “AAA,” respectively, with respect to the Series 2007D Bonds based on the understanding that upon delivery of the Series 2007D Bonds, the MBIA Policy insuring the payment when due of principal of and interest on the Series 2007D Bonds will be issued by MBIA. See “BOND INSURANCE.”

Moody’s, S&P and Fitch have published underlying ratings with respect to the outstanding Senior Bonds of “A1,” “A+” and “A+,” respectively, in each case with a rating outlook of “stable.”

The City and MBIA have furnished to these rating agencies the information contained in the Official Statement and certain other materials and information relating to the Series 2007D Bonds, the Airport System and MBIA, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007D Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007D Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2007D Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2007D Bonds. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2007D Bonds.

## **UNDERWRITING**

The Series 2007D Bonds are being purchased from the City by the underwriters set forth on the cover page hereof (the “Underwriters”) at a price equal to \$153,755,951.07, being the aggregate principal amount of the Series 2007D Bonds plus a reoffering premium of \$6,786,366.65 and less an underwriting

discount of \$845,415.58. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Lehman Brothers, as representative of the Underwriters (the “Series 2007D Bond Purchase Agreement”), the Underwriters agree to accept delivery of and pay for all of the Series 2007D Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2007D Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

### **CONTINUING DISCLOSURE**

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with certain nationally recognized municipal securities information repositories. In addition, in order to provide certain continuing disclosure with respect to the Series 2007D Bonds in accordance with Rule 15c2-12, which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in which it will agree to provide or cause to be provided annually certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain enumerated events, if determined to be material. See “APPENDIX G – FORM OF CONTINUING DISCLOSURE UNDERTAKING” for a description of the annual information and the notices of material events to be provided and other terms of the Continuing Disclosure Undertaking.

The City has delivered continuing disclosure undertakings in connection with the issuance of various series of its outstanding Senior Bonds, and has continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

### **LEGAL MATTERS**

All legal matters incident to the validity and enforceability of the Series 2007D Bonds are subject to the approval of Hogan & Hartson LLP, Denver, Colorado, Bond Counsel, and Bookhardt & O’Toole, Denver, Colorado, Bond Counsel. The substantially final form of the opinions of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the City by Arlene V. Dykstra, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard L.L.C., Denver, Colorado, and Greenberg Traurig, LLP, Denver, Colorado.

### **TAX MATTERS**

The following discussion is a summary of the opinions of Bond Counsel that are to be rendered on the tax-exempt status of interest on the Series 2007D Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2007D Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2007D Bonds, Hogan & Hartson LLP, Bond Counsel, and Bookhardt & O’Toole, Bond Counsel, will each provide opinions, substantially in the form appended to this Official Statement, to the effect that, under existing law, interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a “substantial user” of the Airport System or a “related person,” as

those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2007D Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2007D Bonds.

The opinions of Bond Counsel will also provide to the effect that, under existing law and to the extent interest on any Series 2007D Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2007D Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2007D Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining terms of the Series 2007D Bond, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2007D Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2007D Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2007D Bond. Purchasers of Series 2007D Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2007D Bonds.

Other than the matters specifically referred to above, Bond Counsel express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007D Bonds. Prospective purchasers of the Series 2007D Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2007D Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2007D Bonds or, in the case of financial institutions, that portion of a holder’s interest expense allocated to interest on the Series 2007D Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2007D Bonds; (3) interest on the Series 2007D Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2007D Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2007D Bonds.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2007D Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2007D Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2007D Bonds could adversely affect their value and liquidity.

Bond Counsel will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are not binding

on the courts or the IRS; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2007D Bonds, the exclusion of interest on the Series 2007D Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2007D Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences. For example, on May 21, 2007, the United States Supreme Court agreed to hear an appeal from a Kentucky state court which ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by the state and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions.

**Prospective purchasers of Series 2007D Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2007D Bonds in light of their particular tax situation.**

### **EXPERTS**

First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2007D Bonds and in such capacity have prepared the Plan of Financing. Jacobs Consultancy Inc. has served as the Airport Consultant to the City with respect to the Series 2007D Bonds and in such capacity has prepared the Report of the Airport Consultant.

### **FINANCIAL STATEMENTS**

The financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005 are attached to this Official Statement as "APPENDIX B – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005." BKD, LLP, the City's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of APPENDIX B was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

### **MISCELLANEOUS**

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007D Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

**CITY AND COUNTY OF DENVER, COLORADO**

By /s/ Turner West  
Manager of Aviation

By /s/ Claude Pumilia  
Manager of Revenue

\* \* \*

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**APPENDIX A**  
**REPORT OF THE AIRPORT CONSULTANT**

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Appendix A

**REPORT OF THE AIRPORT CONSULTANT**

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007

Prepared for

City and County of Denver  
Denver, Colorado

Prepared by

Jacobs Consultancy  
Burlingame, California

July 25, 2007

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July 25, 2007

Mr. Turner West  
Manager of Aviation  
Department of Aviation  
City and County of Denver  
Denver International Airport  
Room 9860, Airport Office Building  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant, City and County of Denver,  
Colorado, for and on behalf of its Department of Aviation, Airport  
System Revenue Bonds, Series 2007

Dear Mr. West:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Airport System Revenue Bonds, Series 2007 (the 2007 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport and the site of the former air carrier airport (Stapleton International Airport) serving the region, which is also owned by the City, constitute the Airport System.

The 2007 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance) with a first lien on the Net Revenues\* of the Airport System. (Capitalized terms in this report are used as defined in the General Bond Ordinance\*\* or the Airport use and lease agreements, discussed later.)

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (a) issuing additional Bonds, (b) establishing rates, fees, and charges as provided under the Rate Maintenance Covenant, and (c) paying

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\*Net Revenues equal Gross Revenues less Operation and Maintenance Expenses.

\*\*See Appendix D of the Official Statement.

Mr. Turner West  
July 25, 2007

Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

This feasibility report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2007 through 2013, referred to in this report as the forecast period\*, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance following the issuance of the 2007 Bonds.

## **2007 BONDS**

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to the Financial Consultants,\*\* the 2007C Bonds are to be issued at the time the 2007A-B Bonds are issued, which would be followed by issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the principal of outstanding Bonds. As such, any mention of the 2007 Bonds in this report refers to the 2007A-B Bonds and 2007D-E Bonds.

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\*Coincides with the last year of the Airport Capital Program (2013).

\*\*First Albany Capital and Estrada Hinojosa & Company, Inc.

Mr. Turner West  
July 25, 2007

The City expects to issue the 2007A-B Bonds and the 2007D-E Bonds in the approximate principal amounts and for the uses indicated below.

Series	Principal to be issued (millions)	Uses of 2007A-B and 2007D-E Bonds (millions) (a)		
		Refund Outstanding Commercial Paper Notes	Reimburse Airport equity	Fund Airport Capital Program costs
2007A-B Bonds	\$224,016	\$30,000	\$40,000	\$130,170
2007D-E Bonds	<u>250,020</u>	<u>--</u>	<u>--</u>	<u>201,700</u>
Total (a)	<u>\$474,036</u>	<u>\$30,000</u>	<u>\$40,000</u>	<u>\$331,870</u>

(a) Issuance costs are not reflected above and, as such, the total principal amount to be issued does not equal the amounts to be used to refund the Commercial Paper Notes and to fund project costs.

Sources: First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants).

According to the Financial Consultants, the 2007A Bonds and the 2007D Bonds are to be issued as alternative minimum tax (AMT) Bonds, and the 2007B and the 2007E Bonds are to be issued as non-AMT Bonds.

The Airport Capital Program costs to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds are part of a broader City plan to expand and improve Airport facilities, as discussed later in this report.

The 2007A-B Bonds and the 2007D-E Bonds are considered “additional Bonds” under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to issuance of those Bonds. The City retained Jacobs Consultancy as the Airport Consultant and compliance with the additional Bonds test for the 2007A-B Bonds has been demonstrated, as provided in a separate letter to the City for those Bonds. The additional Bonds test for the 2007D-E Bonds is to be undertaken and the results are to be provided to the City in connection with the proposed issuance of those Bonds.

## **AIRPORT CAPITAL PROGRAM**

The Airport Capital Program includes projects to expand, maintain, and reconstruct Airport facilities in 2007, as well as the 6-year period from 2008 through 2013.

Mr. Turner West  
July 25, 2007

From 2007 through 2013, the Department expects to invest approximately \$1.22 billion in Airport facilities from the net proceeds of the 2007A-B Bonds, the 2007D-E Bonds, and additional Bonds (the Future Planned Bonds\*) the City expects to issue during the forecast period to fund projects from 2008 through 2013, as well as certain other sources of funds.

As certain projects in the 2007-2013 Capital Program are ready for their intended use, certain assumptions have been incorporated into the financial forecasts presented in this report regarding additional (a) Gross Revenues from airline rentals, fees, and charges and/or other sources, (b) O&M Expenses, and (c) debt service associated with the 2007 Bonds and the Future Planned Bonds.

### **Project Costs to Be Funded with 2007A-B and 2007D-E Bond Proceeds**

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to include the following:

- Construct 10 new mainline gates and additional apron area by expanding Concourse C to the east
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C
- Extend Taxiway K in the north-south direction to the east of Concourse C
- Extend the east-west taxilanes to the north and south of Concourse C
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C
- Improve baggage systems to increase the efficiency of airline operations
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes
- Construct a new public parking structure adjacent to the Landside Terminal, which was previously funded with Commercial Paper Notes and Airport equity

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\*The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.



Mr. Turner West  
July 25, 2007

According to the Department, the 2007 Project is expected to cost approximately \$401.9 million.

### **Future Planned Bonds**

The projects (i.e., the 2008-2013 Airport Capital Program) to be funded from the net proceeds of the Future Planned Bonds are expected to include, but are not limited to, the following:

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Continue improving the baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators
- Construct a FasTracks rail station on the south side of the Landside Terminal to provide rail service between Denver Union Station and the Airport
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the Landside Terminal to accommodate additional trains
- Expand the security screening checkpoint
- Construct future public parking structure and shuttle lot; improve Peña Boulevard; rehabilitate pavement in targeted roadway and parking areas

According to the Department, the 2008-2013 Airport Capital Program is estimated to cost approximately \$822.7 million.

Mr. Turner West  
July 25, 2007

## **RATE MAINTENANCE COVENANT**

The Rate Maintenance Covenant of the General Bond Ordinance states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year,\* Gross Revenues together with any Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either:

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. Based on audited data for 2006 and unaudited data for the first 3 months of 2007, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

Under various approvals from the Federal Aviation Administration (FAA), the City has the authority to collect a \$4.50 passenger facility charge (PFC) up to \$3.3 billion in PFC revenues; the City collected approximately \$850.4 million of its total approval through March 31, 2007. Through an adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

In general, the irrevocable commitment equals the revenues received from \$3.00 of each \$4.50 PFC\*\* imposed by the City, which extends through December 31, 2011. Following the date of this report and prior to the issuance of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through December 31, 2013.

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\*The City's Fiscal Year is the same as the calendar year.

\*\*Less the airline collection fee amount.

Mr. Turner West  
July 25, 2007

The City expects that, during the forecast period, all of the revenues from the remaining \$1.50 PFC would be irrevocably committed to one of the following purposes:

- Payment of debt service on Senior Bonds
- Defeasance of the outstanding principal of certain Senior Bonds, which would reduce the level of debt service that would have otherwise been payable from Net Revenues

Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

## **AIRPORT USE AND LEASE AGREEMENTS**

In 2006, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City constituted approximately 53.7% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources represented the remaining 46.3% of 2006 Gross Revenues.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.
- The annual recalculation of airline rentals, fees, and charges.
- The distribution of 50% of Net Revenues remaining at the end of the year\* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of \$40 million.
- An increase in rentals, fees, and charges at the Airport such that Net Revenues, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance.

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\*Only after all other requirements of the General Bond Ordinance have been satisfied.

Mr. Turner West  
July 25, 2007

The City has executed Airport use and lease agreements, which include leased gates, with the passenger Signatory Airlines listed below. Of the 95 gates at the Airport, 87 are leased by the following airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1)	Midwest Airlines (1)
Alaska Airlines (1)	Northwest Airlines (3)
American Airlines (3)	Southwest Airlines (5)
Continental Airlines (3)	United Airlines (43)
Delta Air Lines (3)	US Airways (3) (b)
Frontier Airlines (21) (a)	

- 
- (a) Frontier leases 15 gates and an agreement amendment is pending for an additional 6 gates. Also, Frontier is expected to use or lease two gates on Concourse C, which are not included in the totals above.
- (b) The parent companies of America West Airlines and US Airways merged in September 2005.

The City also has Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain airlines listed above. In addition, the City has Airport use and lease agreements with five foreign-flag passenger airlines, and six all-cargo airlines.

Most of the passenger and cargo airline use and lease agreements at the Airport are scheduled to expire during the forecast period (in 2010). As of the date of this report, the City intends to negotiate similar agreements with lease terms of 5 years and substantially similar business terms.

United Airlines operates a major connecting hub at the Airport under an Airport use and lease agreement with the City that expires in 2025. The United's operations at the Airport include service by United mainline, Ted (a low-fare unit of United), and the United Express regional airline partners (collectively, the United Airlines Group). In 2006 and the first 3 months of 2007, the United Airlines Group enplaned 56.4% and 56.0%, respectively, of all passengers enplaned at the Airport.

Mr. Turner West  
July 25, 2007

## **SCOPE OF REPORT**

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The Airport Capital Program from 2007 through 2013, giving particular attention to major projects in the Capital Program and when those projects are expected to be completed and ready for their intended use.
- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed 2007 Bonds and the Future Planned Bonds.
- Historical relationships among Gross Revenues, O&M Expenses, airline traffic, and other factors that may affect future Gross Revenues and O&M Expenses.
- Audited financial results for the Airport System in 2006, the City's current estimate of O&M Expenses for 2007, and the City's preliminary budget of O&M Expenses for 2008.
- The City's policies and contractual agreements relating to the use and lease of the Airport; the calculation and adjustment of airline rentals, fees, and charges; the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.
- Certain cost reduction goals in the United Airport use and lease agreement, as amended.
- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance, and the proposed terms of the PFC Supplemental Bond Ordinance to be adopted by the City following the date of this report.

Mr. Turner West  
July 25, 2007

We also identified key factors upon which the future financial results of the Airport System may depend and formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of the attachment to this letter and summarized herein.

**FORECAST DEBT SERVICE COVERAGE**

Exhibit H (as mentioned above, all financial exhibits are provided at the end of the attachment) and the table on the following page summarize forecasts of Net Revenues and Other Available Funds, Debt Service Requirements, and debt service coverage, taking into consideration.

- The estimated debt service on the proposed 2007A-B Bonds and the 2007D-E Bonds and the Future Planned Bonds
- Additional Gross Revenues and O&M Expenses resulting from the completion of projects in the 2007-2013 Airport Capital Program

Exhibit C presents the estimated debt service on the 2007 Bonds and the Future Planned Bonds. As stated earlier, the forecasts do not reflect any Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

<b>DEBT SERVICE COVERAGE CALCULATION INCLUDING THE FUTURE PLANNED BONDS</b>							
<b>(in thousands, except coverage)</b>							
	Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net Revenues and Other Available Funds	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
Debt Service Requirements <i>(a)</i>							
Senior Bonds	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>
Total	\$232,228	\$233,705	\$226,670	\$229,044	\$277,068	\$275,196	\$292,136
Debt service coverage							
Senior Bonds	178%	173%	181%	185%	166%	170%	166%
All Bonds	169%	164%	172%	175%	159%	162%	159%

*(a)* The Financial Consultants.

Mr. Turner West  
July 25, 2007

Estimated Debt Service Requirements are net of PFC revenues that are irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include both the revenues from \$3.00 of the PFC that are required to be deposited in the PFC Debt Service Account plus all of the revenues from the \$1.50 PFC that the City intends to credit to the PFC Debt Service Account to pay Debt Service Requirements or use to defease certain Senior Bonds during the forecast period, as discussed earlier. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

The calculation of debt service coverage indicates compliance with the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period.

**AIRLINE COST PER ENPLANED PASSENGER**

As shown in Exhibit E, airline rentals, fees, and charges include Terminal Complex rentals, landing fees, and other fees and charges. These airline payments (costs) are expressed on a per enplaned passenger basis, as presented in the following table.

<b>AVERAGE COST PER ENPLANED PASSENGER FOR ALL AIRLINES</b>							
(in thousands, except cost per enplaned passenger)							
	Estimated 2007	Forecast					
		2008	2009	2010	2011	2012	2013
Net passenger airline rentals, fees, and charges	\$274,548	\$277,878	\$294,707	\$314,308	\$367,313	\$384,493	\$409,637
Enplaned passengers	<u>24,602</u>	<u>25,351</u>	<u>25,936</u>	<u>26,332</u>	<u>26,730</u>	<u>27,068</u>	<u>27,293</u>
Cost per enplaned passenger	\$11.16	\$10.96	\$11.36	\$11.94	\$13.74	\$14.20	\$15.01

The average cost per enplaned passenger, as shown above, is forecast to be approximately \$12.63 between 2007 and 2013, compared to costs per enplaned passenger at the Airport from 1996 (the first full year of Airport operations) through 2006, which ranged between \$11.41 and \$16.07.

Mr. Turner West  
July 25, 2007

**ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS**


The accompanying financial forecasts are based on information and assumptions that were either provided by, or reviewed with and agreed to by, Airport management. Accordingly, the forecasts reflect management’s expected course of action during the forecast period and, in management’s judgment, present fairly the expected financial results of the Airport System.

The key factors and assumptions that are significant to the forecasts are set forth in the attachment, “Background, Assumptions, and Rationale for the Financial Forecasts.” The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the assumptions underlying the financial forecasts provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

\* \* \* \* \*

We appreciate the opportunity to serve as the City’s Airport Consultant in connection with this proposed financing.

Respectfully submitted,  
  
JACOBS CONSULTANCY



Attachment

**BACKGROUND, ASSUMPTIONS, AND RATIONALE  
FOR THE FINANCIAL FORECASTS**

City and County of Denver, Colorado

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## **AIRLINE TRAFFIC ANALYSIS**

### **AIRPORT FACILITIES**

Denver International Airport occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. The passenger terminal complex is accessed via Peña Boulevard, a 12-mile dedicated Airport access road from Interstate 70. The Airport has six runways and a related system of taxiways and aircraft aprons. Four of the runways are oriented north-south and two are oriented east-west. Five runways are 12,000 feet long and 150 feet wide, and the sixth runway is 16,000 feet long and 200 feet wide, making it the longest commercial-service runway in North America.

The passenger terminal complex consists of a Landside Terminal and three airside concourses (A, B, and C). The Landside Terminal accommodates passenger ticketing, baggage claim, concessions, and other facilities and is served by terminal curbside roadways for public and private vehicles. Automobile parking is provided in two public parking garages adjacent to the Landside Terminal, surface parking lots, and a remote shuttle bus lot. Spaces are also provided for employee parking.

Passengers travel between the Landside Terminal and Concourses A, B, and C via an underground automated guideway transit system (AGTS). In addition, a pedestrian passenger bridge provides access to Concourse A. Concourses A, B, and C provide 95 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 24 are leased by Continental Airlines and Frontier Airlines. Concourse B has 43 gates, all of which are leased by United Airlines. Concourse C has 22 gates, 20 of which are leased by Alaska Airlines, America West Airlines/US Airways, American Airlines, Delta Air Lines, Midwest Airlines, Northwest Airlines, and Southwest Airlines; 2 gates were added in 2006.

As discussed later in this report, the City intends to expand the number of Concourse C gates, expand the public parking facilities, and make various improvements and upgrades to the Landside Terminal.

### **AIRPORT ROLE**

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned), the primary commercial service airport for the State of Colorado, and a hub for United and Frontier.

The top-five ranking of the Airport among the busiest domestic airports in the United States based on total passengers reflects the Airport's (1) central geographic location, (2) large origin-destination passenger base, and (3) role as a hub for United and Frontier.

### Central Geographic Location

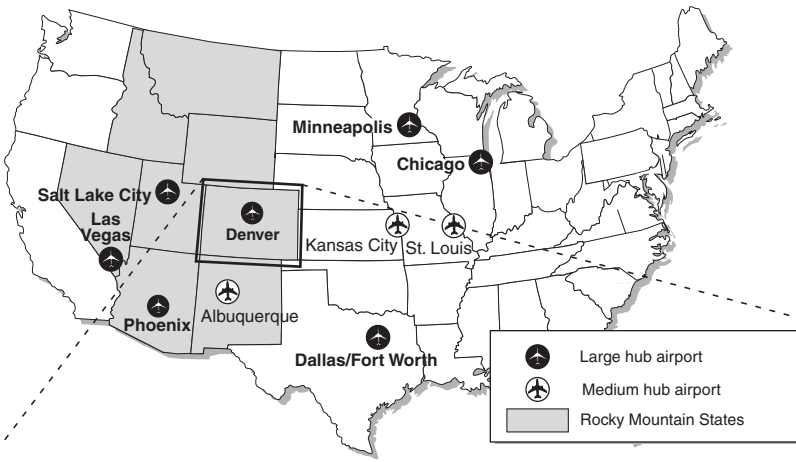
Located near the geographic center of the United States mainland, Denver has long been a major air transportation hub in the route system of United Airlines and other airlines, including Continental Airlines in the past and Frontier Airlines more recently. Denver's natural geographic advantage as a connecting hub location is enhanced by the capabilities of the Airport to accommodate aircraft landings and takeoffs in virtually all weather conditions. Figure 1 shows the central geographic location of the Denver hub compared with other U.S. hub airports.

### Fifth Busiest U.S. Airport

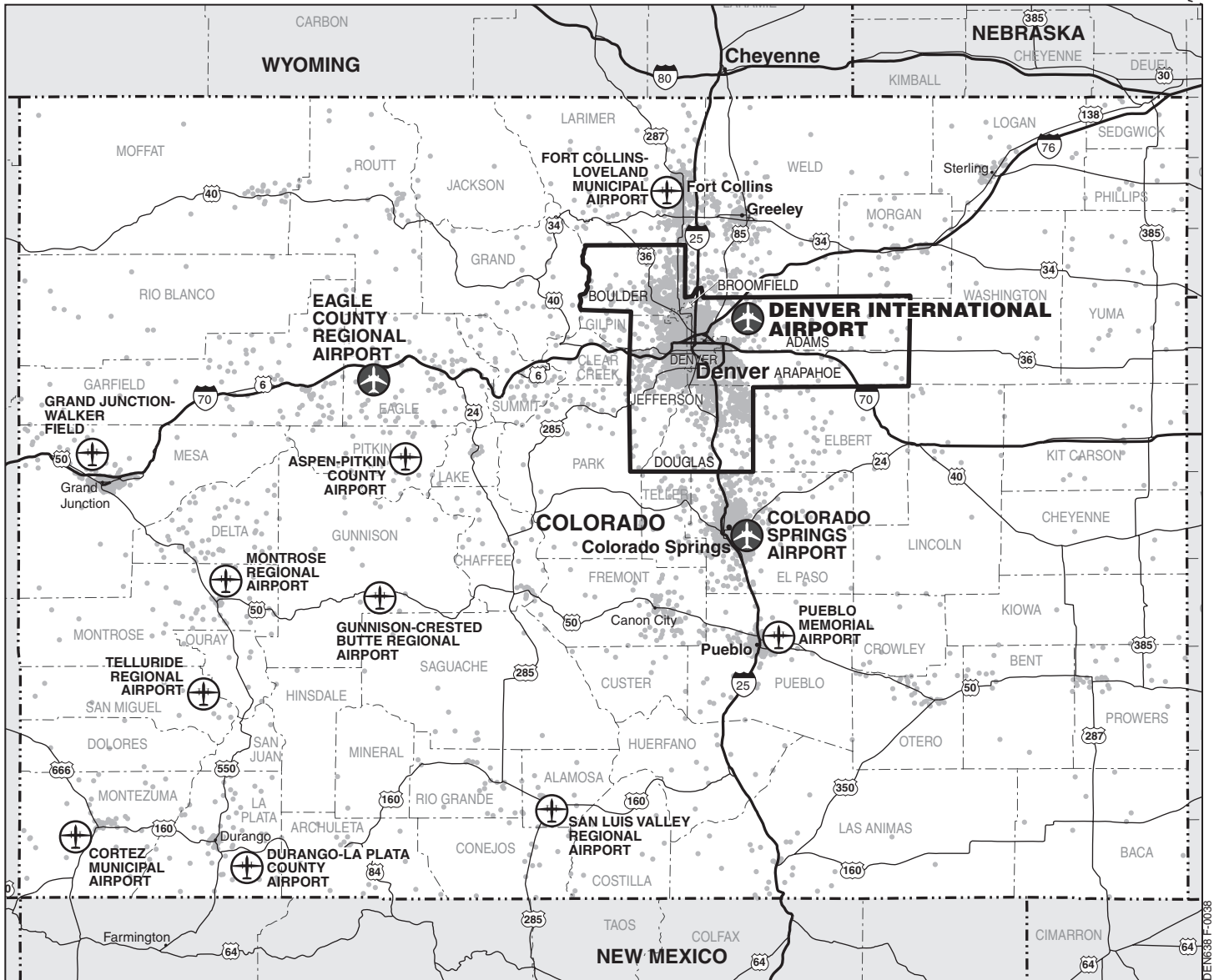
According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2006, as shown in Table 1. The seven largest domestic passenger airlines all serve the Airport, providing service to 159 destinations, including 138 within the continental United States, 1 in Alaska, 3 in Hawaii, and 17 international destinations. All of the large domestic all-cargo airlines provide regular service at the Airport.

Rank 2006	City (airport)	Total passengers (millions) (a)					Average annual increase 2002-2006
		2002	2003	2004	2005	2006	
1	Atlanta (Hartsfield-Jackson)	76.9	79.1	83.6	85.9	84.8	2.5%
2	Chicago (O'Hare)	66.6	69.4	75.5	76.8	77.0	3.7
3	Los Angeles (International)	56.2	55.0	60.7	61.5	61.0	2.1
4	Dallas/Fort Worth	52.8	53.2	59.4	59.1	60.2	3.3
<b>5</b>	<b>Denver</b>	<b>35.7</b>	<b>37.5</b>	<b>42.4</b>	<b>43.3</b>	<b>47.3</b>	<b>7.3</b>
6	Las Vegas (McCarran)	35.0	36.3	39.5	44.0	46.2	7.2
7	New York (John F. Kennedy)	29.9	31.7	37.5	41.9	43.8	10.0
8	Houston (Bush Intercontinental)	33.9	34.1	36.5	39.7	42.6	5.9
9	Phoenix (Sky Harbor)	35.5	37.4	41.4	41.2	41.4	3.9
10	New York (Newark Liberty)	29.2	29.4	31.9	34.0	36.7	5.9
	Average for airports listed						3.7%

(a) Enplaned plus deplaned passengers.  
Source: Airports Council International, *Worldwide Airport Traffic Report*, for years noted.



Road miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	868
Vail/Eagle	100

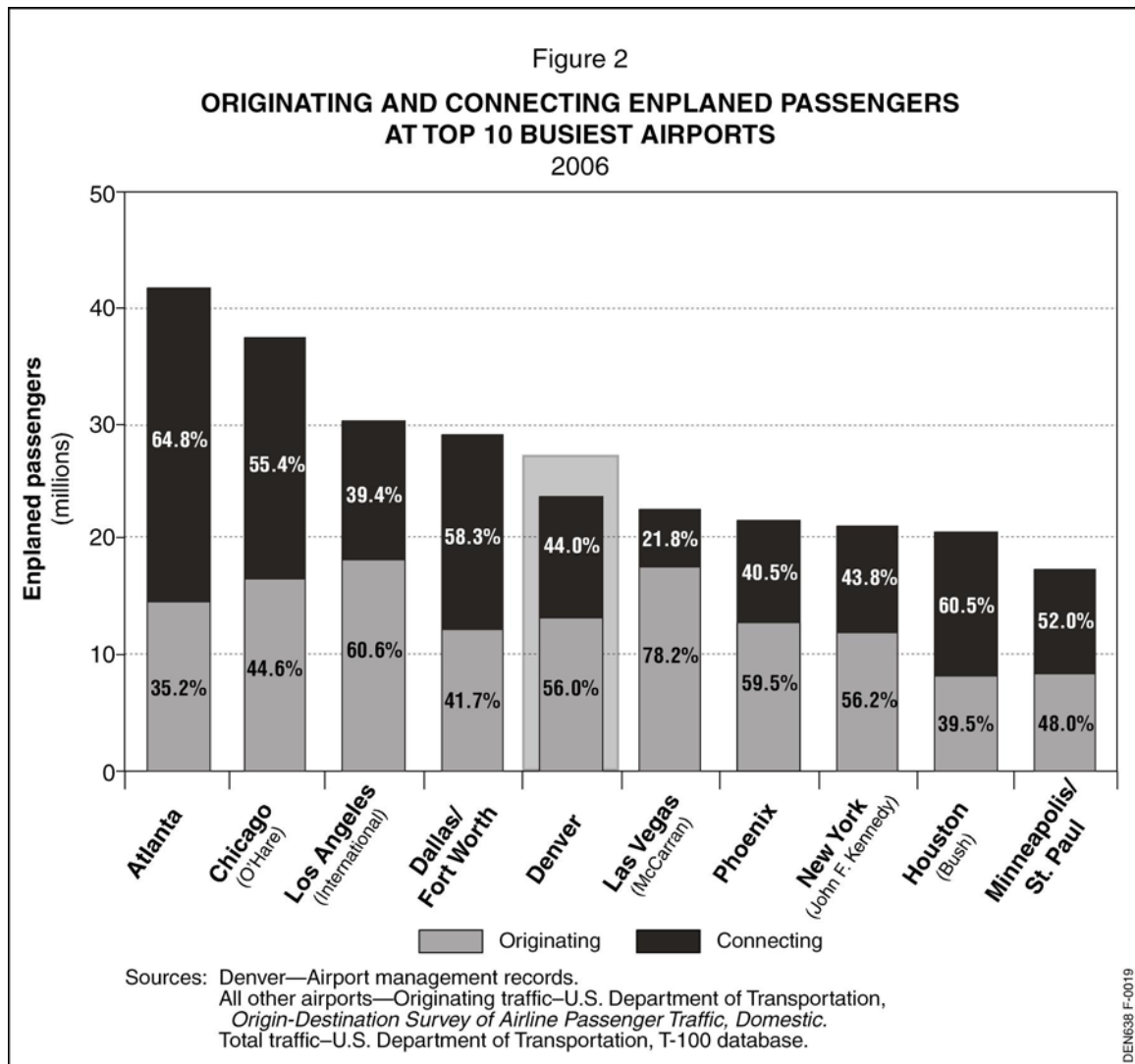


**LEGEND**

- Primary service region
- County boundary
- Passenger air carrier service
- Commuter service airport
- Population density: 1 dot equals 500 people

Figure 1  
**DENVER AIRPORT SERVICE REGION**  
 Denver International Airport  
 July 2007

In 2006, approximately 44% of the approximately 23.7 million passengers enplaned at the Airport, or about 10.4 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports, in terms of enplaned passengers, the Airport has the fifth largest share of originating passengers (56%), which reflects the strength of the Denver market and its role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.



### Large Origin-Destination Passenger Base

The Airport's large origin-destination passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier. This large base of local passengers allows United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections. The flights of 13.2 million passengers originated in Denver in 2006 (i.e., these originating passengers did not connect from another

flight). In 2006, the Airport ranked fifth in the nation in numbers of originating passengers.

### Hub for United and Frontier Airlines

As stated earlier, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2006 reflect the Airport’s central geographic location, with the western United States (Rocky Mountain and Pacific states) accounting for 49% of connecting passengers and the eastern United States (Northeast, Midwest, and South states) accounting for 46% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United’s shares of connecting passengers parallel those for the Airport as a whole, while Frontier’s shares differ for some regions as a result of its smaller route network. As shown in Table 2, the Airport accounts for the sixth highest number of daily scheduled seats at U.S. connecting hub airports in August 2007.

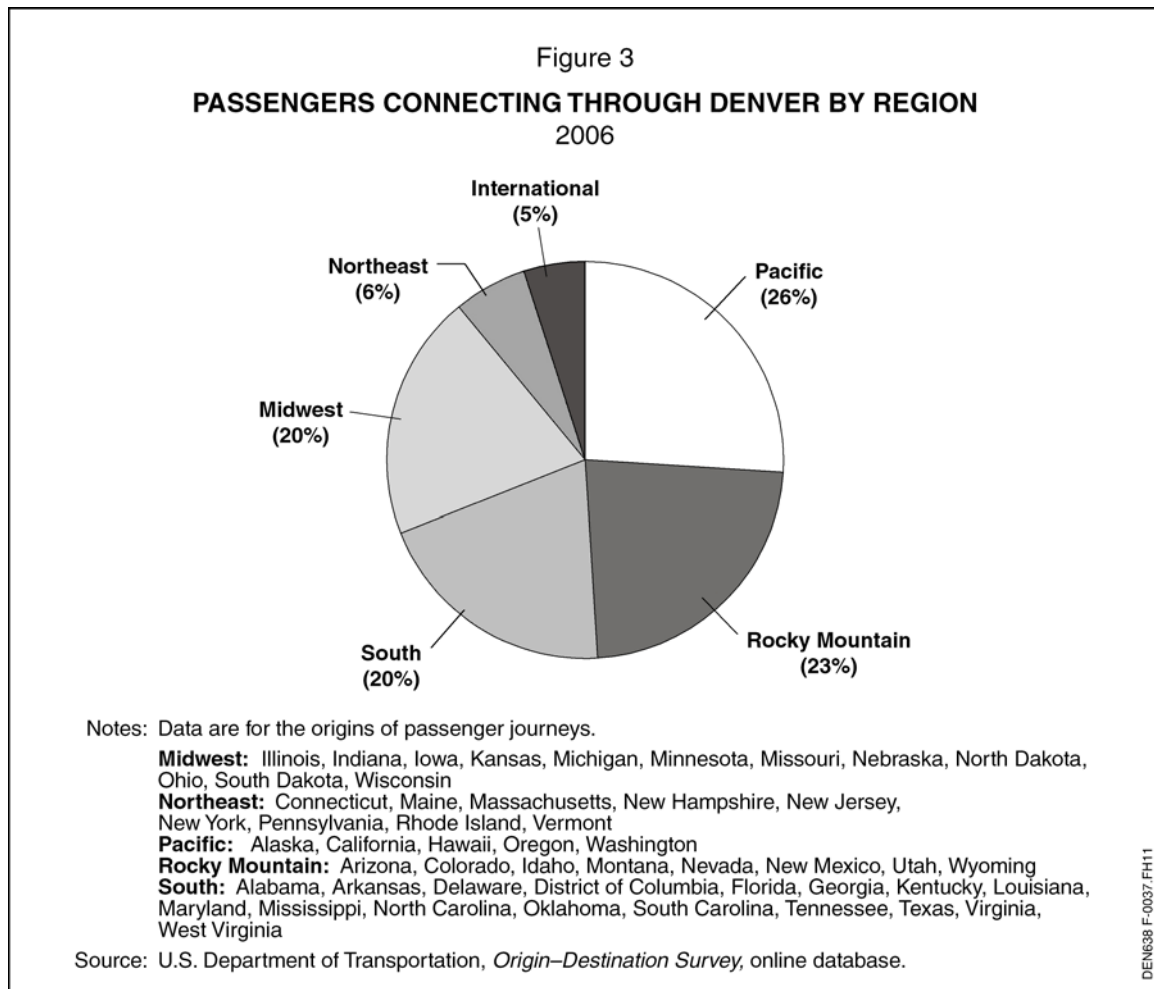


Table 2  
**SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS**  
 August 2007

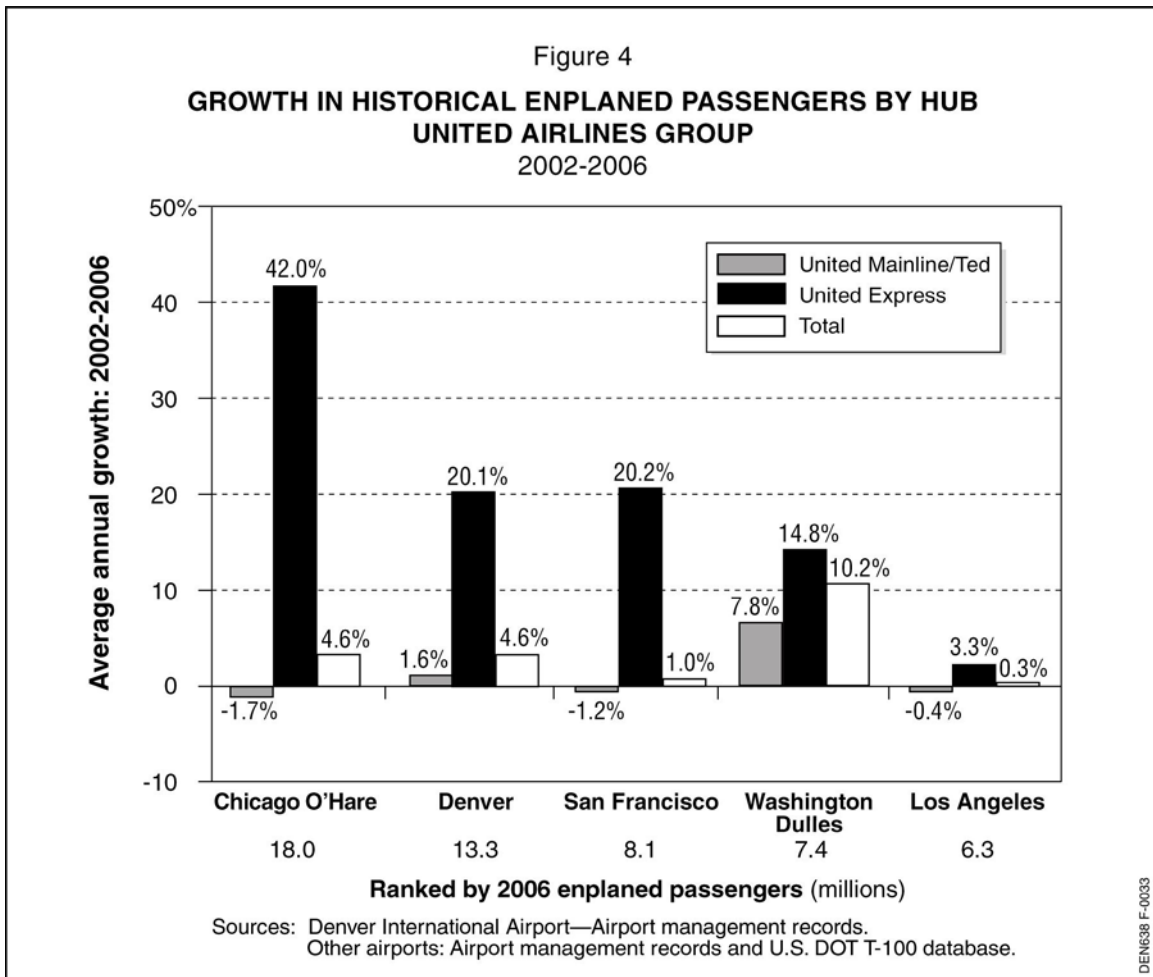
City (airport)	Average daily scheduled seats			Busiest airline(s)		
	International	Domestic	Total	Airline (a)	Average daily scheduled seats	Airline share of airport total
Atlanta (Hartsfield-Jackson)	17,509	144,511	162,020	Delta	115,416	71.2%
Chicago (O'Hare)	22,613	113,883	136,496	AirTran	32,422	20.0
				United	64,679	47.4
Los Angeles (International)	32,217	82,952	115,169	American	48,779	35.7
				United	22,058	19.2
Dallas/Fort Worth	9,813	95,868	105,681	American	89,212	84.4
New York (Kennedy)	43,129	47,561	90,689	JetBlue	24,560	27.1
				Delta	19,180	21.1
<b>Denver</b>	<b>3,722</b>	<b>85,537</b>	<b>89,259</b>	<b>United</b>	<b>45,422</b>	<b>50.9</b>
				<b>Frontier</b>	<b>20,804</b>	<b>23.3</b>
Las Vegas (McCarran)	3,627	74,746	78,373	Southwest	30,208	38.5
Phoenix (Sky Harbor)	3,000	74,075	77,075	US Airways	35,542	46.1
Houston (Bush Intercontinental)	14,692	60,758	75,450	Continental	65,432	86.7
New York (Newark Liberty)	21,403	46,754	68,157	Continental	46,996	69.0
Detroit (Metropolitan)	7,301	57,400	64,700	Northwest	48,835	75.5
San Francisco	15,368	49,123	64,491	United	30,050	46.6
Philadelphia	8,109	55,268	63,377	US Airways	39,966	63.1
Orlando	3,441	58,920	62,361	Southwest	15,163	24.3
Minneapolis/St. Paul	4,146	58,059	62,205	Northwest	48,648	78.2
Charlotte	3,658	57,715	61,373	US Airways	53,122	86.6
Seattle-Tacoma	4,861	55,815	60,676	Alaska	29,830	49.2
Miami	29,351	28,645	57,995	American	39,915	68.8
Boston	8,274	46,685	54,959	US Airways	9,734	17.7
New York (LaGuardia)	2,631	48,981	51,612	Delta	12,060	23.4
Washington, D.C. (Dulles)	11,610	33,138	44,749	United	26,810	59.9
Baltimore/Washington	1,064	41,528	42,592	Southwest	23,225	54.5
Salt Lake City	1,075	39,014	40,089	Delta	28,807	71.9
Washington, D.C. (Reagan National)	776	36,809	37,584	US Airways	16,344	43.5
Chicago (Midway)	198	37,170	37,368	Southwest	28,571	76.5
Honolulu	6,638	30,261	36,899	Hawaiian	11,202	30.4
San Diego	502	34,218	34,721	Southwest	12,489	36.0
Tampa	347	32,231	32,578	Southwest	10,832	33.2
Cincinnati/Northern Kentucky	1,548	29,175	30,722	Delta	27,536	89.6

Note: Rows may not add to totals shown because of rounding.

(a) Including regional airline affiliates.

Source: Official Airline Guides, Inc., online database for August 2007.

**The Airport's Role in United's System.** The United Airlines Group, which includes United mainline, United Express—the regional/commuter airline affiliates operating as United Express, and Ted—United's low-fare airline, accounted for 56% of the passengers enplaned at the Airport in 2006. From 2002 to 2006, the number of enplaned passengers at Denver and Chicago O'Hare international airports, United's two largest hubs, increased an average of 4.6% per year as the result of increases in the number of passengers enplaned by United Express, as shown on Figure 4. The



increasing use of regional airline affiliates is also evident in the growth in the number of enplaned passengers at United's other hubs and is part of an overall airline industry trend to outsource short-haul and low-density routes to regional airline partners in order to optimize airline revenues. United's plans to optimize revenue performance include a reduction in its 2007 mainline domestic capacity (to meet increased international passenger demand) and a 4% to 5% increase in the systemwide capacity of its regional/commuter airline affiliates\*. It is expected that

\*United Airlines Group, press release dated May 17, 2007, as reported at its corporate web site.

United’s revenue optimization strategies will vary each year, but the large number of regional airline affiliates at United’s hubs—five United affiliates serve Denver—underlines the airline’s continued plans to use United Express carriers and the continued role and development of the Airport as a connecting hub in United’s system.

In addition to the revenue enhancing advantages of using regional affiliates in short-haul markets, the increased use of regional affiliates also allows United to compete with low cost and other airlines in terms of service frequencies. As shown on Figure 5, United’s regional affiliates provide nearly as many nonstop daily departures as United’s mainline and Ted operations at the Airport. Similarly, at Chicago O’Hare International Airport, the regional affiliates operate more daily nonstop departures than United mainline.

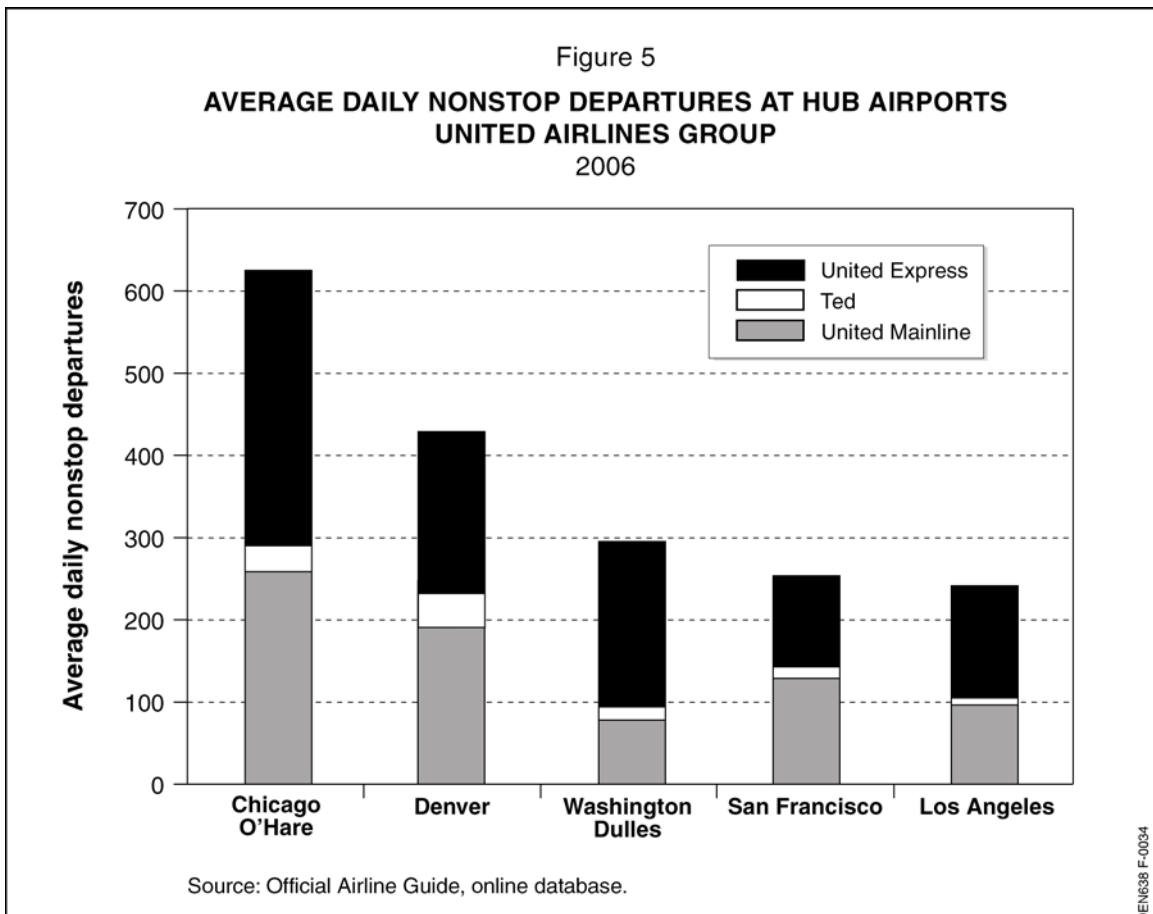


Table 3 presents trends in the numbers of passengers enplaned by United Airlines Group at the Airport in 1995 and 2000 through the first 3 months of 2007. Between 1995, when the Airport opened, and 2000—the year prior to the terrorist attacks on September 11, 2001, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2006, United’s number of connecting passengers at the Airport fluctuated, reflecting



Table 3  
**HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP**  
 Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	5,215,773	--%	6,114,051	--%	11,329,824	--%	54.0%
2000	5,422,369	0.8%	7,915,705	5.3%	13,338,074	3.3%	59.3
2001	4,824,409	(11.0)	7,240,233	(8.5)	12,064,642	(9.5)	60.0
2002	3,907,030	(19.0)	7,255,448	0.2	11,162,478	(7.5)	65.0
2003	3,991,803	2.2	7,303,606	0.7	11,295,409	1.2	64.7
2004	4,489,565	12.5	7,989,301	9.4	12,478,866	10.5	64.0
2005	4,830,836	7.6	7,409,702	(7.3)	12,240,538	(1.9)	60.5
2006	5,461,372	13.1	7,885,944	6.4	13,347,316	9.0	59.1
January – March							
2006	1,351,520	--%	1,816,706	--%	3,168,226	--%	57.3
2007	1,404,425	3.9	1,860,703	2.4	3,265,128	3.1	57.0
Average annual increase (decrease)							
1995-2000		0.8%		5.3%		3.3%	
2000-2006		0.1		(0.1)		0.0	

Source: Airport management records.

the national recovery from the 2001 events, United’s emergence from Chapter 11 bankruptcy protection, and United’s efforts to balance mainline domestic capacity and optimize its revenue performance. Overall, the total number of passengers enplaned by United at the Airport in 2006 approximately equaled the number enplaned in 2000.

Table 4 presents a comparison of connecting passenger trends for the United Airlines Group at the Airport and at United’s other hub airports from 2002 through 2006. As shown, United Airline Group’s number of connecting passengers at the Airport increased an average of 2.1% per year between 2002 and 2006, faster than at its Los Angeles and San Francisco hubs but slower than at its Chicago and Washington, D.C. (Dulles) hubs. The strong growth in United Airline Group’s numbers of connecting passengers at Washington Dulles International Airport—an average of 11.9% per year—reflects the continued development of United’s domestic and international hub operations.

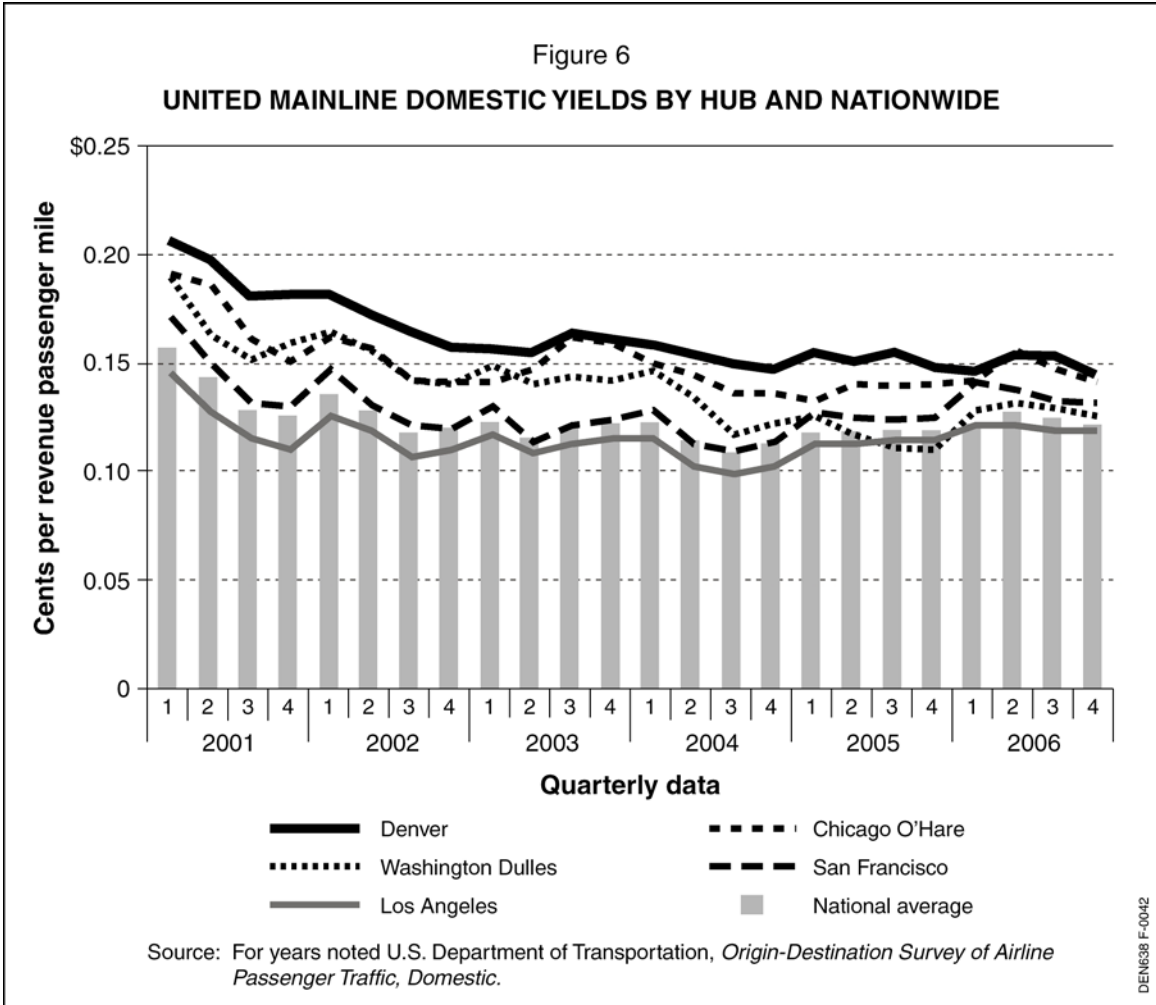
Table 4

**CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP**

United Airlines Group Hub	2006		Average annual increase (decrease) 2002-2006
	Connecting passengers (millions)	Percent of enplaned passengers	
Chicago O'Hare International Airport	11.5	62%	2.5%
<b>Denver International Airport</b>	<b>7.9</b>	<b>59</b>	<b>2.1</b>
Washington Dulles International Airport	3.8	53	11.9
San Francisco International Airport	3.8	45	1.4
Los Angeles International Airport	2.8	42	(0.3)

Sources: Denver International Airport: Airport management records.  
 Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database.

Figure 6 summarizes comparative United mainline yields (cents per revenue passenger mile) at United's hub airports. As shown, United has generally realized the highest yield at Denver International Airport compared with its yields at its other hub airports since 2001, suggesting that the Airport has a more attractive market relative to the other airports shown. The relatively high historical average yields for United at the Airport (approximately 15% higher than the national average in 2006) are attributable, in part, to the shorter average itinerary length of United flights from the Airport (approximately 5% shorter than United's system average) and, in part, to the status of the Airport as a connecting hub, with United dominating service in many travel markets. Since 2001, average yields for United at the Airport has decreased as the share of low cost carriers have increased, resulting in decreased yields in many markets.



**The Airport's Role in Frontier's System.** The Airport is the only hub in Frontier Airlines' system and accounts for nearly half of its scheduled departing seats. Because Frontier operates only one hub, no airport, other than Denver International Airport, accounts for more than 5% of the airline's total system seats. As a result, Frontier is sensitive to changes in the Denver market, including service and fare competition on its Denver routes. Frontier is also susceptible to adverse weather conditions and other traffic delays in the Rocky Mountain region that may affect it more than other airlines that may be better able to spread the traffic risks over larger route networks. Table 5 presents passenger trends for Frontier and Frontier JetExpress and, in particular, the growth in Frontier's connecting activity at the Airport.

Table 5  
**HISTORICAL ENPLANED PASSENGERS—  
FRONTIER AIRLINES AND FRONTIER JETEXPRESS**  
Denver International Airport

	Originating passengers	Annual percentage increase (decrease)	Connecting passengers	Annual percentage increase (decrease)	Total enplaned passengers	Annual percentage increase (decrease)	Connecting percentage of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	34.4%	339,122	65.6%	1,526,719	38.7%	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
January – March							
2006	660,421	--%	455,521	--%	1,115,942	--%	40.8%
2007	755,090	14.3	426,213	(6.4)	1,181,303	5.9	36.1
Average annual increase							
1995-2000		34.4%		65.6%		38.7%	
2000-2006		15.3		35.7		21.5	

Source: Airport management records.

From 1995 to 2000, the number of passengers enplaned by Frontier at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the number of passengers enplaned by Frontier has continued to grow—an average increase of 21.5% per year between 2000 and 2006—with connecting passengers accounting for an increasing share of the total (43.2% in 2006). From 2005 to 2006, during the first year of Southwest service at the Airport, the growth in the number of passengers enplaned by Frontier slowed, reflecting the fare and service competition from Southwest beginning in 2006. Frontier’s originating passenger traffic increased 22.3% between 2005 and 2006 as the airline responded to Southwest’s service by decreasing fares; the number of passengers connecting on Frontier through Denver increased, but at a much slower rate than in previous years, as Southwest attracted passengers connecting through Denver to other airports in Southwest’s route system.

The domestic yields for Frontier Airlines (excluding Frontier JetExpress) at the Airport have remained lower than those for United. Since 2002, the differences between Frontier and United yields have varied—from 10% to 16% in any given year. In 2006, the domestic yield for Frontier was 13.7 cents per revenue-passenger-mile, compared with 15.0 cents for United and 12.8 cents in the nation.

Frontier has announced its intention to expand its Denver hub operation and increase connecting traffic by adding other high volume markets to its current route system, introducing and expanding Lynx Aviation, a new subsidiary, and entering into code-sharing agreements and other relationships with other airlines. In September 2006, Frontier formed Lynx Aviation to serve under-served markets in Colorado and in the Rocky Mountain region. Lynx Aviation plans to purchase 10 Q400 turboprop aircraft, each with a seating capacity of 74, to be operated under a separate operating certificate (with the option to purchase 10 additional aircraft). In January 2007, Lynx Aviation submitted its application to provide scheduled air transportation to the U.S. Department of Transportation and obtained conditional approval to sell tickets on June 30, 2007. Lynx Aviation is seeking final approval from the FAA to begin revenue service operations in September 2007, with initial service to three new cities from Denver—Wichita, Rapid City, and Sioux City.

### **Primary Commercial Service Airport in Colorado**

Of the 13 commercial service airports in Colorado, Denver International Airport is the primary commercial service airport, accounting for more than 90% of the passengers enplaned in the State, as shown earlier on Figure 1 and in Table 6. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2006. Approximately 1.0 million passengers were enplaned and 50 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2006, compared to 23.7 million passengers enplaned and 784 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 6  
**COLORADO COMMERCIAL SERVICE AIRPORTS**  
 2006

Colorado airport	Aircraft type providing service to Denver	Enplaned passengers
<b>Denver International</b>	--	<b>23,665,312</b>
Colorado Springs	Large jet/regional jet/turboprop	1,010,308
Eagle County Regional	Large jet/turboprop	216,789
Aspen-Pitkin County	Regional jet/turboprop	200,816
Grand Junction-Walker Field	Regional jet/turboprop	162,877
Durango-La Plata County	Regional jet/turboprop	113,577
Montrose Regional	Turboprop	82,312
Gunnison-Crested Butte Regional	Turboprop	48,065
Fort Collins-Loveland Municipal	None (a)	32,831
Telluride Regional	Turboprop	16,336
San Luis Valley Regional	Turboprop	7,295
Cortez Municipal	Turboprop	9,266
Pueblo Memorial	Turboprop	<u>7,413</u>
Total Colorado airports		<u>25,573,197</u>

(a) Only service provided at this airport is by Allegiant Air to Las Vegas.

Sources: U.S. Department of Transportation, T-100 database domestic; Denver International Airport records, Official Airline Guides, Inc., online database.

### Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. The population densities for the State of Colorado underline the importance of this region, as shown earlier on Figure 1. The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties, as defined by the Metro Denver Economic Development Corporation, a not-for-profit affiliate of the Denver Metro Chamber of Commerce.

The secondary region served by the Airport, which includes many of the counties surrounding the Denver Metropolitan Area, is defined by the location of (and the airline service provided at) other large- and medium-hub air carrier airports. The nearest such airports are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). The location of the Airport and its primary service region, with access to the interstate highway system and major rail lines, as well as its extensive airline service, have

helped attract the regional and national headquarters of businesses and government agencies to the region.

The following sections present a review of (1) the economic basis for passenger demand, including socioeconomic, local industry, and other factors that contribute to passenger demand at the Airport, (2) the components of passenger demand, including originating and connecting passengers, (3) a review of air cargo activity at the Airport, (4) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (5) forecasts of airline traffic at the Airport through 2013, including enplaned passengers and aircraft landed weight.

## **ECONOMIC BASIS FOR PASSENGER DEMAND**

The Denver Metropolitan Area is the largest business center in, and the transportation hub for, the State of Colorado and the multistate Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2006, the Denver Metropolitan Area accounted for over 55% of Colorado's population and 60% of its employment.

### **Population, Employment, and Per Capita Personal Income**

Figure 7 summarizes historical economic indicators—population, nonagricultural employment, and per capita income—for the Denver Metropolitan Area, the State of Colorado, and the nation from 1995 through 2006. Both the Denver Metropolitan Area and the State of Colorado have experienced significantly higher economic growth than the nation: much of the economic growth in the State was generated in the Denver Metropolitan Area.

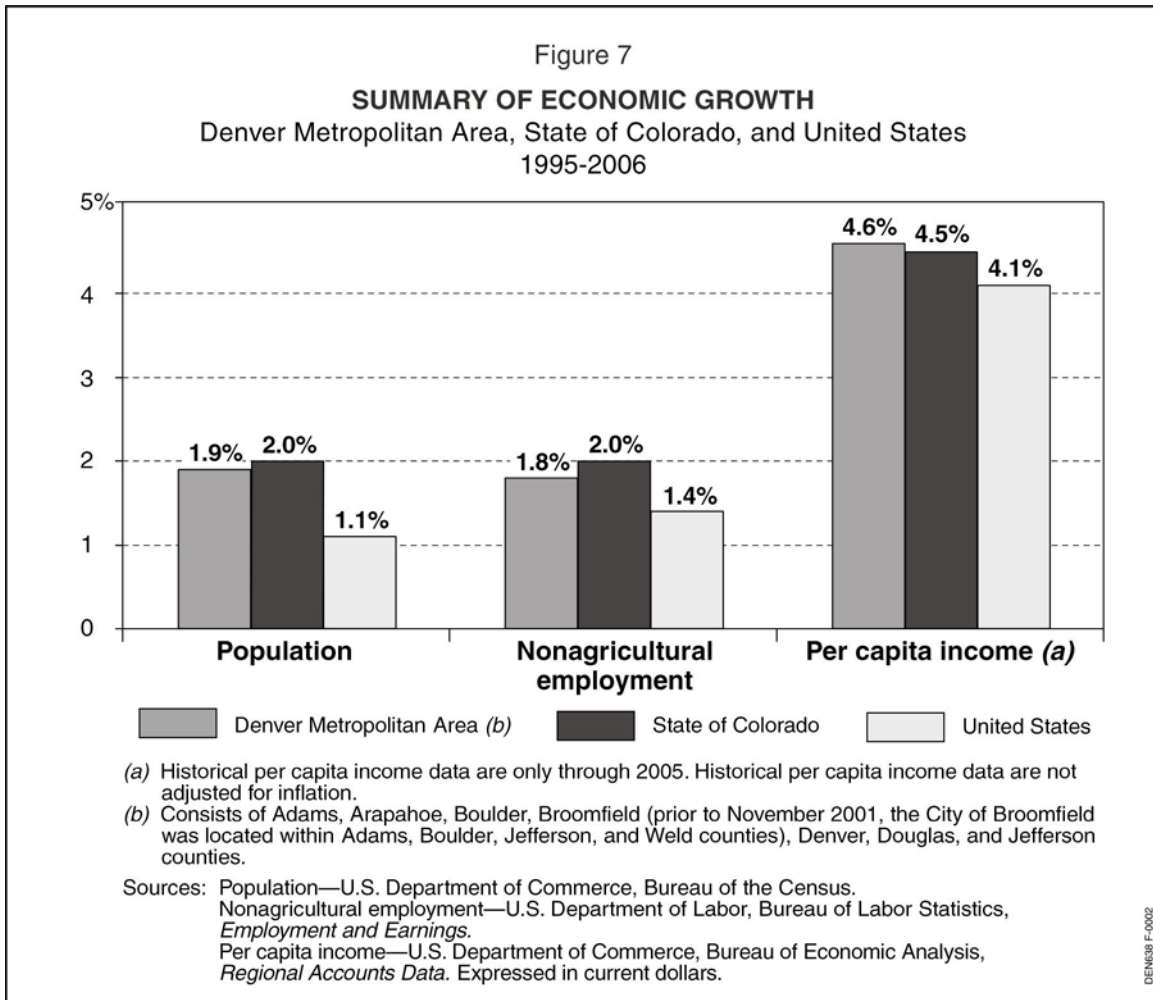


Table 7 presents data on historical and projected economic indicators—population, nonagricultural employment, and per capita personal income—for the Denver Metropolitan Area, the State of Colorado, and the nation. The economic indicators for the Denver Metropolitan Area and the State of Colorado were projected by the Colorado Department of Local Affairs, State Demography Office, the primary State agency for population and demographic information. Population data were projected in association with the Center for Business and Economic Forecasting, a private research firm specializing in Colorado regional economic forecasting, and reflect the interrelationships between demographic and economic change in the State. The economic indicators for the nation are projected by the National Planning Association (NPA), Data Services, Inc.\*

From 1995 to 2006, population in the Denver Metropolitan Area increased an average of 1.9% per year, with slower growth during the last 6 years as the result of decreases in net in-migration and slower economic growth. However, population

\*The National Planning Association is a nationally recognized private firm that analyzes and projects trends by county in the United States.



Table 7  
**HISTORICAL AND PROJECTED SOCIOECONOMIC DATA**  
 Denver Metropolitan Area, State of Colorado, and United States  
 1995-2013

	Population (thousands) (a)			Nonagricultural employment (thousands) (b)			Per capita income (c)		
	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1995	2,133	3,827	266,278	1,127	1,834	117,298	\$27,319	\$24,226	\$23,076
2000	2,416	4,327	282,193	1,365	2,214	131,785	37,715	33,371	29,845
2001	2,470	4,427	285,108	1,374	2,227	131,826	39,150	34,493	30,574
2002	2,501	4,498	287,985	1,328	2,184	130,341	39,152	34,027	30,810
2003	2,525	4,548	290,850	1,300	2,153	129,999	39,595	34,528	31,484
2004	2,553	4,602	293,657	1,299	2,180	131,435	41,363	36,113	33,050
2005	2,587	4,665	296,410	1,331	2,226	133,463	42,870	37,510	34,471
2006	2,637	4,753	299,398	1,378	2,279	136,174	n.a.	n.a.	n.a.
Projected, 2013	2,901 (e)	5,357 (e)	317,202(d)	1,582 (e)	2,672 (e)	148,952(d)	\$61,000 (e)	\$56,000 (e)	\$47,000(d)
Average annual percent increase									
Historical									
1995-2000	2.5%	2.5%	1.2%	3.9%	3.8%	2.4%	6.7%	6.6%	5.3%
2000-2006	1.5	1.6	1.0	0.2	0.5	0.5	2.6 (f)	2.4 (f)	2.9 (f)
1995-2006	1.9	2.0	1.1	1.8	2.0	1.4	4.6 (f)	4.5 (f)	4.1 (f)
2005-2006	1.9	1.9	1.0	3.5	2.4	2.0	n.a.	n.a.	n.a.
Projected									
2006-2013	1.4	1.7	0.8	2.0	2.3	1.3	4.5	5.1	4.0

Note: The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Denver, Douglas, and Jefferson counties.

n.a. = Not available.

(a) Historical data from U.S. Department of Commerce, Bureau of the Census, [www.census.gov](http://www.census.gov).

(b) Historical data from U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

(c) Historical data from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, [www.bea.gov](http://www.bea.gov). Expressed in current dollars.

(d) National Planning Association, Data Services, Inc., *Key Indicators of County Growth, 1970-2025*, 2006 edition, except as noted. Extrapolated by Jacobs Consultancy using the NPA growth rates for 2006 through 2013, except for per capita income, which is projected for 2005 through 2013.

(e) Colorado Division of Local Government, State Demography Office, *The Population Projections Program*, online database, <http://dola.colorado.gov>, as of June 2007. Per capita income is projected for 2005 through 2013.

(f) Represents the percent change through 2005.

growth in the Denver Metropolitan Area outpaced growth in the nation between 1995 and 2006 and is projected to increase an average of 1.4% per year between 2006 and 2013, slower than that in the State (an average of 1.7% per year) and faster than the national average (0.8% per year).

Between 1995 and 2006, nonagricultural employment in the Denver Metropolitan Area increased an average of 1.8% per year, with slower growth during the last 6 years, similar to the trends in population. Nonagricultural employment in Colorado and the nation increased an average of 2.0% and 1.4% per year, respectively, between 1995 and 2006.

Table 8 lists the 20 largest private employers in the Denver Metropolitan Area based on data compiled by Development Research Partners for March 2007.

Rank	Company	Description	Employment (a)
1	King Soopers Inc.	Grocery stores	10,700
2	Wal-Mart	General merchandise	10,000
3	Qwest Communications	Telecommunications	9,400
4	Lockheed Martin Corporation	Aerospace and defense-related	8,200
5	HealthONE	Health care	7,700
6	Safeway Inc.	Grocery stores	6,700
7	Exempla Healthcare	Health care	6,100
8	University of Denver	University	5,900
9	IBM Corporation	Computer systems	5,500
10	Centura Health	Health care	5,200
11	EchoStar Communications	Satellite television	5,000
12	United Airlines	Airline	5,000
13	Kaiser Permanente	Health care	4,800
14	Denver Health & Hospital Authority	Health care	4,500
15	Frontier Airlines	Airline	4,100
16	Ball Corporation	Aerospace, containers	3,800
17	Sun Microsystems	Information technology	3,800
18	Great-West Life & Annuity Insurance Co.	Insurance	3,800
19	University of Colorado Hospital	Health care	3,500
20	United Parcel Service	Parcel delivery	3,500

(a) Rounded to the nearest hundred.

Source: Compiled from various business lists and resources by Development Research Partners Inc., March 2007.

In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Figure 8 shows a comparison of unemployment rates for the Denver Metropolitan Area and the nation in 2000 through 2006.

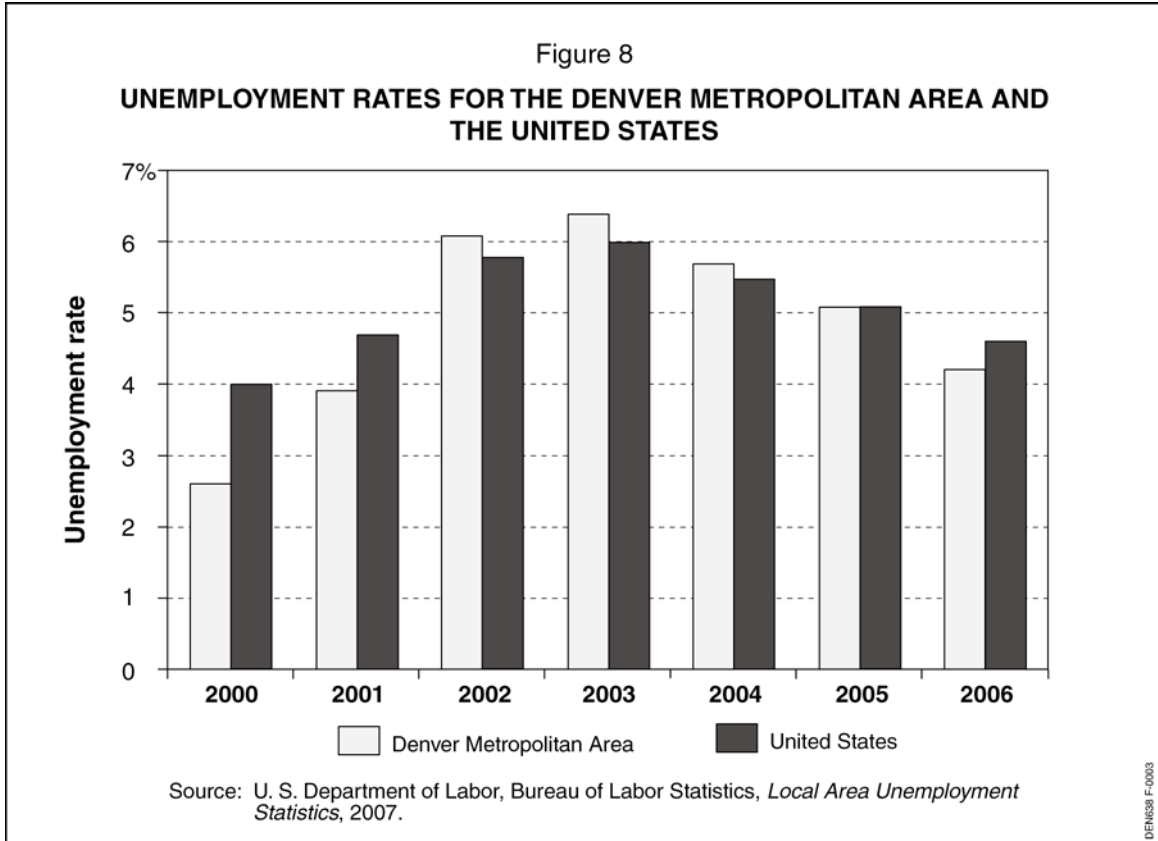
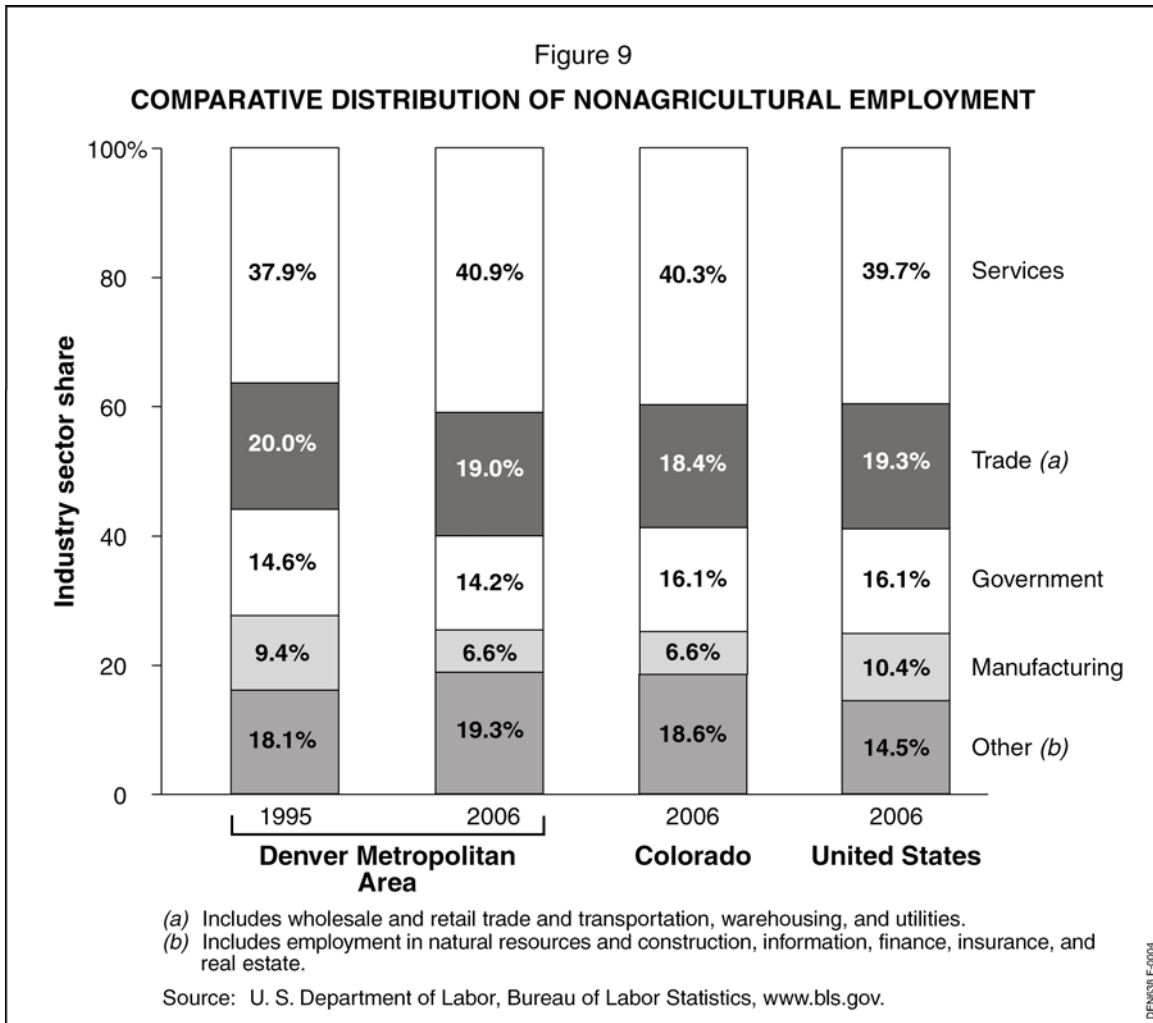
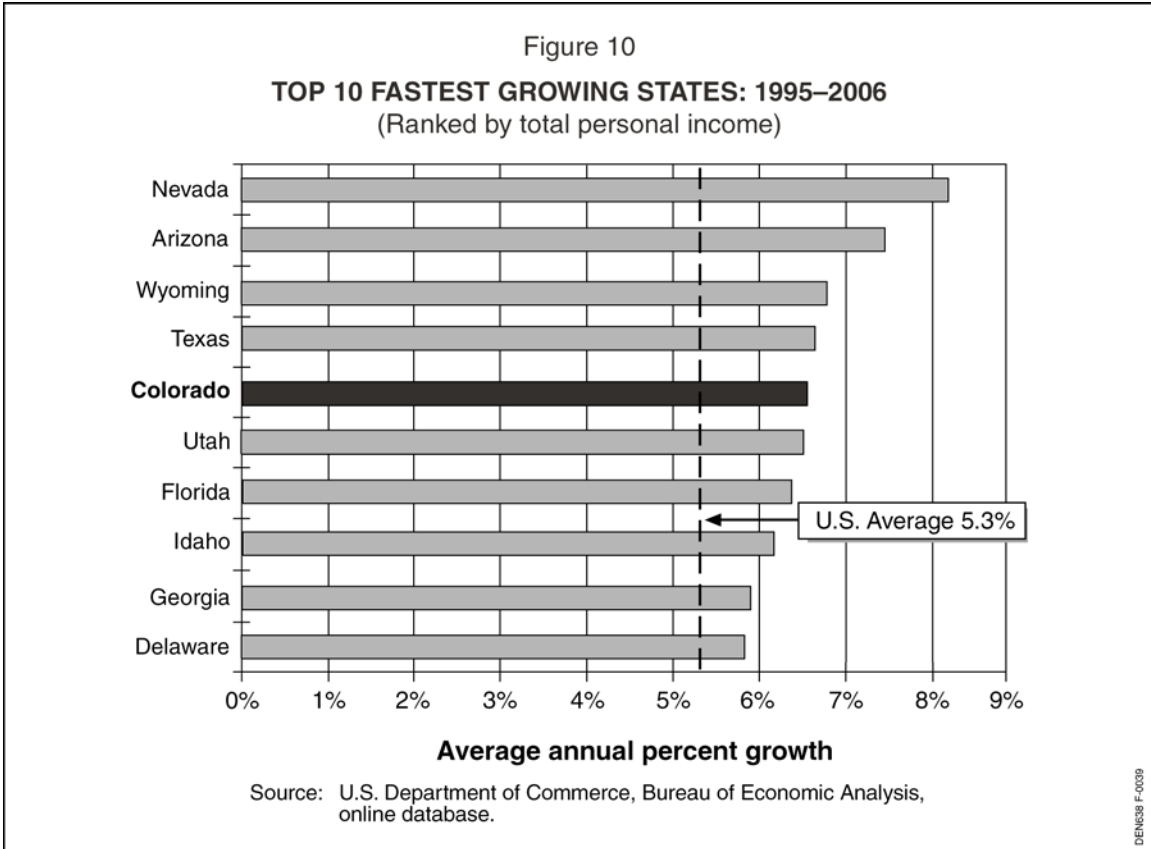


Figure 9 presents a comparison of historical nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and 2006, and for Colorado and the United States in 2006.



Both the Denver Metropolitan Area and Colorado have experienced strong growth in per capita income since 1995—average increases of 4.6% and 4.5%, respectively, between 1995 and 2006. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. According to the U.S. Department of Commerce, Bureau of Economic Analysis, the State of Colorado was the fifth fastest growing state in the nation in terms of total personal income between 1995 and 2006, as shown on Figure 10. Six of the eight Rocky Mountain region states rank in the top 10.



## Denver Industry Clusters

The Metro Denver Economic Development Corporation (EDC), in association with Development Research Partners, recently conducted a study of Denver’s primary industry clusters, i.e., geographic concentrations of interconnected companies and institutions in a particular field. To further diversify the economic base and grow the overall economy, the EDC identified nine active industry clusters key to the region’s economic strength. For purposes of this discussion, information technology for hardware and for software (two clusters) are combined. (Average salary data by industry cluster are presented for 2005, the most recent year for which such data are available.)

**Aerospace.** The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. According to the EDC, Colorado’s aerospace industry employed 54,000 workers in 2006, including 24,700 private employees and 29,300 military personnel, and accounts for the second strongest private aerospace employment concentration in the country. Total Colorado aerospace employment increased an average of 3.8% per year between 2001 and 2006, compared with a 2.0% per year increase nationally. Colorado is home to four military commands, six major space contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin, Ball Aerospace, Boeing, Raytheon, Northrop Grumman, and

ITT Industries, in addition to more than 300 aerospace companies and suppliers. About 71% of aerospace companies are located in the seven-county Denver Metropolitan Area, according to the EDC. The average salary for an aerospace worker in Colorado in 2005 was \$96,400 compared to the national average of \$77,700.

**Aviation.** The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services. According to the EDC, about 207 aviation companies were located in the Denver Metropolitan Area in 2006, most of which are involved with scheduled air transportation. Between 2001 and 2006, the aviation industry cluster in the Denver Metropolitan Area experienced an average decrease of 1.9% per year in employment, compared with an average decrease of 8.8% per year nationally, reflecting the effects of the 2001 terrorist attacks. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,200 workers directly employed by air transportation companies in the Denver Metropolitan Area. The 2005 average annual salary for aviation employees in the Denver Metropolitan Area was \$42,300 compared to the national average of \$45,300.

**Bioscience.** The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Denver Metropolitan Area has 4,700 biotechnology and pharmaceuticals workers plus 7,300 medical device and instrument production workers, for a total of more than 12,000 total direct bioscience workers. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the \$4.7 billion Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community.

After decreasing in 2002 and 2003, employment in pharmaceuticals and biotechnology increased in 2004 through 2006. From 2001 to 2006, pharmaceuticals and biotechnology employment in the Denver Metropolitan Area increased an average of 1.2% per year, compared with an average decrease of 2.4% per year nationally. About 79% of Colorado's pharmaceuticals and biotechnology industry is located in the Denver Metropolitan Area. In 2005, the average annual salary for a pharmaceuticals and biotechnology worker was \$81,000 in the Denver Metropolitan Area compared to the national average of \$87,300.

Employment in the Denver Metropolitan Area medical device and instruments sector has fluctuated between growth and decline, resulting in a slight 5-year average growth of 0.3% per year, compared with an average increase of 0.1% per year nationally. About 78% of Colorado's medical device and instruments industry is located in the Denver Metropolitan Area. The 2005 average annual salary for a

medical device and instruments worker was \$55,800 in the Denver Metropolitan Area compared to the national average of \$51,500.

**Energy.** The energy industry cluster in the Denver Metropolitan Area included about 22,900 employees in three energy sub-sectors in 2006: (1) fossil energy, (2) renewable energy, and (3) energy research. According to the EDC, the 1,019 companies in the fossil energy industry cluster directly employed 11,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,000 compared to the national average of \$71,200. Employment in fossil energy in the Denver Metropolitan Area declined an average of 3.2% per year between 2001 and 2006—reflecting the reorganization of local utility companies—compared to a 3.6% decline nationally. The 91 companies in the renewable energy industry cluster directly employed 5,600 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$42,000 compared to the national average of \$41,300. Denver Metropolitan Area employment in renewable energy declined an average of 3.1% per year between 2001 and 2006, compared a 4.0% decline nationally. Most companies in the renewable energy industry cluster are public organizations involved in air quality, water quality, and solid waste management. The 803 companies in the energy research sector directly employ 6,300 people in the Denver Metropolitan Area with an average annual 2005 salary of \$65,400 compared to the national average of \$61,200. Employment in the energy research sector in the Denver Metropolitan Area increased an average of 1.7% per year between 2001 and 2006, compared with a 0.1% increase nationally. The majority of energy research companies are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

**Financial Services.** The financial services industry cluster employed a total of 90,000 people in 2006 and is divided into three subsectors: (1) banking and finance, (2) investments, and (3) insurance. The 3,474 companies in the banking and finance sector directly employed 41,000 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$56,500 compared to the national average of \$54,900. Banking and finance employment in the Denver the Denver Metropolitan Area increased an average of 3.8% from 2001 to 2006, compared with an average decrease of 0.9% per year nationally. The 2,815 companies in the investments sector directly employed 22,900 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$112,700 compared to the national average of \$151,800. Denver Metropolitan Area employment in the investments sector increased an average of 0.9% between 2001 and 2006, compared with a 1.2% per year decline nationally. The insurance industry sector directly employed 26,300 people in the Denver Metropolitan Area, with an average annual 2005 salary of \$67,200 compared with the national average of \$68,700. Insurance employment in the Denver Metropolitan Area decreased an average of 0.2% per year between 2001 and 2006, compared with a 4.0% per year decline nationally.

**Information Technology (Hardware and Software).** As mentioned earlier, there are two information technology industry clusters: hardware and software. The 288 companies in the hardware industry cluster directly employed 9,700 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$74,500 compared with \$63,700 nationally. According to the EDC, hardware manufacturing companies continue to relocate overseas, resulting in several consecutive years of employment decline. As a result, employment in the hardware industry cluster in the Denver Metropolitan Area decreased an average of 8.5% per year from 2001 to 2006, compared with a 7.1% per year decrease nationally. The 3,434 companies in the software cluster directly employed 44,100 people in the Denver Metropolitan Area in 2006, with an average annual 2005 salary of \$82,300 compared with \$79,100 nationally. After decreasing each year following the dot-com downturn (representing an average decrease of 19.8% per year between 2001 and 2006), software employment in the Denver Metropolitan Area increased in 2006.

**Beverage Production.** With 5,500 employees involved in the production of beer and other beverages, the Denver Metropolitan Area has the fourth highest beverage industry employment concentration out of the 50 largest metropolitan areas, according to the EDC. The 2005 average annual salary for beverage production employees in the Denver Metropolitan Area was \$70,400, compared with \$46,100 nationally. Employment in the beverage production industry cluster declined an average of 2.9% per year in the Denver Metropolitan Area from 2001 to 2006, compared with a 1.3% average annual increase nationally. Major beverage production companies in the Denver Metropolitan Area include Molson Coors Brewing Company, Allegro Coffee Company, Celestial Seasonings, and IZZE Beverage Company, among others.

**Broadcasting and Telecommunications.** The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2006, this industry cluster directly employed 43,400 people in the Denver Metropolitan Area, with an average annual salary of \$77,100 compared with \$65,200 nationally. According to the EDC, the telecommunications industry has declined since the dot-com downturn in 2000 and 2001. Employment in the broadcasting and telecommunications industry cluster in the Denver Metropolitan Area declined 5.7% per year from 2001 to 2006, compared with an average decrease of 6.0% per year nationally. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.



## Visitors to Denver

Since 1991, the Denver Metro Convention and Visitors Bureau has commissioned an annual in-depth study of the Denver tourism market. This study has been prepared each year by Longwoods International, a research firm that studies North American travel patterns, and coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the Longwoods International study include:

- In 2006, slightly more than half (54%) of Denver's leisure visitors came from the West, consisting of the Mountain, West North Central, and West South Central census divisions. The Northeast contributed 6% of all visitors to Denver in 2006, down from 11% in 2005. Colorado in-state travel to Denver decreased from 15% in 2004 and 13% in 2005 to 12% in 2006.
- Eight out of ten Denver vacationers traveled 500 miles or more, twice the national average. As a result, Denver visitors plan their trips further in advance than most visitors do, and are more likely to fly.
- The number of people combining business and leisure trips increased substantially between 2004 and 2006. One out of three business travelers combined a leisure component on trips in 2006, an increase over the 22% in 2004 and the 31% in 2005 that combined business and leisure.

Table 9 presents a summary of the trends in visitor activity to the Denver Metropolitan Area in 1995 and 2000 through 2006, based on the Longwoods International study as well as the number of conventions and delegates reported by the Denver Metro Convention and Visitors Bureau.

**Business Travel.** In 2006, visitors traveling to Denver on business accounted for 22% of all overnight trips compared with 13% traveling to the State of Colorado, according to the Longwoods International study. Business travelers spent the largest amounts, generating \$96 per person per day, followed by "marketable" leisure visitors,\* who generated \$93 per person per day. Visitors staying with friends and relatives accounted for only \$43 per person per day.

The recent expansion of the Colorado Convention Center has resulted in significant growth in convention activity in Denver. From 2005 to 2006, following the opening of two new hotels, the number of convention delegates increased 17.4%.

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\*Visitors who are not visiting friends or relatives and would, therefore, travel to any destination, but chose to visit Denver.

Table 9  
**VISITOR ACTIVITY**  
 Denver Metropolitan Area

Year	Overnight trips to Denver (millions)			Denver conventions	
	Leisure	Business	Total	Number	Delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
Average annual increase (decrease)					
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2006	4.7	(0.6)	3.4	6.8	3.6
1995-2006	5.2	2.9	4.6	5.0	4.5
2005-2006	15.2	4.0	12.5	37.5	17.4

Source: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted and Denver Metro Convention and Visitors Bureau records.

**Leisure Travel.** Leisure visitors traveling to Denver accounted for most of the overnight trips (78%) and drove the growth trend in overall visitors. From 2005 to 2006, the number of leisure visitors increased 15.2%, reflecting, in part, the availability of new low-fare airline service at the Airport.

Colorado remained the country's top ski destination in 2006, with 23.1% of national overnight ski trips (up from 18.5% in 2005), with the next largest shares accounted for by California (16.1%) and Vermont (6.6%).

## Economic Outlook

As discussed earlier, the economy of the Denver Metropolitan Area, similar to the State and much of the United States, experienced a slowdown between 2000 and 2003. Local economists view the Denver region's economic growth in 2005 and 2006 as the beginning of a positive economic growth trend.

- **Population**—The Colorado Division of Local Government projects that the Denver region's population will increase 1.4% per year between 2006 and 2013, compared to 1.7% per year in the State and, as projected by the National Planning Association, 0.8% per year in the United States as a whole. The Denver Regional Council of Governments projects similar population growth for the Denver Metropolitan Area through 2013—an average increase of 1.5% per year.
- **Nonagricultural employment**—The Colorado Division of Local Government projects that the Denver region's nonagricultural employment will increase 2.0% per year between 2006 and 2013, compared to 2.3% per year in the State and, as projected by the National Planning Association, 1.3% per year in the nation.
- **Per capita income**—The Colorado Division of Local Government projects that per capita income in the Denver region will grow 4.5% per year between 2005 and 2013, compared to 5.1% per year in the State and 4.0% in the United States as a whole between 2005 and 2013.

Economic analysts at the Metro Denver Economic Development Corporation and Development Research Partners project that employment should remain on an upward trend in the region. The EDC's short-term outlook for the Denver Metropolitan Area is for employment growth in all industry sectors (except Information), a strong commercial real estate market, heightened tourism and convention activity, income growth, and increased net migration.\*

Factors expected to contribute to continued economic growth in the Denver Metropolitan Area and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Denver industry clusters described earlier, (3) continued growth of the leisure and hospitality industry, (4) generally lower labor and living costs compared to those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

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\*Metro Denver Economic Development Corporation and Development Research Partners, *2007 Economic Forecast for Metro Denver*, January 25, 2007.

## PASSENGER DEMAND COMPONENTS

The primary components of passenger demand include (1) the airline service and passenger shares at the Airport, (2) the originating passenger base, and (3) connecting passenger activity and trends.

### Airline Passenger Service and Market Shares

**Airline Service.** Table 10 lists the passenger airlines scheduled to provide service at the Airport in August 2007. In addition, several all-cargo airlines, including ABX Air, Air Transport International, Ameriflight, Antonov Airlines, DHL, FedEx, Key Lime Air, Kitty Hawk Air Cargo, and UPS Air Cargo provide service at the Airport.

Table 10  
**SCHEDULED PASSENGER AIRLINES SERVING DENVER**  
August 2007

<i>Major/national</i>	<i>Regional/commuter</i>
AirTran Airways	Big Sky Airlines
Alaska Airlines	Comair (Delta Connection)
American Airlines	ExpressJet (Continental Express)
Continental Airlines	GoJet Airlines (United Express)
Delta Air Lines	Great Lakes Aviation
Frontier Airlines	Horizon Air (Alaska Airlines and Frontier JetExpress)
JetBlue Airways	Mesa Airlines (US Airways Express and United Express)
Midwest Airlines	Pinnacle Airlines (Northwest AirlinK)
Northwest Airlines	Republic Airlines (Frontier JetExpress)
Southwest Airlines	Shuttle America (United Express)
United Airlines	SkyWest Airlines (Delta Connection and United Express)
United/Ted	Trans States Airlines (American Connection and United Express)
US Airways	
<i>Charter</i>	<i>Foreign-flag</i>
Allegiant Air	Aeromexico
Casino Express Airlines	Air Canada
Champion Air	British Airways
Miami Air International	Lufthansa German Airlines
Sun Country Airlines	Mexicana de Aviacion

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Source: Airport management records.

**Enplaned Passenger Market Shares.** The market shares for the passenger airlines serving the Airport are shown on Figure 11 and in Table 11. During the first 3 months of 2007, the United Airlines Group had the largest market share of enplaned passengers (56.0%) at the Airport, followed by Frontier and its regional/commuter airline affiliate Frontier JetExpress (20.2%), Southwest (4.8%), and American (4.1%).

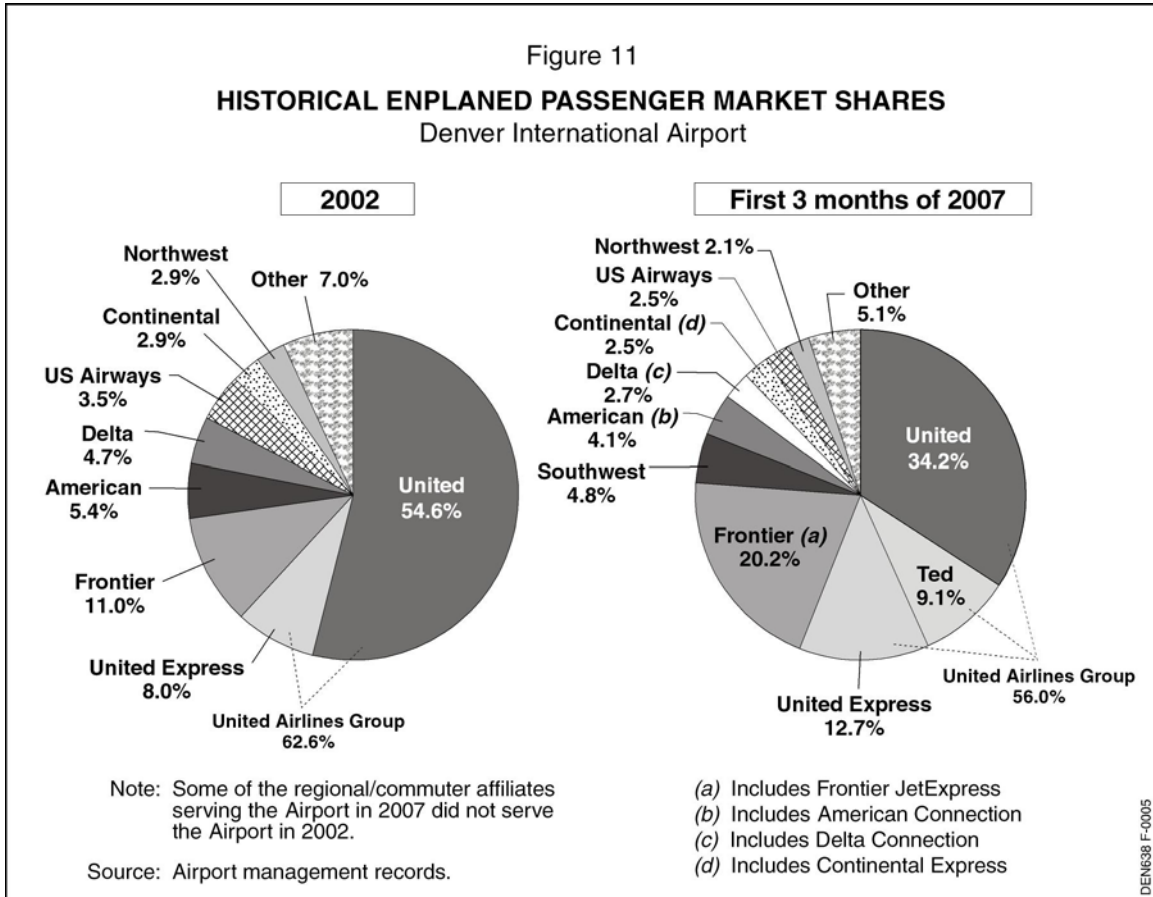


Table 11  
**HISTORICAL ENPLANED PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	9,731,974	9,574,689	8,802,367	7,774,627	8,364,574	1,994,194
Ted (a)	--	--	1,339,764	1,689,891	2,011,441	530,550
United Express (b)	<u>1,430,504</u>	<u>1,720,720</u>	<u>2,336,735</u>	<u>2,776,020</u>	<u>2,971,301</u>	<u>740,384</u>
	11,162,478	11,295,409	12,478,866	12,240,538	13,347,316	3,265,128
Frontier (c)	1,959,761	2,729,240	3,520,991	4,217,059	4,904,231	1,181,303
Southwest (d)	--	--	--	--	789,637	281,345
American (e)	968,895	885,771	795,882	886,533	973,233	240,290
Delta (e)	831,380	788,924	879,754	806,437	663,890	159,758
Continental (e)	524,913	517,149	505,784	534,696	553,301	142,920
US Airways (e, f)	634,877	716,813	797,093	821,455	654,457	143,613
Northwest	524,870	517,022	604,827	615,479	488,406	122,940
Other	<u>1,222,390</u>	<u>1,310,607</u>	<u>1,560,884</u>	<u>1,579,778</u>	<u>1,290,841</u>	<u>295,588</u>
	<u>6,667,086</u>	<u>7,465,526</u>	<u>8,665,215</u>	<u>9,461,437</u>	<u>10,317,996</u>	<u>2,567,757</u>
Total	17,829,564	18,760,935	21,144,081	21,701,975	23,665,312	5,832,885
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	54.6%	51.0%	41.6%	35.8%	35.3%	34.2%
Ted (a)	--	--	6.3	7.8	8.5	9.1
United Express (b)	<u>8.0</u>	<u>9.2</u>	<u>11.1</u>	<u>12.8</u>	<u>12.6</u>	<u>12.7</u>
	62.6%	60.2%	59.0%	56.4%	56.4%	56.0%
Frontier (c)	10.9%	14.5%	16.7%	19.4%	20.7%	20.2%
Southwest (d)	--	--	--	--	3.3	4.8
American (e)	5.4	4.7	3.8	4.1	4.1	4.1
Delta (e)	4.7	4.2	4.2	3.7	2.8	2.7
Continental (e)	2.9	2.8	2.4	2.5	2.3	2.5
US Airways (e, f)	3.5	3.9	3.8	3.8	2.8	2.5
Northwest	2.9	2.8	2.8	2.8	2.1	2.1
Other	<u>7.1</u>	<u>6.9</u>	<u>7.3</u>	<u>7.3</u>	<u>5.5</u>	<u>5.1</u>
	<u>37.4%</u>	<u>39.8%</u>	<u>41.0%</u>	<u>43.6%</u>	<u>43.6%</u>	<u>44.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2006; SkyWest Airlines from 2002 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers on the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

Consistent with its market share of enplaned passengers, United Airlines Group provides the most scheduled departing seats at the Airport and serves more destinations from the Airport than any other airline, including all of the top 20 origin-destination markets (additional information on these markets is shown later in Table 15). United Airlines is scheduled to provide more than twice as many scheduled departing seats as the second busiest airline serving the Airport, Frontier Airlines, in August 2007.

The share of Airport passengers enplaned by the United Airlines Group decreased from 62.6% in 2002 to 56.4% in 2006, primarily as a result of increased competition from other airlines serving the Airport, in particular Frontier Airlines, which serves the second largest number of destinations, including 19 of the Airport's top 20 origin-destination markets. Frontier Airlines increased its market share of Airport enplaned passengers from 10.9% in 2002 to 20.7% in 2006.

Southwest Airlines initiated service at the Airport in January 2006, and enplaned 4.8% of total Airport enplaned passengers in the first 3 months of 2007, up from 3.3% in 2006. In 2006, the United Airlines Group maintained its 2005 market share of enplaned passengers and Frontier Airlines (including Frontier JetExpress) increased its enplaned passenger market share, likely as a result of their competitive response to the new low-fare service offered by Southwest Airlines. Conversely, certain airlines, including Delta Air Lines, Northwest Airlines, and US Airways, had lower enplaned passenger market shares in 2006 compared with 2005, likely as a result of increased competition from other airlines.

Another significant trend at the Airport since 2002 has been the increased enplaned passenger market shares of the regional/commuter airlines. The combined market share of enplaned passengers for United Express and Frontier JetExpress (which initiated service in 2002) increased from 8.5% in 2002 to 14.6% in 2006. Since 1997, United Express has increased service at the Airport to replace United Airlines' service in certain smaller markets and to accommodate general increases in airline travel. According to Official Airline Guides, Inc., in August 2007, United will have marketing and code-sharing agreements with GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines, and Trans States Airlines, which operate at the Airport as United Express. Frontier Airlines uses Frontier JetExpress, operated by Horizon Air and Republic Airlines, to serve certain cities from the Airport.

Table 12  
**HISTORICAL ORIGINATING PASSENGERS BY AIRLINE**  
 Denver International Airport  
 2002 - first 3 months of 2007

	2002	2003	2004	2005	2006	First 3 months 2007
United Airlines Group						
United	3,600,830	3,542,634	3,415,506	3,349,934	3,613,737	925,469
Ted (a)	--	--	535,420	801,896	965,617	253,613
United Express (b)	<u>306,200</u>	<u>449,169</u>	<u>538,639</u>	<u>679,006</u>	<u>881,718</u>	<u>227,560</u>
	3,907,030	3,991,803	4,489,565	4,830,836	5,461,072	1,406,652
Frontier (c)	1,259,053	1,799,766	2,090,471	2,277,628	2,785,288	755,060
Southwest (d)	--	--	--	--	773,348	266,157
American (e)	968,278	882,078	795,882	886,533	973,233	240,290
Delta (e)	790,282	752,484	840,190	769,517	635,336	150,996
Continental (e)	515,153	505,450	495,376	524,207	537,394	137,551
US Airways (e, f)	634,877	709,741	789,463	769,854	617,333	135,994
Northwest (e)	524,870	517,022	604,827	624,114	488,406	122,940
Other	<u>1,044,735</u>	<u>1,107,126</u>	<u>1,289,442</u>	<u>1,301,133</u>	<u>977,876</u>	<u>221,926</u>
	<u>5,737,248</u>	<u>6,273,667</u>	<u>6,905,651</u>	<u>7,152,986</u>	<u>7,788,214</u>	<u>2,030,914</u>
Total	9,644,278	10,265,470	11,395,216	11,983,822	13,249,286	3,437,556
Percent of total						
	2002	2003	2004	2005	2006	First 3 months 2007
United	37.3%	34.5%	30.0%	28.0%	27.3%	26.9%
Ted (a)	--	--	4.7	6.7	7.3	7.4
United Express (b)	<u>3.2</u>	<u>4.4</u>	<u>4.7</u>	<u>5.7</u>	<u>6.6</u>	<u>6.6</u>
	40.5%	38.9%	39.4%	40.4%	41.2%	40.9%
Frontier (c)	13.1%	17.5%	18.3%	19.0%	21.0%	22.1%
Southwest (d)	--	--	--	--	5.8	7.7
American (e)	10.0	8.6	7.0	7.4	7.3	7.0
Delta (e)	8.2	7.3	7.4	6.4	4.8	4.4
Continental (e)	5.3	4.9	4.3	4.4	4.1	4.0
US Airways (e, f)	6.6	6.9	7.0	6.4	4.7	3.9
Northwest (e)	5.4	5.0	5.3	5.2	3.7	3.6
Other	<u>10.8</u>	<u>10.8</u>	<u>11.3</u>	<u>10.8</u>	<u>7.4</u>	<u>6.4</u>
	<u>59.5%</u>	<u>61.1%</u>	<u>60.6%</u>	<u>59.6%</u>	<u>58.8%</u>	<u>59.1%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (a) Ted is a low-fare unit of United, which initiated service at the Airport on February 12, 2004.
- (b) Includes Mesa Airlines from 2003 through 2007; Great Lakes Aviation in January 2002; Air Wisconsin through 2007; SkyWest Airlines from 2000 through 2007; and Chautauqua Airlines, GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2007.
- (c) Includes Frontier JetExpress beginning in 2002.
- (d) Initiated service at the Airport in January 2006.
- (e) Includes the enplaned passengers of the airline's commuter affiliates.
- (f) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.



**Originating Passenger Market Shares.** Originating passengers account for more than half of all passengers enplaned at the Airport. The level of originating passengers is a function of the population, strong local economy, and the service provided by the airlines at the Airport. Since 2002, the United Airlines Group has accounted for approximately 40% of all originating passengers, with increasing shares by Ted and the United Express carriers, as shown in Table 12. The large numbers of originating passengers enplaned by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

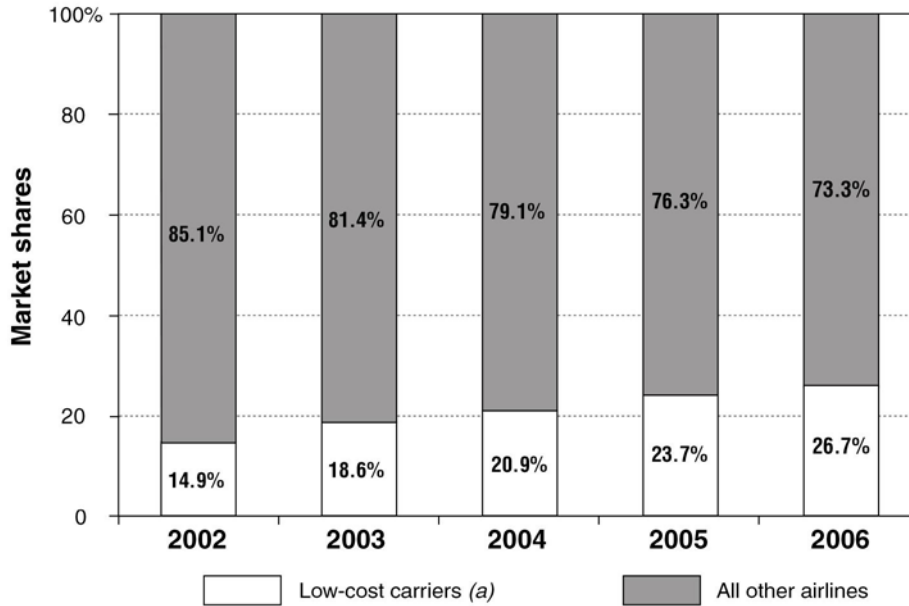
Frontier's share of originating passengers has increased since 2002 with the continued development of its service at the Airport. From 2002 to 2006, Frontier's numbers of originating passengers more than doubled, while its share of originating passengers increased from 13.1% to 21.0%.

**Low-Cost Carrier Market Shares.** A major trend at the Airport since 2001 has been the increased enplaned passenger market share of the low-cost carriers. As shown on Figure 12, the share of passengers enplaned by low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% in 2006. Frontier increased its share of enplaned passengers at the Airport from 10.9% in 2002 to 20.7% in 2006. This trend is similar to the national trend: the national market share of the low-cost carriers increased from 24% in 2002 to 27% in 2006 according to the U.S. Department of Transportation (DOT) T-100 database.

Although the U.S. DOT does not classify Ted as a low-cost carrier, it is marketed by United Airlines as a "low-fare" airline. Adding the market share of enplaned passengers on Ted to the market share of the low-cost carriers shown on Figure 12 would result in a low-cost/low-fare airline market share of about 35.2% in 2006.

Figure 12

**LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS**  
Denver International Airport



(a) Low-cost carriers include:

AirTran Airways

America West Airlines (b)

America West Express (b)

ATA Airlines (terminated service Jan. 2006)

Frontier Airlines

Frontier JetExpress

JetBlue Airways (initiated service January 2001)

Southwest Airlines (initiated service January 2006)

Spirit Airlines (operated between 2002 and 2004)

Vanguard Airlines (terminated service July 2002)

(b) In September 2005, America West Airlines and America West Express merged with US Airways. Data for America West Airlines and America West Express are reported separately from US Airways data and these airlines are considered to be low-cost carriers. Enplaned passengers on US Airways who did not fly on America West Airlines or America West Express are not included in the results shown above.

Source: Airport management records.

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## Enplaned Passengers

Table 13 summarizes historical enplaned passenger data for the Airport\* organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.9% per year between 1995 and 2006, and increased 4.7% during the first 3 months of 2007 compared with the same period of 2006. The number of originating and connecting passengers increased an average of 3.4% and 4.5%, respectively, between 1995 and 2006. In the first 3 months of 2007, the number of originating passengers increased 7.3% and the number of connecting passengers increased 1.3% compared with the same period of 2006.

\*Includes activity for Stapleton in January and February 1995.

Table 13  
**HISTORICAL ENPLANED PASSENGERS**  
 Denver Airport System

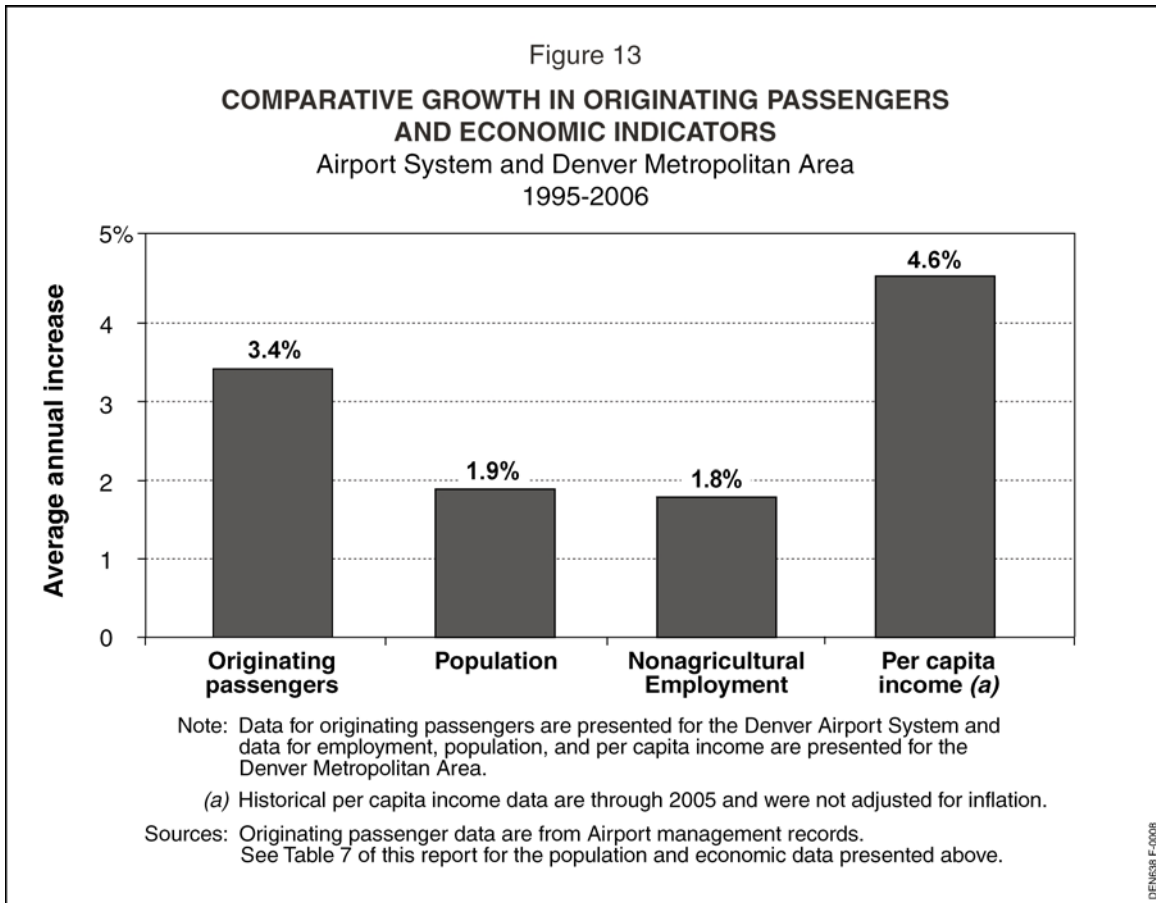
Year	Enplaned passengers			Annual percentage increase (decrease)	Originating passenger share of total
	Originating	Connecting	Total		
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	4.4	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
January – March					
2006	3,203,934	2,365,532	5,569,466	--	57.5
2007	3,437,556	2,395,329	5,832,885	4.7	58.9
Average annual increase					
1995-2000	3.7%	5.5%	4.4%		
2000-2006	3.2	3.6	3.4		
1995-2006	3.4	4.4	3.9		
January – March					
2006-2007	7.3	1.3	4.7		

Source: Airport management records.

### Originating Passengers

The increase in the number of originating passengers\* at the Airport since 1995 has largely resulted from overall population, employment, and income growth in the Denver Metropolitan Area, as discussed in the earlier section “Economic Basis for Passenger Demand.” Figure 13 presents the average annual increase in originating passengers at the Airport compared with the average annual increases in the population, nonagricultural employment, and per capita income in the Denver Metropolitan Area from 1995 through 2006 (per capita income through 2005). Between 1995 and 2006, the number of originating passengers increased an average of 3.4% per year—a higher rate than the average increase in population and

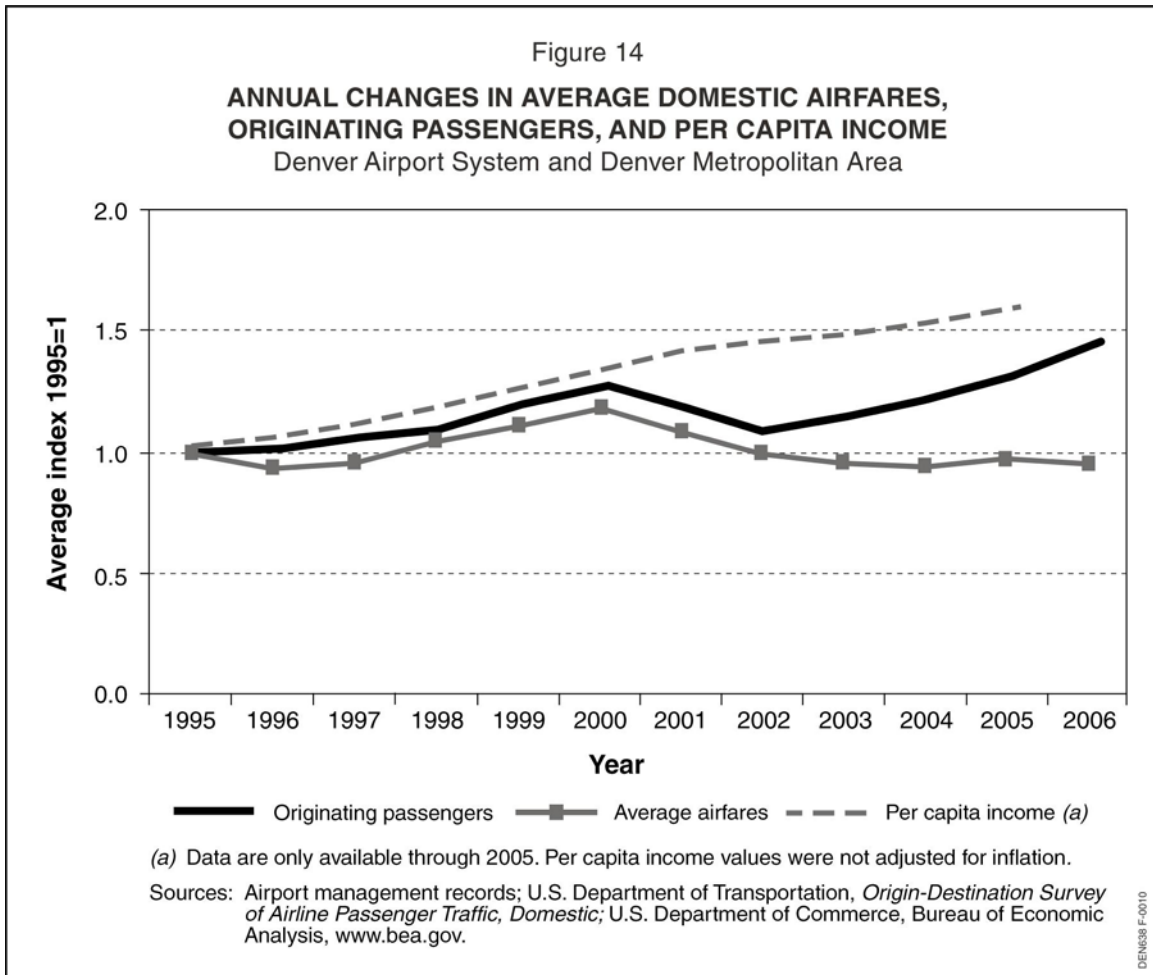
\*Originating passengers, which include residents and visitors, are those enplaned passengers whose flights originate at the Airport, and who are not connecting from another flight.



nonagricultural employment, 1.9% and 1.8%, respectively. The number of originating passengers increased an average of 8.9% per year between 2003 and 2006, which was significantly higher than the average annual increase in the number of originating passengers at the Airport between 1995 and 2006 (3.4%), as a result of, but not solely attributable to, lower airfares.

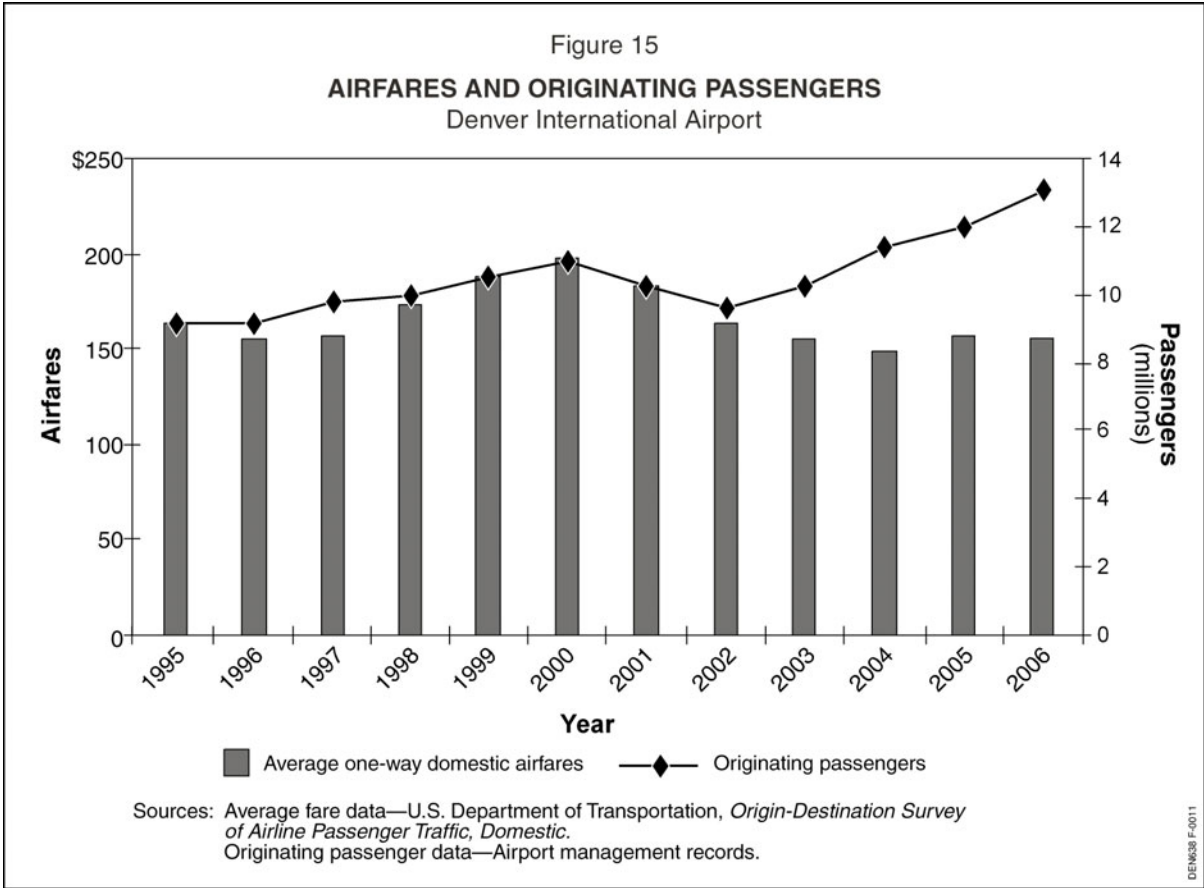
**Relationship between Originating Passengers, Airfares, and Per Capita Income.** Figure 14 shows the relationship between changes in the number of originating passengers, average domestic airfares, and per capita income between 1995 and 2006, using an index where 1995 equals 1.0 for all data. All dollar amounts in this report, such as per capita income and airfares, are in nominal values and were not adjusted for inflation. Observations on the relationships between originating passengers, airfares, and per capita income are provided below.

1. Between 1995 and 2000, the number of originating passengers increased in response to strong economic growth reflected in increasing per capita income, notwithstanding increases in average airfares.

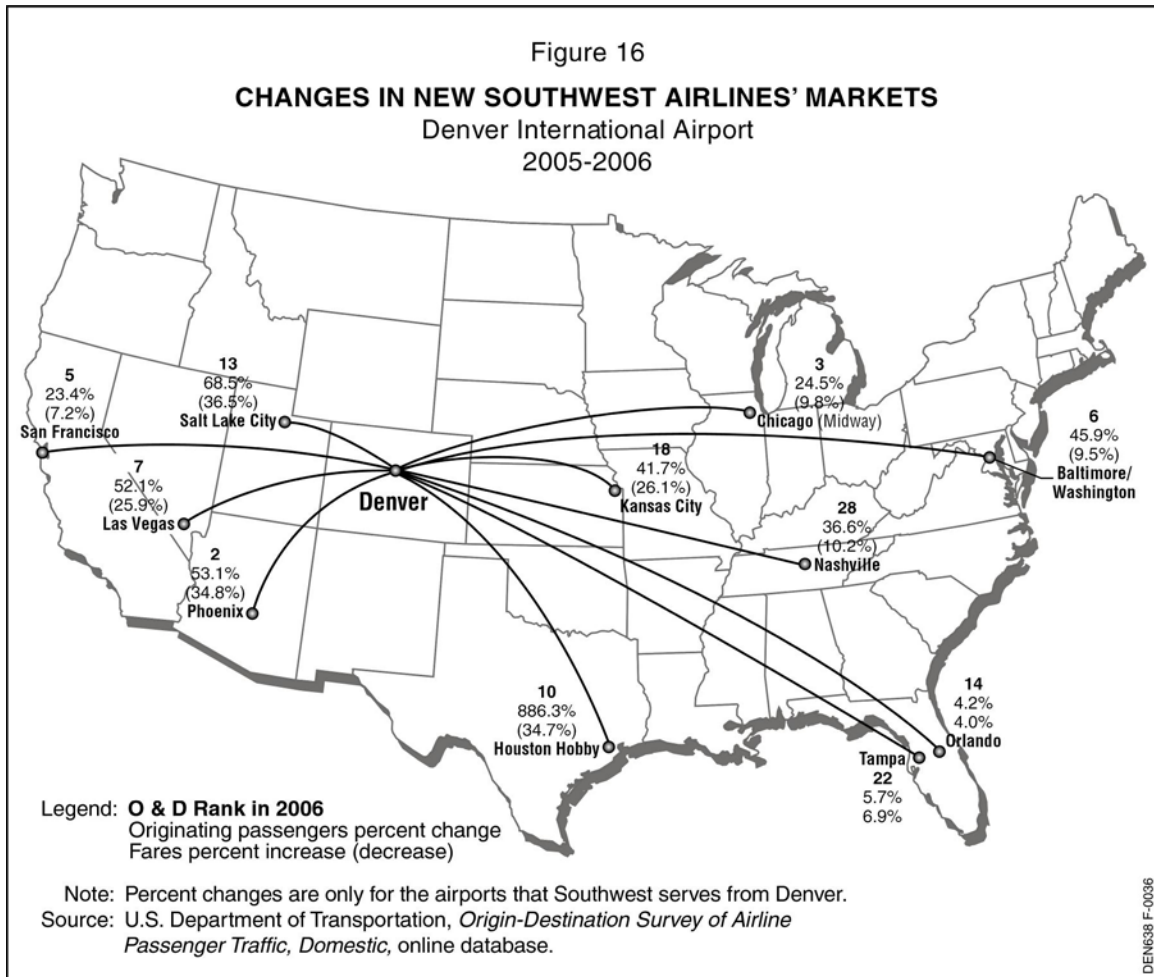


2. Between 2000 and 2002, the numbers of originating passengers decreased in response to the September 2001 terrorist attacks and slower economic growth, while per capita income levels moderated and average airfares decreased.
3. From 2002 to 2006, originating passenger traffic growth resumed, likely the result of the resumption of airline travel following the terrorist attacks in 2001, continued increases in per capita income, albeit at a slower rate, and slight decreases in average airfares.

**Airline Fares and Originating Passengers.** Figure 15 provides a specific comparison of changes in average domestic airfares and numbers of originating passengers at the Airport in 1995 through 2006. As stated earlier, the market share of the low-cost carriers at the Airport increased from 14.9% in 2002 to 26.7% (excluding Ted) in 2006, which is one reason for the decrease in airfares at the Airport over that period. In 2005, airline fares at the Airport increased slightly in response to the rising cost of jet fuel. This was followed by another slight decrease in 2006.



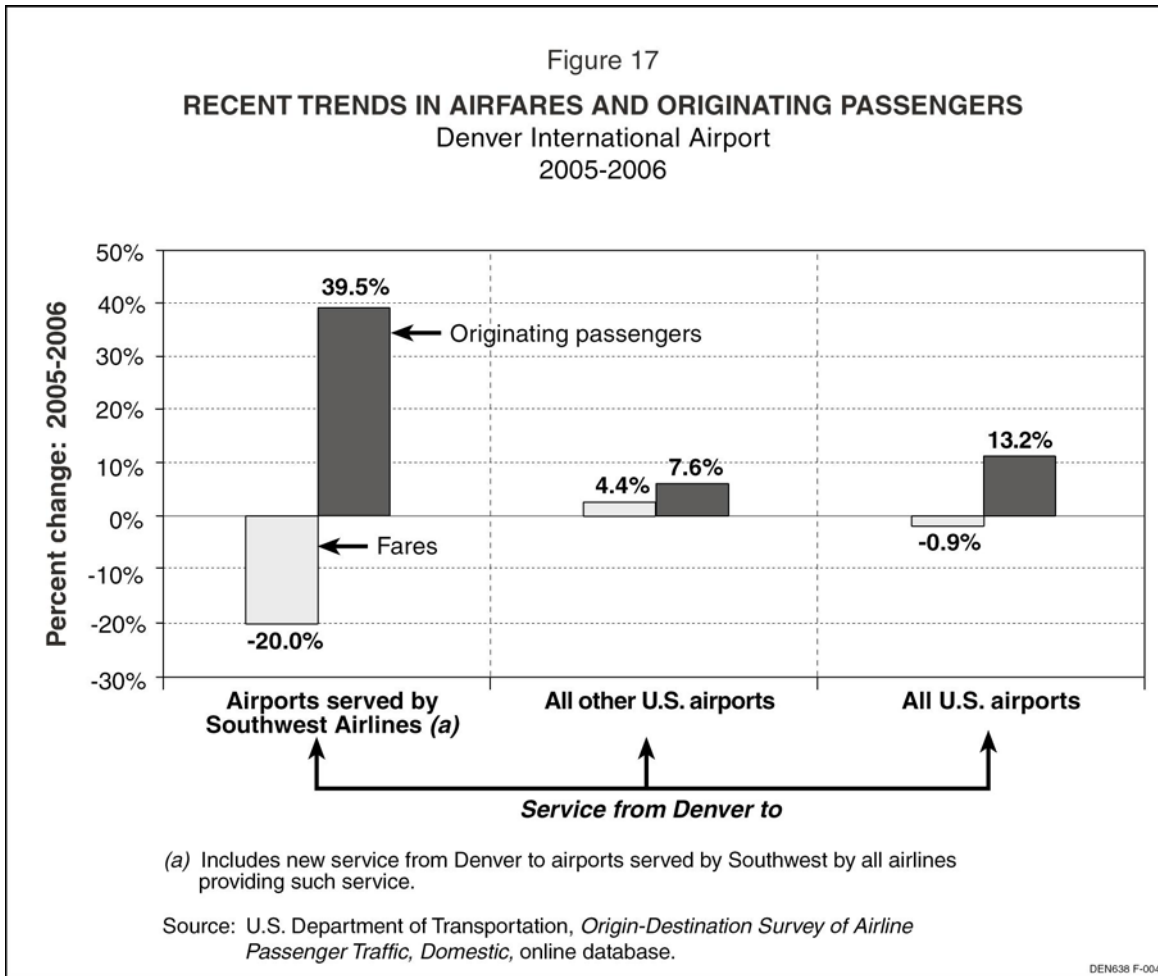
**Southwest Service at Denver.** From 1983 to 1986, Southwest served Stapleton with flights to Albuquerque and Phoenix. In January 2006, 20 years later, Southwest re-established service in Denver, with 13 daily departures from the Airport to 3 cities—Chicago (Midway), Las Vegas, and Phoenix. Since then, Southwest has added nonstop service to 8 additional destinations, for a total of 11 cities served from Denver in June 2007. As shown on Figure 16, the central geographical location of Denver provides Southwest with point-to-point access to all of the 63 airports it serves.



Since Southwest initiated service at the Airport, the number of originating passengers from Denver to the airports served by Southwest has increased 39.5%, as shown on Figure 17. During the first year of Southwest service at Denver, the change in originating passengers at individual airports varied depending on the characteristics of the market served (business or leisure) and the level of competition and service. For example, during the first year of Southwest service, the largest increase in originating passengers from Denver was to Houston (Hobby)—the 10th largest origin-destination (O&D) market (an increase of 886.3%). Prior to the initiation of Southwest service, nonstop service to Houston was provided only to Bush Intercontinental Airport/Houston, where the airfares were significantly higher before Southwest service was initiated in Denver. In contrast, originating passenger traffic from Denver to two predominantly leisure markets—Orlando and Tampa—increased 4.2% and 5.7%, respectively, following the initiation of service at the Airport by Southwest, notwithstanding increases in fares in both markets.

As shown on Figure 17, the initiation of service at the Airport by Southwest in January 2006 had affected fares and numbers of originating passengers at the Airport. The data presented in Figure 17 are from the U.S. Department of Transportation Origin-Destination Survey, a 10% sample of all tickets issued on

scheduled U.S. airlines, and are the only available data on fares and originating passengers by city-pair market. It is important to note that the percent differences in originating passengers on Figure 17 differ from those presented earlier in Table 13, which are based on Airport management records. Between 2005 and 2006, the number of originating passengers from Denver to Southwest airports increased 39.5%, in response to a 20.0% decrease in airfares.



Originating passenger traffic from Denver to all other U.S. airports (not served by Southwest) also increased—by 7.6%—despite a 4.4% increase in fares to those markets; again, this growth reflects the strength of the local economy. According to U.S. DOT data, the number of originating passengers from Denver to all U.S. airports increased 13.2% in 2006, partly in response to an overall decrease of 0.9% in total airline fares, but in large part due to the continued strong economic growth in the Denver Metropolitan Area.



**Origin-Destination Passenger Markets.** Table 14 presents the Airport's top 20 domestic origin-destination passenger markets in 2006. Table 14 also shows the number of average daily nonstop enplaned seats from the Airport to each of the top markets scheduled for August 2007. Of the 85,537 scheduled daily nonstop seats from the Airport, 65.5% are to the top 20 markets listed. U.S. mainland airports scheduled to be served nonstop from the Airport in August 2007 are shown on Figure 18. The Airport serves both (1) a significant number of regional destinations, indicating that it is a successful regional hub serving markets that have strong ties to the Denver Metropolitan Area, and (2) a significant number of major national markets.

**Airline Service to Originating Passenger Markets.** Table 15 presents the percentage shares of average daily scheduled departing seats to the Airport's top 20 origin-destination markets and to all other cities. Given the range in the size of aircraft operating at the Airport, the number of scheduled departing seats is more representative of airline service than the number of scheduled airline aircraft departures.

Frontier serves 19 of the top 20 origin-destination markets (the United Airlines Group serves all 20), with Frontier's largest shares of seats to San Diego, Kansas City, and Salt Lake City (non-United hubs) and the smallest shares to Washington, D.C. (a United hub), New York, and Houston (a Continental Airlines hub). Frontier's route strategy includes the addition of flights to new markets that the airline believes are underserved in Colorado and elsewhere in the Rocky Mountain region with the expansion of its JetExpress operation and the anticipated addition of the Bombardier Q400 turboprop aircraft through its Lynx Aviation subsidiary\*. In 2007, Frontier added service to two new markets not served by any other carrier from Denver—Baton Rouge and Jacksonville. The addition of new markets served by Frontier from Denver is expected to contribute to the airline's traffic growth and to overall growth in numbers of enplaned passengers at the Airport.

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\*Frontier Airlines, Form 10-K, March 31, 2007.

Table 14

**TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE**Denver International Airport  
2006, except as noted

Rank	Origin-destination market	Air miles from Denver	Percent of originating airline passengers	Average scheduled daily nonstop enplaned seats August 2007
1	Los Angeles (a)	862	6.8%	5,506
2	Phoenix	602	5.3	3,291
3	Chicago (b)	888	5.2	4,543
4	New York (c)	1,605	4.9	2,926
5	San Francisco (d)	967	4.8	5,019
6	Washington D.C. (e)	1,452	4.7	3,329
7	Las Vegas	629	4.6	3,178
8	Dallas-Fort Worth (f)	641	3.1	3,340
9	Minneapolis-St. Paul	680	2.8	2,371
10	Houston (g)	861	2.6	2,434
11	Seattle-Tacoma	1,024	2.6	2,397
12	Atlanta	1,199	2.5	2,700
13	Salt Lake City	391	2.3	2,281
14	Orlando	1,545	2.1	1,294
15	Boston	1,754	2.1	1,180
16	San Diego	853	2.1	1,507
17	Miami (h)	1,557	1.9	822
18	Kansas City	532	1.8	2,149
19	Philadelphia	1,552	1.7	1,144
20	Portland	992	1.6	1,808
	Cities listed		65.5%	53,219
	Other cities		34.5	32,318
	All cities		100.0%	85,537

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

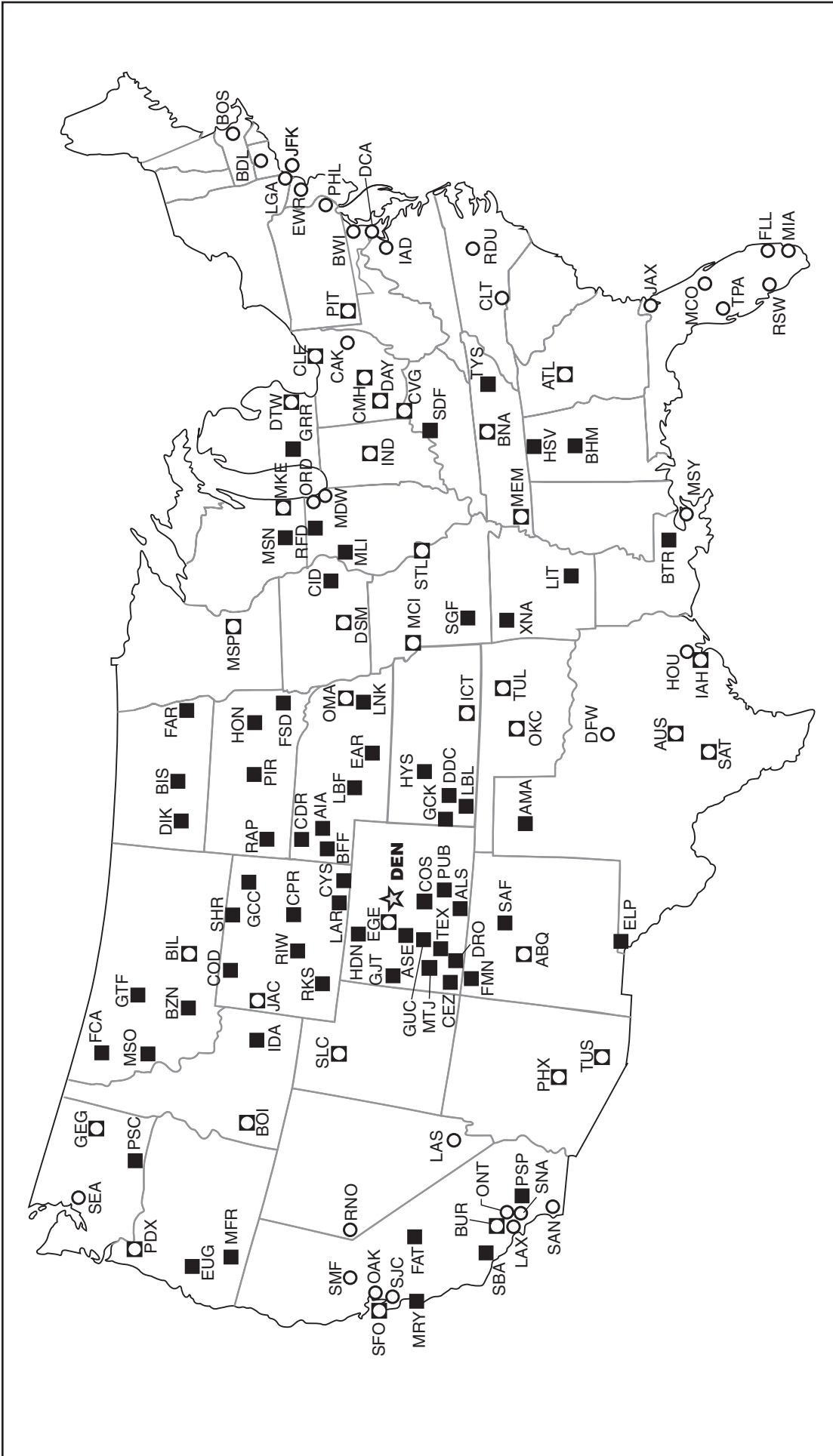
(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for 2006.

Departures: Official Airline Guides, Inc. online database, for August 2007, for domestic destinations.



**LEGEND**

- Air carrier service
- Regional airline service
- Air carrier and regional service

Note: Air carrier service includes all jet service by aircraft with over 90 seats. Destinations listed have at least one scheduled daily departure on the type of aircraft noted.

Source: Official Airline Guides, Inc., online database for August 2007.

Figure 18  
**U.S. MAINLAND AIRPORTS SCHEDULED TO BE SERVED DAILY  
 NONSTOP FROM DENVER INTERNATIONAL AIRPORT, AUGUST 2007**  
 Denver International Airport  
 July 2007

Table 15  
**DAILY DEPARTING SEATS TO THE TOP 20 ORIGIN-DESTINATION PASSENGER MARKETS**  
 Denver International Airport  
 August 2007

		Percent of average scheduled daily seats								
Rank	Origin-destination market	United Airlines Group			Frontier	Frontier		Southwest	Other	Total
		United mainline	Ted	United Express		JetExpress				
1	Los Angeles ( <i>a</i> )	48.4%	12.5%	3.4%	25.0%	--%	--%	10.8%	100.0%	
2	Phoenix	--	31.8	--	22.4	--	23.1	22.7	100.0	
3	Chicago ( <i>b</i> )	48.0	--	--	16.7	--	16.5	18.8	100.0	
4	New York ( <i>c</i> )	50.0	--	--	13.3	--	--	36.7	100.0	
5	San Francisco ( <i>d</i> )	61.2	--	--	26.0	0.6	12.2	--	100.0	
6	Washington, D.C. ( <i>e</i> )	75.6	--	--	12.4	--	12.0	--	100.0	
7	Las Vegas	--	41.0	--	28.6	--	29.3	1.1	100.0	
8	Dallas-Fort Worth ( <i>f</i> )	24.3	--	--	25.4	--	--	50.3	100.0	
9	Minneapolis-St. Paul	26.2	--	3.2	24.1	--	--	46.5	100.0	
10	Houston ( <i>g</i> )	13.6	--	5.7	14.2	--	15.4	51.0	100.0	
11	Seattle-Tacoma	48.8	--	--	24.7	--	--	26.5	100.0	
12	Atlanta	4.5	--	4.8	19.9	--	--	70.8	100.0	
13	Salt Lake City	15.6	--	7.3	33.4	--	21.6	22.1	100.0	
14	Orlando	--	58.7	--	21.3	--	20.0	--	100.0	
15	Boston	87.2	--	--	--	--	--	12.8	100.0	
16	San Diego	51.5	--	--	48.5	--	--	--	100.0	
17	Miami ( <i>h</i> )	--	65.1	--	16.4	--	--	18.4	100.0	
18	Kansas City	33.5	--	5.2	35.5	--	25.9	--	100.0	
19	Philadelphia	36.3	--	--	23.1	--	--	40.6	100.0	
20	Portland	50.0	--	--	31.2	--	--	18.8	100.0	
	Cities listed	36.1%	8.1%	1.5%	23.1%	0.1%	9.6%	21.6%	100.0%	
	All cities	31.4%	6.7%	12.4%	21.1%	2.6%	6.0%	19.9%	100.0%	

Note: Rows may not add to totals shown because of rounding.

(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.

(b) Chicago O'Hare and Midway international airports.

(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(d) San Francisco, Oakland, and Mineta San Jose international airports.

(e) Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(h) Fort Lauderdale-Hollywood and Miami international airports.

Source: Official Airline Guides, Inc., online database, for August 2007.

Between January 2006 and August 2007, Southwest added service from Denver to 11 cities—2 markets are Frontier’s largest markets at the Airport, as mentioned above (Kansas City and Salt Lake City), 3 are existing Ted markets also served by Frontier and are large leisure markets where Southwest has a significant presence (Las Vegas, Phoenix, and Orlando), 4 are multi-airport markets where Southwest has a significant presence at a secondary airport (Chicago, San Francisco, Washington, D.C., and Houston), and the remaining 2 markets—Tampa and Nashville—are not in the Airport’s top 20 markets, but are also served by Frontier and United. Southwest recently announced plans to add service from Denver to five new markets during the fourth quarter of 2007—Albuquerque, Amarillo, Austin, Oklahoma City, and Seattle-Tacoma.\* The addition of new service by Southwest from Denver to an increasing number of the airports in its system is expected to contribute to continued growth in passenger traffic at the Airport.

As shown in Table 15, the United Airlines Group is scheduled to provide 45.7% of all scheduled departing seats to the Airport’s top 20 destinations, including 36.1% on United mainline, 8.1% on Ted, and 1.5% on United Express affiliates. Frontier Airlines (including Frontier JetExpress) and Southwest Airlines are scheduled to provide 23.2% and 9.6%, respectively, of all scheduled departing seats to the Airport’s top 20 destinations in August 2007.

United Airlines Group serves each of the top 20 destinations shown in Table 15, while Frontier and Southwest serve 19 and 9 destinations, respectively. Not surprisingly, the United Airlines Group accounts for the largest share of seats to its hubs — Washington, D.C.; Chicago, Los Angeles, and San Francisco—as well as to long-haul destinations with no or little service by Frontier or Southwest—Boston, Miami, and New York.

### **Connecting Passengers**

As shown earlier in Table 13, from 1995 to 2006, the number of connecting passengers at the Airport increased an average of 4.5% per year, with faster growth during the first 5 years of that period (5.5%). The number of connecting passengers at the Airport increased at a slower rate between 2000 and 2006—an average of 3.6% per year—but faster than in the nation (1.4%) during this period. (See earlier discussion under “Airport Role” for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.)

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\*Southwest Airlines press release dated June 27, 2007. This press release included Southwest’s system plans to reduce the growth in available seat miles during the fourth quarter of 2007 and 2008 (reduced to 6% from 8%) and to add 19 new aircraft to its fleet in 2008 (reduced from an earlier plan to add 34).

## AIR CARGO ACTIVITY

Table 16 presents data on enplaned cargo at the Airport in 1996 and in 2000 through the first 3 months of 2007. Enplaned air cargo at the Airport accounted for about 45% of total cargo (enplaned plus deplaned) weight in 2006. Enplaned cargo weight increased an average of 4.8% per year between 1996 and 2000, but has decreased each year since 2000, for reasons discussed below. During the first 3 months of 2007, total enplaned cargo weight decreased 16.2% compared with the same period of 2006.

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo (a)
1996	68,746	134,918	203,664	--%	52.2%
2000	85,902	159,769	245,671	4.8	56.4
2001	53,421(b)	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,896	163,440	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
January – March					
2006	5,026	33,502	38,528	--%	69.8
2007	1,028	31,241	32,269	(16.2)	78.5
<u>Annual average increase (decrease)</u>					
1996-2000	5.7%	4.3%	4.8%		
2000-2006	(28.9)	(3.5)	(8.9)		
1996-2006	(16.7)	(0.4)	(3.7)		
January – March					
2006-2007	(79.5)	(3.8)	(16.2)		
<hr/>					
(a) Includes enplaned and deplaned cargo.					
(b) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.					
Source: Airport management records.					

The decreases in cargo at the Airport in recent years are related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airlines as a result of increases in the use of regional jet aircraft and low-cost carrier operations which have less cargo capacity than larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, and (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity.

The decreases in enplaned cargo at the Airport since 2000 also reflect the reorganization and consolidation in the cargo industry over the past several years. As the transportation industry faces increased pricing pressures, many of the larger companies are strengthening their market position and ability to respond to shipping demands through acquisitions and internal restructuring and downsizing. For example, FedEx has been very active in developing integrated branding of its various service offerings. FedEx now offers multiple products, including express, ground, freight, and the recently announced nationwide less-than-a-truckload service. Much of this corporate restructuring has resulted in slower growth nationally in the air freight and express market as a greater percentage of FedEx's cargo is being transported by trucks. Similarly, UPS has been actively increasing its supply chain solutions second and third day service and its ground service.

The Denver region's manufacturing sector, which is directly associated with the use and production of air eligible commodities, has experienced a decline in total employees over the past several years. Total manufacturing sector employment in the Denver Metropolitan Area decreased from almost 113,000 employees in 1999 to 91,000 employees in 2006. Within the manufacturing sector, the computer and high-technology industries contributed to the decline in numbers of employees. The decline in manufacturing output also contributed, to some degree, to the decreases in the Airport cargo totals.

The freight forwarders are always attracted to large sources of (reduced cost) belly capacity at major international gateways. The increased use of regional jet aircraft and the increase in low-cost airline service which have less cargo capacity than larger air carrier aircraft at many airports—including Denver International Airport—has resulted in the freight forwarders increasing cargo consolidations at major gateways, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports.

## **KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC**

Besides the development of the economy of the Denver Metropolitan Area, discussed earlier, key factors that affect will airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation security concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

### **Economic and Political Conditions**

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger traffic during those years. Future increases in passenger traffic will depend largely on the ability of the nation to sustain growth in economic output and income.

With the globalization of business and the increased importance of international trade, U.S. economic growth has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, currency exchange rates, trade balances, political relationships, public health concerns, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases in both domestic and international passenger traffic will depend on stable international conditions and global economic growth.

### **Aviation Security Concerns**

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of airline travel and the switching from air to surface modes for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against attacks and maintain confidence in the safety of airline



travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, the increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks, hijackings, aircraft crashes, and international hostilities. Provided that intensified security precautions serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not security, factors.

### **Financial Health of the Airline Industry**

Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United Airlines, to make the necessary investments to increase service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. These losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, high fuel and other operating costs, and intense price competition, the industry has since experienced huge financial losses. In 2001 through 2005, the major U.S. airlines collectively recorded net losses of over \$38 billion.

To mitigate these losses, all the major network airlines have restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the threat of such. As discussed below, in December 2002, United Airlines filed for bankruptcy protection (emerged February 2006). US Airways filed twice for bankruptcy protection, in 2002 and 2004. In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In February 2005, Delta Air Lines eliminated its Dallas/Fort Worth hub and restructured its other airport operations. In September 2005, both Delta and Northwest Airlines filed for bankruptcy protection. (Delta emerged in April 2007 and Northwest emerged in May 2007.) Among the smaller airlines, Hawaiian Airlines filed for bankruptcy

protection in March 2003 (emerged June 2005), ATA Airlines in October 2004 (emerged March 2006), Aloha Airlines in December 2004 (emerged February 2006), and Independence Air in November 2005 (ceased operations January 2006).

Future losses could force airlines to retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring or liquidation of one or more of the large network airlines could significantly affect service at connecting hub airports, present business opportunities for the remaining airlines, and change travel patterns throughout the U.S. aviation system.

United Airlines emerged from bankruptcy with \$3 billion in exit financing in February 2006. During the restructuring process, United reduced capacity by ending unprofitable routes and restructuring its fleet, renegotiated its contracts with United Express carriers to reduce rates, eliminated 26,000 jobs, ended employee pensions, and gained pay and work rule concessions from remaining employees in order to cut expenses by \$7 billion. While in bankruptcy, United developed a low-fare unit (Ted) and premium transcontinental service, and expanded its enhanced economy class to some flights operated by United Express. While United's business plan includes the purchase of new aircraft through 2011, it has recently increased capacity under an initiative to use its current aircraft fleet more efficiently. This initiative involves shortening aircraft turnaround times and further depeaking operations at its hub airports.

### **Airline Service and Routes**

The Airport serves both as a gateway to the Denver Metropolitan Area and as an airline connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport.

Most major airlines have developed nationwide systems of hubs that allow the airlines to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports.

Denver International Airport is the primary air carrier airport for the Rocky Mountain region, and a connecting hub. Prior to 1995 when the Airport opened, United and Continental operated a "dual-hub" for many years at Stapleton International Airport, the former air carrier airport serving the Denver Metropolitan Area. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in

terms of numbers of enplaned passengers. In 2006, the United Airlines Group accounted for approximately 76% of total connecting passengers at the Airport. Frontier Airlines and Frontier JetExpress also use the Airport as a connecting hub, accounting for approximately 20% of total connecting passengers in 2006. The Airport is the busiest airport in Frontier's route network.

### **Airline Competition and Airfares**

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are alternatives and for price-sensitive "discretionary" travel. Airfares are influenced by labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; debt burden; passenger demand; capacity and yield management; market presence; and competitive factors. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

Overcapacity in the industry, the ability of consumers to book flights easily via the Internet, and other competitive factors combined to reduce airfares nationwide between 2000 and 2005. In 2005, the average domestic yield for the major U.S. airlines was 11.7 cents per passenger-mile, compared with 14.5 cents in 2000. In 2006, the average domestic yield increased to 12.8 cents per passenger mile as airlines reduced capacity and were able to sustain fare increases.

Industry analysts have questioned the sustainability of the historical "revenue model" of the legacy network airlines, which involved charging uneconomically low discount fares to some travelers and high "walk-up" fares to others. The network airlines have recently simplified their fare structures. Widespread adoption of simplified fare structures, along with controls on airline seat capacity, is seen as keys to the industry regaining and sustaining profitability.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, America West Airlines, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

### **Airline Consolidation and Alliances**

In response to competitive and financial pressures, some airlines have sought to consolidate. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. DOT because of concerns about reduced airline competition. As previously discussed, in September 2005, US Airways and America

West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but the merger was rejected by Delta's management and creditors. Any future mergers could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances provide airlines with many of the advantages of mergers. Such alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. In May 2004, US Airways joined the United-led Star alliance. In September 2004, Continental and Northwest joined the Delta-led SkyTeam alliance.

### **Availability and Price of Aviation Fuel**

There has been no shortage of aviation fuel since the early 1970s, but the price of aviation fuel continues to be an important and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability. The invasion and occupation of Iraq, political unrest in other oil-producing countries, and other factors influencing the demand for and supply of oil caused aviation fuel prices to increase sharply beginning in 2003. In December 2006, average fuel prices were more than double what they were in December 2003. High fuel prices have been a major contributor to recent airline industry losses. While fuel prices have not affected the ability of airlines to provide service, future high prices will affect airline service, airfares, and passenger numbers.

### **Capacity of the National Air Traffic Control System**

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and enhancing the use of runways through improved air navigation aids. Air traffic delays have decreased as a result of the reduction in aircraft operations since 2001. However, as demand exceeds 2001 levels, flight delays and restrictions are again likely.

### **Capacity of the Airport**

In addition to any future constraints that may be imposed by the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The existing six-runway layout at the Airport provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

## **AIRLINE TRAFFIC FORECASTS**

### **Assumptions**

The forecasts of airline traffic at the Airport were developed taking into account analyses of (1) historical long-term trends in passenger traffic at the Airport, (2) recent trends in monthly passenger traffic at the Airport, (3) historical and projected economic indicators for the Denver Metropolitan Area, and (4) forecasts developed by the FAA.

In developing the forecasts, it was assumed that airline traffic at the Airport will increase as a function of growth in the population and economy of the Denver Metropolitan Area, continued airline competition, and the continued operation of connecting hubs at the Airport by both United and Frontier. It was also assumed that airline service at the Airport will not be constrained by the availability or price of aviation fuel, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth, among other things.

**Originating Passengers.** Specifically, the forecast of originating passengers at the Airport through 2013 is based on the following assumptions:

1. Global economic growth will sustain future increases in domestic and international passenger traffic, and the general economy of the Denver Metropolitan Area will continue to increase faster over the long term than that of the United States as a whole, consistent with the growth rates in key economic indicators presented in the earlier section "Economic Basis for Passenger Demand."
2. No major act of terrorism or war will materially affect airline travel in the United States during the forecast period.
3. The national economy will experience sustained growth averaging between 1.5% and 1.9% per year, measured in terms of nonagricultural employment and per capita income, respectively.
4. Low-fare airline service will continue to be developed at the Airport and is expected to promote competition among airlines and ensure the continued availability of competitive airfares comparable to those now available.
5. Current and future fluctuations in fuel prices will not affect the ability of the airlines to serve the Airport or offer competitive airline fares.
6. The national air traffic control system will have sufficient capacity to accommodate airline traffic through the forecast period.
7. The City will develop the Airport generally in accordance with its Capital Program, as discussed in the later section "Airport Capital Program." The

existing and planned Airport facilities will be sufficient to accommodate airline traffic demand through the forecast period.

The number of originating passengers at the Airport is estimated to increase 5.2% in 2007, which incorporates the 7.3% growth in the first 3 months of 2007 compared with the same period of 2006. The 1.6% forecast growth rate for originating passengers between 2007 and 2013 is similar to the projected growth rates in the economic indicators for the Denver Metropolitan Area and reflects the continued growth in per capita and disposable income, which drives passenger demand and the propensity for airline travel.

**Connecting Passengers.** Many of the above assumptions underlying the forecast of originating passengers regarding, among other things, economic recovery, acts of terrorism, and fluctuating fuel prices also apply to the forecast of connecting passengers at the Airport. More specifically, it was assumed that:

1. The Airport will remain a system hub for United Airlines, based on:
  - a. United's indications during its Chapter 11 restructuring process that its business plan continues to include the use of connecting hub airports, and the Airport's performance and importance relative to other connecting hub airports in United's system.
  - b. United's agreement under the 2005-2 Amendment to enplane certain numbers of revenue-connecting passengers at the Airport through 2025, when its Airport use and lease agreement is scheduled to expire. As discussed more fully below, it was assumed that United would achieve its revenue-connecting passenger targets under the 2005-2 Amendment during the forecast period.
  - c. Denver's geographic advantage as a connecting hub for nationwide east-west traffic.
  - d. The expected growth in the origin-destination market in the Denver Metropolitan Area, which serves as a foundation for the viability of connecting hub operations.
  - e. The facilities at and capabilities of the Airport.
2. Frontier Airlines will continue to use the Airport as its main hub, and continue to develop connecting passenger activity.
3. Improved national economic conditions and improvements in airline industry profitability over the long term will enable the major airlines, particularly United, to add the capacity required to meet nationwide demand.

4. United will continue to develop strategies to optimize revenue performance, such as its 2007 reduction in domestic capacity to address slow revenue growth in the domestic market, and these strategies will not materially affect the role of the Airport as a United system hub.

The number of connecting passengers at the Airport is estimated to increase 2.3% in 2007, which takes into account a 1.2% increase through the first 3 months of 2007, compared with the same period of 2006. From 2007 to 2013, the number of connecting passengers is forecast to increase an average of 2.0% per year.

Under the 2005-2 Amendment, the United Airlines Group has agreed to enplane no fewer than the following numbers of revenue connecting passengers at the Airport: (a) 7,500,000 in 2006, (b) 7,600,000 in 2007, and (c) 7,700,000 in 2008 through 2011. In 2006, the United Airlines Group enplaned approximately 7,604,794 *revenue-plus nonrevenue* passenger data presented in Table 17.

Also under the 2005-2 Amendment, United has agreed that the City will decrease certain cost reduction goals benefiting United if United does not achieve the targeted numbers of revenue-connecting passengers discussed above. The number of connecting passengers at any airport is a function of the route strategy and network of an airline and, therefore, it was assumed that United would meet its targeted connecting passenger goals at the Airport rather than increase the rentals, fees, and charges it pays at the Airport. The 2005-2 Amendment is discussed more fully in the "Financial Analysis" section of this report.

## **Enplaned Passengers**

Table 17 and Figure 19 present historical and forecast numbers of enplaned passengers (originating and connecting) at the Airport through 2013. The total number of enplaned passengers at the Airport is estimated to increase 4.0% in 2007 and forecast to increase 3.0% in 2008. From 2007 through 2013, the total number of enplaned passengers is forecast to increase an average of 1.7% per year, slower than the long-term trend (3.9% per year from 1995 through 2005) at the Airport. In 2013, enplaned passengers are forecast to number 27.3 million, which is approximately 6.0% lower than the 29.0 million enplaned passengers forecast for the Airport by the FAA\* in the same year.

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\*Federal Aviation Administration, *Terminal Area Forecast*, February 2006, for years ending September 30.

Table 17

**AIRLINE TRAFFIC FORECASTS**  
Denver International Airport  
2005-2013

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated 2007 (a)	Forecast					
	2005	2006		2008	2009	2010	2011	2012	2013
<b>Enplaned passengers</b>									
United Airlines	7,774,627	8,364,574	8,460,000	8,544,000	8,630,000	8,717,000	8,803,000	8,891,000	8,980,000
Ted	1,689,891	2,011,441	1,995,000	2,035,000	2,057,000	2,068,000	2,129,000	2,186,000	2,253,000
United Express	<u>2,776,020</u>	<u>2,971,301</u>	<u>3,040,000</u>	<u>3,133,000</u>	<u>3,206,000</u>	<u>3,287,000</u>	<u>3,335,000</u>	<u>3,398,000</u>	<u>3,454,000</u>
Subtotal United Airlines Group	12,240,538	13,347,316	13,495,000	13,712,000	13,893,000	14,072,000	14,267,000	14,475,000	14,687,000
Frontier Airlines (a)	4,217,059	4,904,231	5,228,000	5,556,000	5,812,000	5,874,000	5,917,000	5,969,000	5,985,000
Southwest Airlines	--	789,637	1,283,000	1,514,000	1,687,000	1,867,000	2,053,000	2,156,000	2,177,000
Other	<u>5,244,378</u>	<u>4,624,128</u>	<u>4,596,000</u>	<u>4,569,000</u>	<u>4,544,000</u>	<u>4,519,000</u>	<u>4,493,000</u>	<u>4,468,000</u>	<u>4,444,000</u>
Total enplaned passengers	21,701,975	23,665,312	24,602,000	25,351,000	25,936,000	26,332,000	26,730,000	27,068,000	27,293,000
Annual percent increase	--%	9.0%	4.0%	3.0%	2.3%	1.5%	1.5%	1.3%	0.8%
Originating passengers	11,983,822	13,249,286	13,942,000	14,274,000	14,647,000	14,879,000	15,100,000	15,237,000	15,320,000
Connecting passengers	9,718,153	10,416,026	10,660,000	11,077,000	11,289,000	11,453,000	11,630,000	11,831,000	11,973,000
Percent originating	55.2%	56.0%	56.7%	56.3%	56.5%	56.5%	56.5%	56.3%	56.1%
Percent connecting	44.8%	44.0%	43.3%	43.7%	43.5%	43.5%	43.5%	43.7%	43.9%
<b>Landed weight (1,000-pound units)</b>									
Passenger airlines									
United Airlines	10,389,189	11,169,430	11,050,000	11,040,000	11,032,000	11,024,000	11,012,000	11,104,000	10,996,000
Ted	1,864,653	2,194,778	2,153,000	2,195,000	2,218,000	2,207,000	2,247,000	2,283,000	2,329,000
United Express	<u>3,281,516</u>	<u>3,511,893</u>	<u>3,479,000</u>	<u>3,471,000</u>	<u>3,441,000</u>	<u>3,418,000</u>	<u>3,360,000</u>	<u>3,354,000</u>	<u>3,342,000</u>
Subtotal United Airlines	15,535,358	16,876,101	16,682,000	16,706,000	16,691,000	16,649,000	16,619,000	16,641,000	16,667,000
Group									
Frontier Airlines (b)	5,838,256	6,704,459	6,975,000	7,286,000	7,504,000	7,483,000	7,436,000	7,418,000	7,351,000
Southwest Airlines	--	1,057,726	1,662,000	1,961,000	2,185,000	2,394,000	2,606,000	2,709,000	2,709,000
Other	<u>6,734,238</u>	<u>5,779,438</u>	<u>5,615,000</u>	<u>5,478,000</u>	<u>5,347,000</u>	<u>5,237,000</u>	<u>5,142,000</u>	<u>5,058,000</u>	<u>4,975,000</u>
Total passenger airlines	28,107,852	30,417,724	30,934,000	31,431,000	31,727,000	31,763,000	31,803,000	31,826,000	31,702,000
All-cargo airlines	<u>1,541,253</u>	<u>1,429,777</u>	<u>1,456,000</u>	<u>1,470,000</u>	<u>1,483,000</u>	<u>1,511,000</u>	<u>1,539,000</u>	<u>1,553,000</u>	<u>1,580,000</u>
Total landed weight	29,649,105	31,847,501	32,390,000	32,901,000	33,210,000	33,274,000	33,342,000	33,379,000	33,282,000
Annual percent increase (decrease)	--%	7.4%	1.7%	1.6%	0.9%	0.2%	0.2%	0.1%	(0.3%)

(a) Estimated on the basis of 3 months of actual data.

(b) Includes Frontier JetExpress.

Sources: Historical: Airport management records.

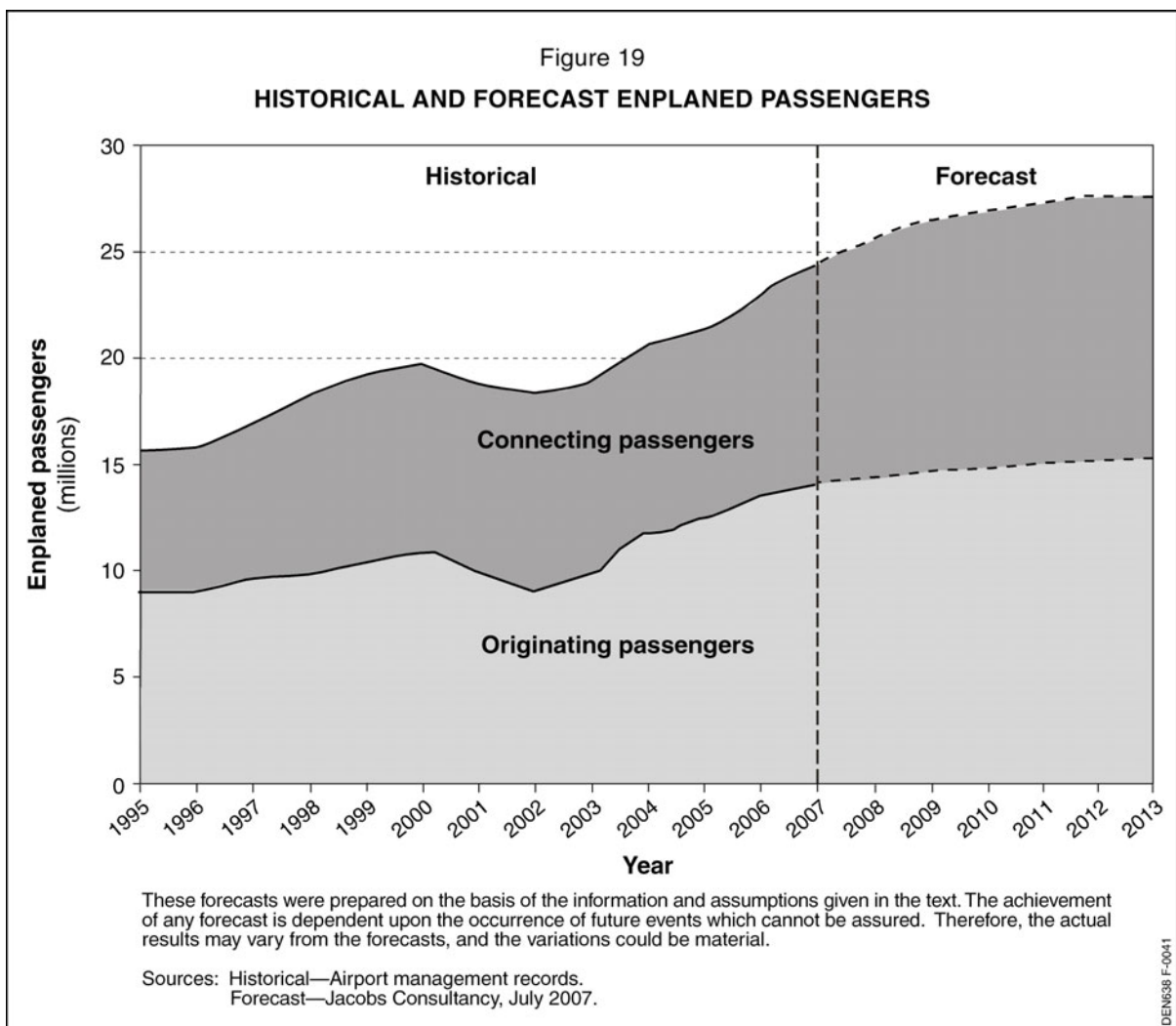
Estimated and forecast: Jacobs Consultancy, July 2007.



## Aircraft Landed Weight

Table 17 also presents aircraft landed weight at the Airport for 2005 through 2013. Total landed weight at the Airport is estimated to increase 1.7% in 2007 and forecast to increase 1.6% in 2008, from about 31.8 billion pounds in 2006 to an estimated 32.4 billion pounds in 2007, and to a forecast 32.9 billion pounds in 2008. Total landed weight is then forecast to increase to about 33.3 billion pounds in 2013, reflecting an average annual growth rate of 0.5% from 2007 through 2013.

The forecast of landed weight was derived from the forecast of passenger demand (discussed earlier), considering trends in average aircraft weight as well as assumed growth in all-cargo airline aircraft operations.



## FINANCIAL ANALYSIS

### FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

#### General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, fees, and charges for use of the Airport and its facilities
- Paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other costs, as discussed later

Under Section 704B of the General Bond Ordinance, the 2007A-B and 2007D-E Bonds are considered "additional Bonds," and, as such, the City is required to retain an Airport Consultant to demonstrate compliance with the additional Bonds test prior to the issuance of such Bonds. The City retained Jacobs Consultancy as its Airport Consultant, and our financial forecasts prepared for the additional Bonds test were based, in part, on the assumptions underlying the financial forecasts presented in this report. A separate certificate documenting compliance with the additional Bonds test for the 2007A-B Bonds has been provided to the City. The additional Bonds test for the 2007D-E Bonds is to be calculated and a certificate of compliance provided to the City before the 2007D-E are issued, which is expected to occur after the issuance of the 2007A-B Bonds.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (a) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (b) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This

provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

Based on unaudited data for the first 3 months of 2007, the City had accumulated an estimated balance of approximately \$67.1 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts.

### **Airport Use and Lease Agreements**

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculation and recalculation of rentals, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of \$40.0 million, and after all other requirements are satisfied, are to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account, as illustrated later on Figure 22.
- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

**United's Airport Use and Lease Agreement.** As discussed earlier, United Airlines enplanes the largest share of passengers and is the largest lessee of space and facilities at the Airport under a use and lease agreement that expires in 2025. The following sections summarize certain elements of the Airport use and lease

agreement with United that were considered in developing the financial forecasts presented in this report.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds \$20 (in 1990 dollars) in any given year. In calculating the cost per enplaned passenger, the denominator is to be no smaller than the number of United's enplaned revenue passengers in 1989, which was about 6.0 million. United's cost per enplaned revenue passenger at the Airport is not expected to exceed \$20 during the forecast period, as shown in Exhibit E (all financial exhibits are presented at the end of this report).

In February 2006, United emerged from Chapter 11 bankruptcy protection, at which time it assumed its use and lease agreement and a series of other agreements, as amended, at Denver International Airport, to provide for the following, among other things:

1. ***Capital Program implementation.*** The first phase of an improved regional jet facility and nine loading bridges on the east side of Concourse B became operational on April 24, 2007, and certain baggage system improvements in the Landside Terminal were substantially completed as of June 30, 2006.
2. ***Rentals, fees, and charges cost reductions for all airlines.\**** Airline rentals, fees, and charges are to be reduced on a net basis up to an aggregate annual amount of \$4 million over a 4-year period, 2007 through 2010. In addition, the City is to further reduce airline rentals, fees, and charges on a net basis, up to an aggregate amount of \$50 million from 2007 through 2010 according to a scale based on the Net Revenues available for revenue sharing each year.
3. ***Rentals, fees, and charges cost reductions for United.\**** The City is to reduce United's rentals, fees, and charges associated with the automated baggage system (ABS) by (a) \$18.5 million in 2007 and (b) \$21.0 million in each year from 2008 through 2025, the final year of United's current Airport use and lease agreement.

The City intends to achieve these cost reduction goals by (a) reallocating to other Airport cost centers a portion of the Bond principal associated with the Concourse B ABS (the debt service of which is paid by United through rentals, fees, and charges), (b) continuing to defease a portion of the Concourse B ABS Bond principal allocated to the Concourse B ABS using revenues generated from \$1.50 of the \$4.50 PFC levied at the Airport, and (c) the City's share of Net Revenues during the forecast period.

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\*Cost reduction goals for 2004 through 2006 were met by the City and are not described in this report.

As part of the cost reductions, United has surrendered and released to the City its six Concourse A gates and associated holdroom, apron level, and other space. An amendment to Frontier Airlines' Airport use and lease agreement, which includes these six Concourse A gates, is pending.

For purposes of this report, it was assumed that the City would meet its cost reduction goals during the forecast period through a combination of the following sources of funds and subject to the provisions of the amendments to the Airport use and lease agreement with United:

- Interest savings from the following refundings, which would be used to pay the reallocated debt service on Bonds associated with the ABS:  
(a) the 1994 Bonds with the 2004 Bonds, (b) the 1995 Bonds with the 2005 Bonds, and (c) the 1996 Bonds with the 2006 Bonds.
- Revenues from the \$1.50 portion of the \$4.50 PFC to defease approximately \$60.0 million in remaining principal outstanding of Bonds associated with the Concourse B ABS.
- The City's share of Net Revenues to defease approximately \$66.8 million in remaining principal outstanding of Bonds associated with the Concourse B ABS, and to fund, as necessary, any of the cost reduction goals that are not funded from interest savings or revenues from \$1.50 of the \$4.50 PFC.

Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

4. ***United revenue-connecting-passenger targets.*** The United Airlines Group is to enplane no fewer than the following numbers of revenue-connecting passengers at the Airport: (a) 7,600,000 in 2007 and (b) 7,700,000 in each year, 2008 through 2025. As mentioned earlier, the United Airlines Group enplaned 7,886,244 revenue-connecting-passengers in 2006, which met its 2006 revenue-connecting-passenger target of 7,500,000 in that year. United's failure to reach such targeted levels would not constitute a default under its use and lease agreement, but would allow the City to decrease certain cost reduction goals that would accrue to United directly by \$6.00 for each revenue-connecting-passenger below the targeted level, provided that the total reduction does not exceed the cost reduction in the same year. In the financial forecasts presented in this report, it was assumed that United Airlines Group would meet or exceed its revenue-connecting-passenger targets and, as such, the City would not reduce any of the aforementioned cost reduction goals.

The rentals, fees, and charges cost reductions for all airlines are to cease if (1) the City is unable to meet its annual irrevocable commitment to pay Debt Service Requirements with PFC revenues under the General Bond Ordinance or (2) regulatory or other legal actions prohibit the cost reductions.

In addition, the cost reductions may be decreased if Airport management (1) determines in good faith that a deficiency exists in any of its required fund balances under the General Bond Ordinance, (2) receives an official written communication from any bond rating agency that a downgrade of the Airport's credit rating is likely unless the City's rentals, fees, and charges cost reduction contribution is decreased, (3) determines in good faith that operating cash balances are insufficient and the cost reduction contributions would jeopardize the ongoing operation of the Airport, or (4) the deposit to the Capital Improvement Account is not sufficient to make the final \$1.5 million payment to the Stapleton Development Corporation in 2007.

If any one of the events described above occurs and is successfully resolved by the City, the rentals, fees, and charges reductions would be reinstated in the calendar year following the successful resolution of the event, and the City would increase the reductions to provide United and other airlines the full benefit of the reductions provided for under the amendments to the Airport use and lease agreement with United.

**Other Airline Airport Use and Lease Agreements.** A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, and the lease expiration date for each agreement are provided in Table 18.

Table 18	
<b>OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND THEIR SCHEDULED EXPIRATION DATES</b>	
AirTran Airways (February 2011)	Frontier Airlines (February 2010)
Alaska Airlines (December 2010)	Midwest Airlines (December 2010)
American Airlines (December 2010)	Northwest Airlines (December 2010)
Continental Airlines (February 2010)	Southwest Airlines (December 2010)
Delta Air Lines (December 2010)	US Airways (December 2010)
<hr/> Source: Airport management records.	

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. Many of these agreements are with regional/commuter airlines operating at the

Airport that have code-sharing agreements with the airlines listed in Table 18. The City also has Airport use and lease agreements with foreign flag passenger airlines: Aeromexico, Air Canada, British Airways, Lufthansa German Airlines, and Mexicana de Aviación.

Most of the passenger and cargo airline Airport use and lease agreements with the City are scheduled to expire during the forecast period. The City does not expect any material change to the business terms or to expected future leasehold rentals under the succeeding agreements.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

## **PASSENGER FACILITY CHARGE REVENUES**

### **PFC Approvals**

As approved by the Federal Aviation Administration (FAA), the City imposes a \$4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately \$3.3 billion in PFC revenues for (1) \$3.1 billion in costs related to the construction of Denver International Airport, and (2) costs for projects in the Airport Capital Program.

Through March 31, 2007, the City had collected approximately \$850.4 million in PFC revenues of the \$3.3 billion in PFC revenue collection authorized by the FAA.

PFC revenues are not currently defined as Gross Revenues of the Airport System and are not expected to be defined as such during the forecast period. The treatment and use of PFC revenues during the forecast period are discussed below.

### **PFC Framework**

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues.

Under the PFC Supplemental Bond Ordinance, the City has also irrevocably committed to pay debt service on Senior Bonds with two-thirds of annual PFC revenues (defined as the Committed Passenger Facility Charges revenue in the Supplemental Bond Ordinance and generally equal to \$3.00 of each \$4.50 PFC) it receives each year and credits to the PFC Debt Service Account up to certain specified maximum amounts (the Maximum Committed Amounts) from 2007

through 2011. Following the date of this report and prior to the issuance of any of the 2007 Bonds, the City expects to adopt a PFC Supplemental Bond Ordinance extending that commitment through 2013.

PFC revenues received by the City in excess of the Committed Passenger Facility Charges revenue in any year, generally equal to \$1.50 of each \$4.50 PFC (or in excess of the Maximum Committed Amounts if the Maximum Committed Amounts are less than the \$3.00 portion of PFC revenues), are to be deposited in the PFC Project Account to be used for any lawful PFC-eligible Airport System purpose, as determined by the City. If the City chooses to deposit such PFC revenues into the PFC Debt Service Account for the payment of Debt Service Requirements on Senior Bonds, the PFC revenues are considered irrevocably committed to such payments.

For the purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

### **Forecast Assumptions**

The Debt Service Requirements to be paid from PFC revenues during the forecast period (see Exhibit C) in this report, which include revenues from the \$3.00 portion of the PFC, which are required to be deposited in the PFC Debt Service Account, plus all of the revenues from the \$1.50 portion of the PFC, which the City expects to either deposit in the PFC Debt Service Account or use to defease certain Senior Bonds, are excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

The assumptions underlying the financial forecasts are as follows:

- The City is to use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of the Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds.
- All of the PFC revenues in excess of the Committed Passenger Facility Charges revenues (i.e., revenues from \$1.50 of the \$4.50 PFC) are to be used during the forecast period in the manner discussed below:
  - Pay Debt Service Requirements on that portion of the 2003B Bonds used to fund some of the costs of the sixth runway at the Airport, and defease the principal outstanding of the 2003B Bonds, which was were used to fund some of the costs of the sixth runway at the Airport.



- Defease approximately \$60.0 million in principal outstanding of Senior Bonds to meet a portion of the cost reduction goals under the United amendments, discussed earlier.
- Defease approximately \$63.0 million in principal outstanding of Senior Bonds allocated to the Concourse A ABS.
- Through approximately 2017, defease approximately \$175.0 million in principal outstanding of Senior Bonds issued to fund construction of the Airport.

## **AIRPORT CAPITAL PROGRAM**

The City maintains an ongoing process of evaluating the capital requirements necessary to expand Airport facilities to keep pace with increasing aviation demand. These capital requirements are organized into the Airport Capital Program for the then current year (at this time, 2007), and a prospective 6-year period (2008-2013), the forecast period discussed in this report. During the forecast period (2007-2013), the Department expects to invest approximately \$1.22 billion in renovating, expanding, and constructing new Airport facilities.

The projects to be funded from the net proceeds of the 2007A-B Bonds and the 2007D-E Bonds (collectively, the 2007 Project) are expected to begin in 2007, except as noted in the following paragraph. The 2007 Project is expected to cost approximately \$401.9 million.

The portion of the 2007 Project to be funded from the net proceeds of the 2007A-B Bonds includes certain projects that began, and in some cases were completed, between 2005 and 2007. These projects were previously funded through a combination of Commercial Paper Notes (approximately \$30 million) and the City's annual share of Net Revenues (approximately \$40 million).

Projects in the 2008-2013 Capital Program (the 2008-2013 Project) are to be funded from the proceeds of additional Bonds that the City expects to issue during the forecast period (the Future Planned Bonds) and federal grants-in-aid. The City expects to complete all of the 2007 Project and most of the 2008-2013 Project during the forecast period. Assumptions regarding the funding of debt service on the 2007 Bonds and the Future Planned Bonds, additional O&M Expenses if any, and any other relevant costs are included in the financial forecasts presented in this report.

The projects in the Airport Capital Program, consisting of the 2007 Project and the 2008-2013 Project, and their estimated costs and funding sources are outlined in Exhibit A and summarized below by Airport System cost center.

### ***Airfield Area***

- Rehabilitate taxiways and runways as part of the City's pavement management plan (2007 Project and 2008-2013 Project).
- Upgrade runway and taxiway safety areas (2008-2013 Project).
- Extend Taxiway K in the north-south direction to the east of Concourse C (2007 Project).
- Extend the east-west taxilanes to the north and south of Concourse C (2007 Project).
- Implement a snow management plan (2008-2013 Project).
- Improve lighting, drainage, and other Airfield Area assets (2007 Project and 2008-2013 Project).

### ***Concourse Apron***

- Construct additional apron area surrounding the 10 planned mainline gates at Concourse C (2007 Project).
- Construct an aircraft holding and remain overnight (RON) area to the east of Concourse C (2007 Project).
- Improve ramp area drainage (2007 Project and 2008-2013 Project).

### ***Terminal Complex***

- Construct 10 new mainline gates by expanding Concourse C to the east (2007 Project and 2008-2013 Project).
- Construct a new commuter jet facility and additional apron area at the east end of Concourse C (2007 Project).
- Improve baggage system, including baggage sortation carousels, baggage claim carousels, odd-size baggage system, and right-of-way clearances (2007 Project and 2008-2013 Project).
- Improve building systems, including the fire protection system, baggage information display system, electrical and mechanical systems, and elevators (2007 Project and 2008-2013 Project).

- Construct the FasTracks rail station on the south side of the Landside Terminal to accommodate rail service by the Regional Transportation District (RTD) between Denver Union Station and the Airport (2008-2013 Project). According to the RTD, construction of the entire 23-mile rail line and associated stations is scheduled to begin in 2011 and is expected to be completed by 2014, with the system becoming operational in 2015.
- Construct the Concourse B regional jet facility, which became operational on April 24, 2007, and was previously funded with Commercial Paper Notes (2007 Project).
- Upgrade the automated guideway transit system (AGTS) computer hardware, and extend the rail system to the south of the terminal building to accommodate additional trains (2007 Project and 2008-2013 Project).
- Replace and rehabilitate loading bridges (2007 Project and 2008-2013 Project).
- Improve restrooms, concessions, seating areas, and other public space (2007 Project and 2008-2013 Project).
- Design the expansion of the international arriving passenger facilities (2007 Project and 2008-2013 Project).
- Expand the security screening checkpoint (2008-2013 Project).

### ***Roadways, Public Parking, and Ground Transportation***

- Construct new public parking structure adjacent to the Landside Terminal Building (previously funded with the City's annual share of Net Revenues and Commercial Paper Notes) (2007 Project).
- Construct future public parking structure and shuttle lot (2008-2013 Project).
- Improve Peña Boulevard (2007 Project and 2008-2013 Project).
- Rehabilitate pavement in targeted roadway and parking areas (2007 Project and 2008-2013 Project).
- Improve landscaping (2007 Project and 2008-2013 Project).

### ***Cargo and Support Facilities***

- Construct equipment storage and light maintenance facility (2008-2013 Project).

- Expand stock room and paint shop (2008-2013 Project).
- Upgrade aircraft rescue and fire fighting stations (2007 Project).

## **PLAN OF FINANCING**

The major sources of funds the City expects to use for projects in the 2007-2013 Airport Capital Program are shown in Exhibits A and B, and are discussed below.

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as “entitlement” grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other, “discretionary” grants are awarded on the basis of the FAA’s determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) are scheduled to expire on September 30, 2007. After this date, AIP funding will terminate until a reauthorization bill is passed. For purposes of the financial forecasts in this report, it was assumed that Congress will pass an FAA reauthorization bill or extend the current authorization such that no lapse in AIP funding authority will occur. Under the FAA’s proposed reauthorization bill, large-hub airports, including Denver International Airport, would no longer receive entitlement grants beginning in Federal Fiscal Year 2010, but would continue to be eligible for discretionary grants.

The federal funding shown in Exhibit A reflects a combination of (1) grants previously received from the FAA, and (2) expected entitlement and/or discretionary grants, consistent with FAA’s proposed reauthorization bill. It was also assumed that the City will continue to submit, and that the FAA will approve, future Airport competition plans, which are required under Vision 100—Century of Aviation Reauthorization Act of 2003 to receive FAA grants.

As stated earlier, the City imposes a \$4.50 PFC at the Airport under various FAA authorizations. For purposes of this report, it was assumed that the City would not impose a PFC in excess of \$4.50, but authority to do so may be possible under the next FAA reauthorization bill. The City intends to use revenues it receives from the \$4.50 PFC each year to (a) pay Debt Service Requirements on Senior Bonds issued to fund construction of the Airport, (b) defease Bond principal associated with the ABS and the sixth runway, and (c) defease Bond principal of Senior Bonds issued to fund construction of the Airport.

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance, Siemens Financial Services, Inc., and Koch Financial Corporation (the Financing Companies), which allow the City to take loans

to fund equipment at the Airport, and the City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at current loan rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

As mentioned earlier, the City intends to use the net proceeds of the 2007A-B Bonds and 2007D-E Bonds to fund the 2007 Project, and to issue the Future Planned Bonds to fund the 2008-2013 Project.

To the extent that the City does not receive the funding shown in Exhibit A, the City intends to either (1) defer projects or reduce project scopes, as appropriate, or (2) issue additional Bonds and/or use Airport equity.

## **2007 Bonds**

The 2007 Bonds are to be issued under the General Bond Ordinance on parity with other outstanding Senior Bonds, and are to be payable from and secured by a pledge of and first lien on the Net Revenues of the Airport System.

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D-E Bonds are to be issued to fund projects in the Airport Capital Program, as discussed below.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 1998B and 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

According to First Albany Capital and Estrada Hinojosa & Company, Inc. (the Financial Consultants), the 2007C Bonds would be issued when the 2007A-B Bonds are issued, which would be followed by the issuance of the 2007D-E Bonds and the 2007F Bonds. For purposes of this report, the financial forecasts do not include any debt service savings from the proposed issuance of the 2007C and 2007F Bonds, or other Bonds the City may issue during the forecast period to refund the outstanding principal of Bonds.

The City intends to use the proceeds of the 2007A-B Bonds and the 2007D-E Bonds to fund the 2007 Project.

The City expects to issue the 2007 Bonds in the approximate principal amount of \$401.9 million and, with interest earnings during construction, use the combined moneys for the following purposes:

- Pay the costs of certain planned projects (the 2007 Project) in the Airport Capital Program
- Refund outstanding Commercial Paper Notes, in the principal amount of \$30 million, which were drawn to fund projects between 2005 and 2007
- Reimburse the City's share of annual Net Revenues (\$40.0 million) used to fund projects between 2005 and 2007
- Pay capitalized interest on the 2007 Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2007 Bonds

### **Future Planned Bonds**

Exhibit B also shows the aggregate sources and uses of funds for the Future Planned Bonds, which, together with federal grants-in-aid, would be used to:

- Pay the cost of planned projects from 2008 through 2013 not funded from the net proceeds of the 2007A-B Bonds and 2007D-E Bonds
- Pay capitalized interest on the Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance
- Pay the costs of issuance of the Future Planned Bonds

During the forecast period, the City may use the proceeds from other Commercial Paper Notes and/or the Purchase Agreements to, among other things, (1) minimize the City's overall cost of issuing Bonds and/or (2) fund project and/or equipment costs during construction. Use of this source of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2008-2013 Airport Capital Program.

## Defeasance of Bonds

As stated earlier, the City intends to defease certain outstanding Senior Bond principal with PFC revenues and the City's share of Net Revenues during the forecast period. The proposed amounts to be defeased are shown in Table 19.

Asset whose bonds are to be defeased	Principal outstanding of Bonds to be defeased	Source of Bond defeasance
Concourse B ABS	\$126,800	\$1.50 PFC/City Net Revenues
Concourse A ABS	63,000	\$1.50 PFC
Sixth runway	20,000	\$1.50 PFC
Other Senior Bonds (a)	<u>175,000</u>	\$1.50 PFC
	<u>\$384,800</u>	

(a) Amount to be defeased through 2017.

Source: The Financial Consultants.

For purposes of this report, it was assumed that, during the forecast period: (a) the portion of Bond principal shown above for the Concourse A ABS, the Concourse B ABS, and the sixth runway would be defeased, (b) a portion of the \$175 million in Bond principal shown above would be defeased, and (c) Debt Service Requirements and Bond fund transfers would be reduced accordingly. The table shown above is net of approximately \$90 million of Bond principal allocated to the ABS that was defeased by the City as of December 31, 2006.

## DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for outstanding Bonds, the proposed 2007 Bonds, and the Future Planned Bonds. Debt Service Requirements for 2005 and 2006 are based on audited results provided by the City. Debt service is shown net of capitalized interest, certain PFC revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds during the forecast period, as discussed earlier. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this analysis.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

In calculating airline rentals, fees, and charges, actual transfers required under the General Bond Ordinance to be made to the Bond Fund during the year were used rather than annual Debt Service Requirements. The total monthly transfers to the Bond Fund shown in Exhibit C each year are for the payments required on February 1 of that year through January 1 of the following year.

**2007 Bonds**

Debt service for the 2007A-B Bonds and the 2007D-E Bonds was estimated by the City's Financial Consultants based on the following assumptions:

	<u>2007A-B Bonds</u>	<u>2007D-E Bonds</u>
Delivery date:	August 29, 2007	August 29, 2007
Final maturity:	2032	2032
Assumed interest rate:	5.1%	5.1%

**Future Planned Bonds**

Debt service for the Future Planned Bonds reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

**Allocation of Debt Service to Cost Centers**

Exhibit C-1 summarizes the allocation of debt service (annual total of monthly transfers to the Bond Fund) to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

**OPERATION AND MAINTENANCE EXPENSES**

Exhibit D presents forecast Operation and Maintenance Expenses by object type and by cost center. The amounts for 2005 and 2006 reflect audited financial results for the Airport. The amounts for 2007 and 2008 reflect the City's operating budgets for those years.

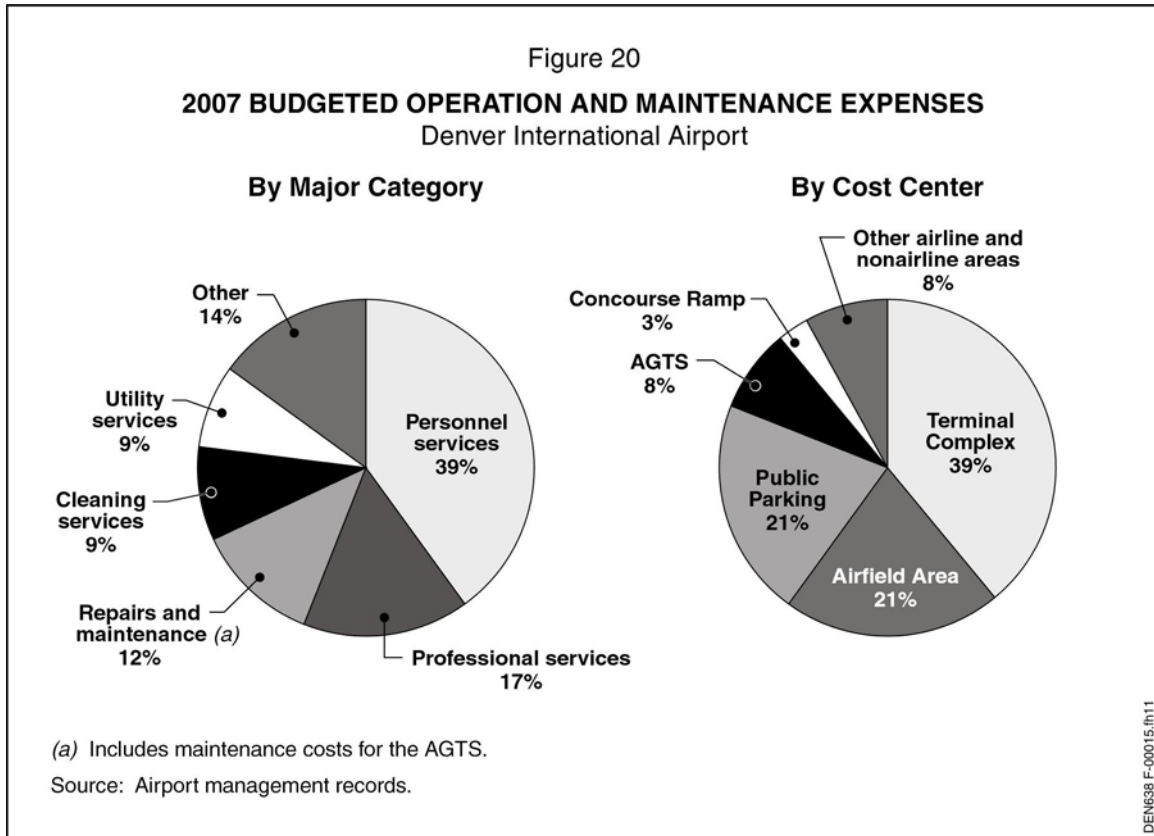


The City establishes an operating budget target each year that takes into account (1) year-to-date O&M Expenses for the then-current fiscal year as well as budgeted expenses for that year, (2) expectations regarding passenger traffic for the budget year, (3) projected non-airline revenues, and (4) changes in City priorities or initiatives.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services include all salaries, wages, and benefits for filled personnel positions; for budgeting purposes, the same types of expenses were included for vacant positions.

### 2007 Operation and Maintenance Expenses

In 2007, budgeted personnel services represent approximately 39% of the total O&M Expenses budgeted for the Airport, as shown on Figure 20.



The next largest category of expense at the Airport is professional services, which includes management and other contracts for the provision of services at the Airport, including:

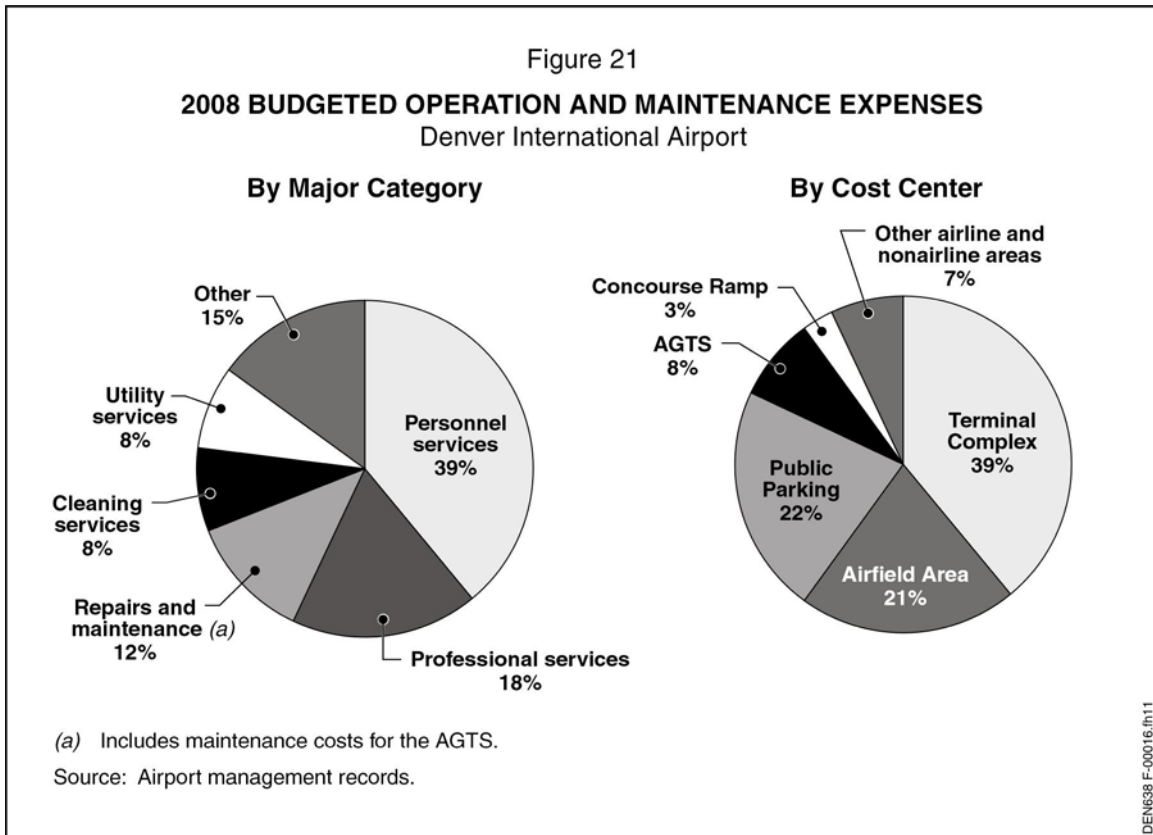
- AMPCO System Airport Parking, which operates and manages the public parking facilities at the Airport under a contract that allows AMPCO to be reimbursed for its expenses and to receive a management and incentive fee.
- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the terminal complex. The City reimburses AMPCO for the actual cost of providing this service.

Other major expense categories include repairs and maintenance (including AGTS maintenance), cleaning services, and utility services. Electricity costs for all tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to such tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

O&M Expenses are allocated to Airport System cost centers by Department staff based on historical Airport System operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations. As shown on Figure 19 for 2007, O&M Expenses in the Terminal Complex and Airfield Area account for 60% of total Airport O&M Expenses.

## **2008 Operation and Maintenance Expenses**

The City recently completed its preliminary operating budget for 2008, which is approximately 8.3% higher than its original 2007 operating budget, reflecting, in part, increased personnel services expenses and contractual costs for security, parking shuttle bus, janitorial, and other services. The public parking contract, which is with AMPCO System Airport Parking, was also increased as a result of expected increases in parking activity. The major categories of O&M Expenses for 2008 and the distribution of expenses among Airport System cost centers are shown on Figure 21.



## 2009-2013 Operation and Maintenance Expenses

O&M Expenses for the remaining years of the forecast period reflect the following:

- Budgeted 2008 O&M Expenses were assumed to represent an appropriate baseline level of expense for forecasting future O&M Expenses.
- Additional expenses associated with projects expected to be completed during the forecast period, including additional O&M Expenses associated with the 10-gate expansion on Concourse C and construction of a new commuter facility on Concourse C.
- Certain O&M Expense line items were assumed to increase with forecast increases in enplaned passengers, as presented in previous sections.
- Inflation for all O&M Expenses was assumed to be approximately 3% per year, which is higher than the average rate of inflation\* in the Denver area for the 5-year period, 2001-2006 of 1.75% per year.

\*Source: U.S. Department of Labor, Bureau of Labor Statistics, from [www.bls.gov](http://www.bls.gov), July 13, 2007.

## GROSS REVENUES

Table 20 presents the major sources of Gross Revenues for the City in 2006 based on actual data and forecast for 2013. Line-item details for the two significant categories of Gross Revenues—airline rentals, fees, and charges and nonairline revenues—are shown in Exhibits E and F, respectively.

	Actual 2006		Forecast 2013	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	\$ 92,191	15.8%	\$128,723	16.6%
Terminal Complex rentals	66,713	11.4	111,569	14.3
Tenant finishes and equipment charges	53,766	9.2	71,813	9.2
Baggage system fees	33,041	5.7	38,410	4.9
Other	<u>68,486</u>	<u>11.7</u>	<u>97,235</u>	<u>12.7</u>
Total airline revenues	\$314,197	53.7%	\$447,750	57.7%
Nonairline revenues				
Terminal concessions (a)	\$ 34,305	5.9%	\$ 48,490	6.2%
Public automobile parking	105,262	18.0	134,847	17.3
Rental car privilege fees	32,678	5.6	41,308	5.3
Other terminal revenues (b)	17,940	3.1	17,289	2.2
Building and ground rentals	15,459	2.6	16,975	2.2
Other	<u>22,251</u>	<u>3.8</u>	<u>31,808</u>	<u>4.1</u>
Total nonairline revenues	\$227,896	39.0%	\$290,717	37.3%
Interest income	<u>42,520</u>	<u>7.3</u>	<u>39,154</u>	<u>5.0</u>
Total Gross Revenues (c)	<u>\$584,613</u>	100.0%	<u>\$777,622</u>	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenue from food and beverage, merchandise, and terminal services.

(b) Includes revenue from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.

(c) The amount shown for 2006 does not match the amount reported in Table 24 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Airport management records.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport System through the forecast period.

## **AIRLINE RENTALS, FEES, AND CHARGES**

Airline rentals, fees, and charges are an important source of revenue for the City. In 2006, airline rentals, fees, and charges represented 53.7% of Airport Gross Revenues.

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per-enplaned-passenger basis, for the Airport, for United Airlines, and for other airlines, are shown in Exhibit E. As stated earlier, United's cost per enplaned revenue passenger is not expected to exceed the \$20 "cap" under its use and lease agreement with the City during the forecast period (see Exhibit E).

Required Airport costs in the airline rate base include:

1. Operation and Maintenance Expenses
2. Debt service on Bonds issued for (a) the Airport, net of PFC revenues paid from the PFC Debt Service Account, and (b) Airport land acquisition
3. Amortization of City investments prior to and after the opening of the Airport on February 28, 1995

These costs represent a significant portion of the operating and capital repayment costs for managing and developing the Airport each year. Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future debt service and O&M Expenses—the two largest Airport cost components included in airline rentals, fees, and charges—were presented earlier in this report, and the costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for debt service and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for certain equipment that is to be amortized over 5 years) at the weighted average, effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened in 1995 are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and Transportation Security Administration (TSA) grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges presented in this report.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as debt service is allocated. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section entitled "Airport Use and Lease Agreements," the City is obligated to meet certain rentals, fees, and charges cost reduction goals under various amendments to United's use and lease agreement, which were assumed to be in effect during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges, as presented in Exhibits E-1 through E-4.

### **Landing Fees**

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and/or other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

### **Terminal Complex Rentals**

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

As stated earlier, the City is planning to extend Concourse C by approximately 10 mainline gates to the west, and construct a new commuter jet facility on the east side of Concourse C. It is expected that the 10-gate expansion will become operational on January 1, 2011, and the new commuter jet facility will become operational on January 1, 2009. According to the City, debt service and O&M

Expenses associated with the expansions are to be included in the calculation of airline rentals, fees, and charges.

For purposes of this analysis, the following were assumed:

- Effective January 1, 2009, Great Lakes Aviation would relocate to Concourse C and use the new commuter jet facility. Under the Airport use and lease agreements, the rentals, fees, and charges for the Concourse C commuter jet facility are to be assessed based on the City's estimate of full use of the facility.
- Southwest Airlines and/or other airlines would lease 2 gates and associated space when the 10-gate expansion becomes operational on January 1, 2011.
- The airlines operating on Concourse C would lease one additional gate and associated space in 2012 and in 2013.
- Effective January 1, 2011, Continental Airlines would relocate from Concourse A to Concourse C and would continue to lease the same amount of gates and space. The vacated gates on Concourse A would be used and/or leased by Frontier Airlines.

As a result of these and other assumptions, the City is expected to realize additional rentals and charges associated with the Concourse Ramp Area and Concourse C tenant finishes.

### **Tenant Finishes and Equipment**

Exhibit E-3 shows the calculation of charges to recover the costs of tenant finishes and equipment (including baggage sortation space and equipment). In meeting its cost reduction goals under certain amendments to the Airport use and lease agreement with United, the City intends to write off the book value associated with \$17.5 million of reimbursements from the Capital Fund to United for costs associated with certain modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements, the City has agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2010, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction is to be achieved by applying a portion of the interest savings on the Bond refundings, discussed earlier, against Concourse C tenant finish costs.

Under an amendment to the Airport use and lease agreement with United, debt service and other costs associated with the Concourse B regional jet facility are allocable to Concourse B tenant finish charges and are to be recovered through facility rentals. As United occupies 96% of Concourse B, a significant portion of the

annual cost of this project is to be recovered from United each year. The new facility became operational on April 24, 2007.

### **Baggage System Fees**

Exhibit E-4 shows the calculations of the automated baggage system fee and the conventional baggage system fee assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

In 2005, United discontinued use of the ABS and currently uses the conventional baggage system to transport all of its bags to and from the Landside Terminal. United had been the only airline using the ABS, which was subsequently shut down by the City.

Under the Airport use and lease agreements, the airlines on Concourse A and Concourse B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the City's intent during the forecast period to (a) defease the Bonds associated with the ABS and (b) write off Capital Fund investments in the ABS made by the City.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

### **Other Airline Fees and Charges**

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses rentals, fees, and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end Net Revenue credit.



## **NONAIRLINE REVENUES**

Exhibit F summarizes historical and forecast revenues from nonairline tenants and services.

### **Terminal Concessions**

Space for concessions and services is provided in the Landside Terminal and the concourses. The City leases such space pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a re-establishment clause that allows the City to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant.

Unlike most concession programs at U.S. airports, at Denver International Airport, the City has not contracted with one or two “master concessionaires” which, in turn, sublease the concessions to others. The Airport’s concessions program has emphasized direct contracting with individual concessionaires, providing opportunities for local small businesses, greater competition, more choices for consumers, and more revenue to the Airport. Currently, approximately 60 concessionaires operate at the Airport in more than 140 locations.

Some of these concession agreements are scheduled to expire during the forecast period. As these agreements expire, the City intends to enter into new agreements with similar terms and conditions.

In 2006, revenues from Terminal Complex concessions represented 5.9% of Gross Revenues. In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.0% per year, and (4) the terms and conditions of agreements with the City. Exceptions to these factors are noted below.

**Food and Beverage.** The minimum annual guarantee for food and beverage space is \$59 per square foot per year. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Specialty Retail.** The minimum annual guarantee for retail space is approximately \$70 per square foot per year. The merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

**Services.** Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee of \$36 per square foot per year, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

### **Outside Nonairline Revenues**

Outside nonairline revenues include public automobile parking, rental cars, and ground transportation services.

**Public Automobile Parking.** Public automobile parking at the Airport is accommodated in parking structures, surface lots adjacent to the Landside Terminal, and a remote parking lot. In 2006, public parking revenues accounted for 18.0% of total Gross Revenues.

Table 21 lists the City-owned parking facilities at the Airport, the number of spaces in each facility owned by the City, and parking rates in the facilities, which are adjusted by the City from time-to-time. As stated earlier, AMPCO System Airport Parking operates and manages the public parking facilities under a management contract with the City. Under this contract, the City retains all rights to implement, among other things, parking rate increases.

Table 21

**CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES**

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages (a)	12,329	\$18	\$2
Short-term lots	208	(b)	\$3
Valet	657	\$27	\$11 first hour \$2 each additional hour
Long-term surface parking	8,301	\$9	\$1
Remote surface parking	8,963	\$5	\$1

Note: The Mt. Elbert remote shuttle lot, not included above, has 8,616 spaces and has historically been used for overflow parking. In November 2007, the Mt. Elbert lot will be available for full-time use following the completion of certain parking improvements included in the Airport Capital Program.

- (a) The City expects to open a new parking structure adjacent to the Landside Terminal with approximately 1,700 parking spaces by December 2007.
- (b) Short-term (close-in) parking is assessed at the same hourly rate regardless of the length of stay.

Source: Airport management records.

In general, parking transactions—a measure of customer use—and parking revenues per transaction—a measure of how long customers park—increased from 2001 through the first 3 months of 2007. Transactions and revenues by lot type at the Airport for 2006 and the first 3 months of 2007 are shown below in Table 22.

Table 22

**PARKING TRANSACTIONS AND REVENUES**

Parking facilities	2006	
	Transactions— percent of total	Parking revenues— percent of total
Garages	68%	61%
Valet	2	4
Long-term surface parking	18	23
Remote surface parking	<u>12</u>	<u>12</u>
Total	100%	100%
	First 3 months of 2007	
	Transactions— percent of total	Parking revenues— percent of total
Garages	67%	63%
Valet	2	4
Long-term surface parking	20	23
Remote surface parking	<u>11</u>	<u>10</u>
Total	100%	100%

Source: Airport management records.

To meet the demand for public parking facilities at the Airport, the City is in the process of constructing a new public parking structure adjacent to the Landside Terminal. The new structure is expected to (a) be operational by December 2007, (b) have the same parking rates as existing parking garages, and (c) provide approximately 1,700 public parking spaces.

Since the Airport opened in 1995, privately operated off-Airport parking lot sizes and competition have increased. Many airports in the United States face parking competition from off-airport parking facilities, which are typically owned and operated by private entities that provide courtesy vehicle services to and from the airport terminal building for their customers at no cost. In 2006, one of the largest off-Airport parking operators that serve the Airport doubled its number of covered spaces to 1,100. Published rates at this parking facility are approximately \$7 and \$12 per day for uncovered and covered parking (net of online coupons available at no charge or restrictions), respectively, compared to \$5 and \$18 per day for similar facilities at the Airport. Parking revenues per passenger during the forecast period are expected to increase, but at diminishing rates, consistent with on-Airport trends in recent years. Given the Airport property size and the courtesy vehicle travel distances for off-Airport parking operators to the Landside Terminal, competition from these off-Airport parking operators is not expected to result in year-to-year parking revenue decreases during the forecast period.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2009, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Airport terminal building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are \$10.95 for self-parking and \$13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (a) a minimum annual guarantee equal to 85% of the previous year's guaranteed payment to the City (estimated to be approximately \$247,000 in 2007) or (b) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City.

Public automobile parking revenues were forecast on the basis of (a) a review of yearly trends in parking revenues per originating passenger and per transaction from 2001 through the first 3 months of 2007, (b) moderate increases in the ratio of long-term parkers to originating passenger and average revenue per originating passenger as the City adjusts public parking rates, and (c) forecast increases in the number of originating passengers.

**Rental Cars Privilege Fees.** The City has concession agreements with the following rental car companies to provide service at the Airport through January 1, 2014: Advantage, Avis, Budget, Dollar, Enterprise, Hertz, Payless, Thrifty, and Alamo and National, which operate as rental car brands under Vanguard Car Rentals USA, Inc. In 2006, rental car privilege fee revenues accounted for 5.6% of Gross Revenues.

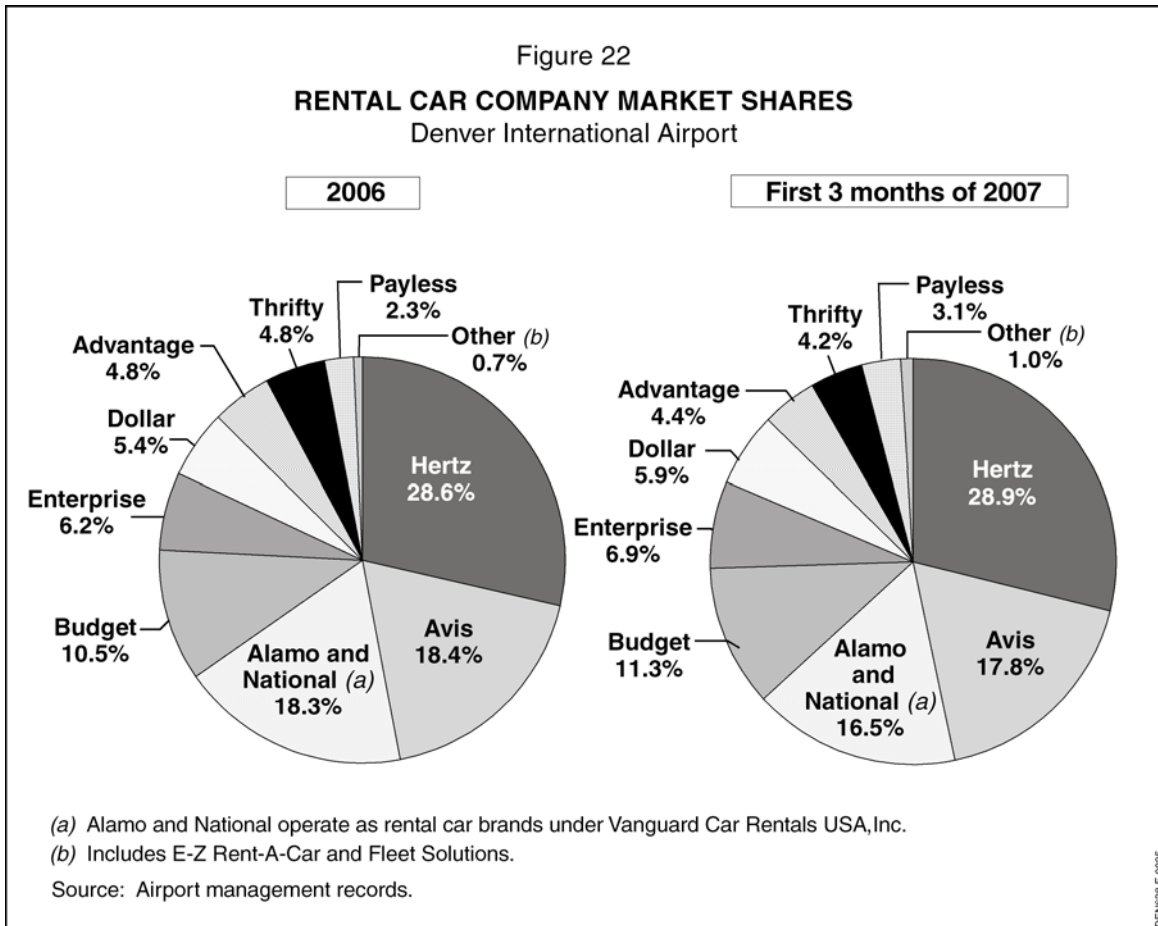
In March 2007, Enterprise entered into an agreement to acquire Vanguard Car Rentals USA, Inc., and stated that the acquisition of Vanguard is expected to close in the third or fourth quarter of 2007. On the basis of data for the first 3 months of 2007, the combined company would be the second largest rental car operation at the Airport based on gross revenues.

Figure 22 presents the market shares of the rental car companies that have concession agreements with the City for 2006 and the first 3 months of 2007.

Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is greater. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Rental car privilege fee revenues were forecast on the basis of (a) forecast numbers of originating passengers, (b) trends in the average gross rental car revenues per originating passenger for the last 5 complete fiscal years (2002-2006) and the first

3 months of 2007, which ranged between \$21 and \$25 per originating passenger, and (c) moderate increases in the average revenue per rented car as the on-Airport rental car companies adjust their daily rates. The acquisition of Vanguard by Enterprise is not expected to have a material effect on privilege fees paid to the City, which are forecast to be greater than the minimum annual guarantee in each year of the forecast period.



**Ground Transportation Services.** The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

## Other Terminal Revenues

Other terminal revenues include employee parking fees, rental car service and storage area rentals and additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.1% of Gross Revenues in 2006.

**Employee Parking.** The City provides two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the terminal area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

**Rental Car Service and Storage Areas.** In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, construction, and equipping of certain terminal area improvements, rental car facilities, vehicles, and equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

All of the rental car companies serving the Airport have a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies
- Administrative expenses
- Ground rentals for land leased from the City north of Peña Boulevard
- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

**Future Airport Hotel.** In June 2007, the City received several proposals from qualified participants in response to its request for proposals for an owner, manager, financier, and/or constructor of a first-class hotel property (i.e., the Airport Hotel) to be immediately adjacent and attached to the Landside Terminal, on land owned by the City. For purposes of this report, no additional Gross Revenues were assumed during the forecast period from the Airport Hotel.

**Other Terminal Space.** The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

### **Airfield Area Revenues**

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, oil and gas royalty revenues, and fuel flowage fees.

### **Building and Ground Rentals**

Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2006, building and ground rentals accounted for 2.6% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

**Facilities Financed with Senior Bonds.** As part of the new Airport project, the City financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 23 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 23.



Table 23

**CARGO USE AND LEASE AGREEMENTS**

Air General (December 2010)	DHL Worldwide Express (February 2015)
ABX Air (December 2009)	FedEx (February 2023)
America West Airlines/US Airways (February 2005) (a)	Frontier Airlines (May 2005) (a)
American Airlines (December 2010)	Kitty Hawk Air Cargo (July 2011)
Air Transport International (April 2009)	Northwest Airlines (February 2005) (a)
Delta Air Lines (February 2005) (a)	Southwest Airlines (December 2010)
	UPS Air Cargo (February 2010)

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(a) The holdover provision of these agreements is in effect. The City expects new agreements to be executed by the tenants. America West Airlines and US Airways merged in September 2005.

The City has a longer-term agreement—approximately 25 years—with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground support equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides, among other things, for the repayment of debt service on the Senior Bonds issued for Continental’s facilities.

**Facilities Financed with Special Facilities Bonds.** In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance (1) a line maintenance hangar and other facilities for United Airlines, and (2) a multipurpose cargo project for WorldPort at DIA. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These Bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

The City has a Master Special Facilities and Ground Lease (the Master Lease) with WorldPort at DIA Owners LLC (WorldPort LLC), whereby the City has leased to WorldPort LLC land west and south of the South Airline Support Area for cargo, warehousing, office, and distribution facilities. Under the Master Lease, the City receives ground rentals for the 50-acre site, and percentage rent (1.5% of gross revenues received by WorldPort LLC).

Two of the seven buildings that were planned to be developed as part of WorldPort at DIA have been completed. Only one of the buildings has been leased.

On June 26, 2007, a Notice to Redeem the outstanding WorldPort Special Facility Bonds was sent to HSBC Bank, as Trustee. It is expected that these bonds will be redeemed on August 1, 2007, by JP Morgan Chase Bank, the letter of credit provider for the Special Facility Bonds. The City and JP Morgan Chase Bank are negotiating an agreement in which, following the redemption, the City would buy out or terminate the Master Lease, assume the existing subleases, and use other parts of the buildings for Airport purposes.

For purposes of this report, it was assumed that the City would receive only the amount of actual rental revenue received from the one building leased by WorldPort LLC in 2006 in each year of the forecast period.

**Other Facilities.** The United States Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, USPS pays ground rent for the areas of the Airport that it uses.

General Aviation Area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site and provides fixed base operator (FBO) services for corporate and similar sized aircraft.

In December 2005, the City issued a request for proposals for a developer of 17 acres of land on the north side of Pena Boulevard as the first phase of a planned 500-acre commercial development initiative. In April 2006, the City announced the selection of CMCB Development Co. of Denver to develop the site, known as the "Landings at DIA." Work on the Landings at DIA is expected to begin in summer 2007, with Phase 1 of the development expected to be operational in summer 2008.

Possible tenants of Landings at DIA include a 200-room limited service hotel, food providers, banks, specialty retail stores, and other service providers. For purposes of this report, it was assumed that the City would receive ground rentals for developed land, assessed at \$1.50 per square foot per year. All 17 acres were assumed to be developed by 2011. No additional payments to the City resulting from a percentage of gross revenues were assumed in the financial forecasts in this report.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the amount of leased building and ground space as of January 1, 2007, is an appropriate basis for estimating occupancy during the forecast period, (2) the City is to continue to establish ground rentals in a manner consistent with its adopted policy (as described earlier), and (3) cargo building rentals are to be established each year based on the costs discussed earlier.

## **Other Revenues**

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State. The City also receives revenues from a tax it imposes on fuel sold at the Airport.

## **Interest Income**

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2006, interest income accounted for 7.3% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (on the same basis as Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

## **STAPLETON DISPOSITION AND REDEVELOPMENT**

Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the grant assurances of the FAA (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June 2013. As of the date of this report, SDC had sold approximately 1,330 acres of Stapleton property for a total of approximately \$44.3 million, and the sale of approximately 292 acres in the amount of approximately \$9.6 million is pending. An additional 437 acres of open space have been dedicated for parks and other public use space. The proceeds from the Stapleton land sales, net of closing costs, have been deposited to the Capital Fund.

The Disposition Agreement provides for the payment of all Stapleton property O&M Expenses of SDC from the City's annual deposit to the Capital Improvement Account, to the extent that such amount is available in that account.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines agreed to fund the costs of certain environmental clean-up at Stapleton, which has occurred. Please refer to the section of the Official Statement entitled “FINANCIAL INFORMATION—Stapleton” for additional information about the Disposition Agreement and the agreement between the City and the airlines.

For the financial forecasts, it was assumed that (1) the City would not receive revenues from future development at Stapleton, (2) all O&M Expenses associated with Stapleton are to be paid by SDC, and (3) the City would continue to fund certain Stapleton disposition costs and amortize those costs in the Airfield Area cost center over 25 years.

## **APPLICATION OF REVENUES**

Exhibit G presents the forecast application of Gross Revenues to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 23.

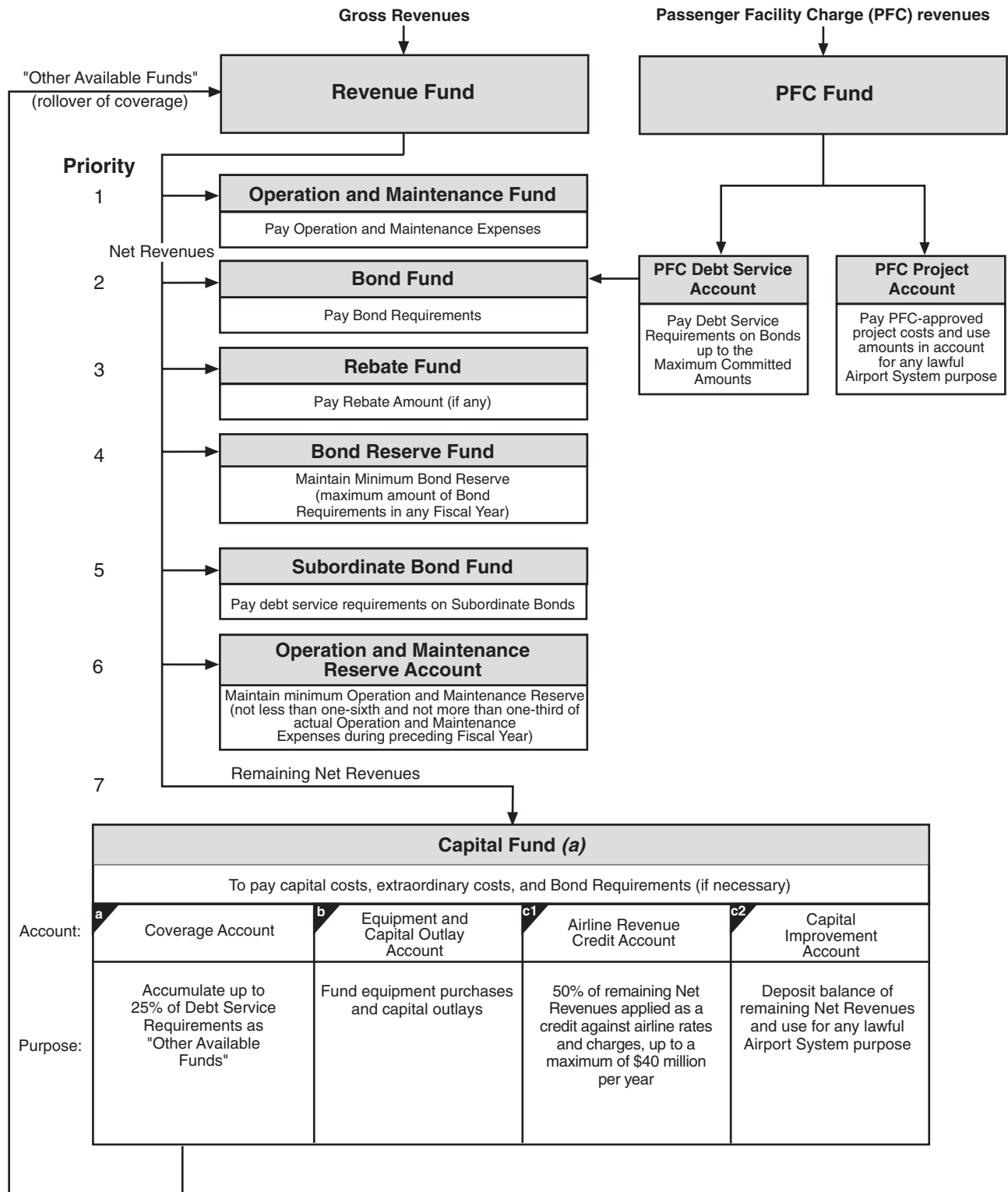
The General Bond Ordinance provides that the Gross Revenues of the Airport System are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of Operation and Maintenance Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each fiscal year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 23.

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be “rolled over” each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Capital Improvement and Airline Revenue Credit accounts, which are discussed below.



(a) Account structure for the Capital Fund to be established by the City as necessary for accounting purposes. The accounts are not required by the General Bond Ordinance.

Figure 23  
**STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER THE GENERAL BOND ORDINANCE**  
 City and County of Denver  
 July 2007

- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and leased from the Financing Companies, as described below.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for this report that the City would make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments would come from the Equipment and Capital Outlay Account.

Remaining moneys are to flow as follows: 50%, up to a maximum of \$40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

## **DEBT SERVICE COVERAGE**

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance for Senior Bonds. Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period.

For reference, Table 24 provides historical data on debt service coverage.

Table 24

**HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE**

Denver International Airport  
Fiscal Years ended December 31  
(dollars in thousands)

Calculation of debt service coverage	2002	2003	2004	2005	2006
Gross Revenues (a)	\$499,435	\$527,567	\$543,044	\$567,853	\$584,613
Operation and Maintenance Expenses	<u>216,791</u>	<u>201,573</u>	<u>220,254</u>	<u>231,733</u>	<u>257,623</u>
Net Revenues	\$282,644	\$325,994	\$322,790	\$336,120	\$326,990
Other Available Funds	<u>46,751</u>	<u>50,807</u>	<u>54,849</u>	<u>55,173</u>	<u>49,788</u>
Total amount available for Debt Service Requirement [A]	\$329,395	\$376,801	\$377,639	\$391,293	\$376,778
Debt service coverage on Senior Bonds					
Debt Service Requirement (b) [B]	\$202,797	\$204,897	\$221,453	\$223,331	\$199,151
Debt service coverage [A/B]	162%	184%	171%	175%	189%
Debt Service Coverage Requirement	125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding.

- (a) The amount shown in this table for 2006 does not match the amount shown in Table 20 because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.
- (b) Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

**ESTIMATED COSTS AND SOURCES OF FUNDS**  
**AIRPORT CAPITAL PROGRAM**  
Denver International Airport  
(in thousands)

	Funding sources for projects				
	Gross project cost	Federal grants-in-aid (a)	Series 2007A-B Bonds	Series 2007D-E Bonds	Future Planned Bonds
<b>Airfield Area</b>					
Rehabilitate taxiways and runways	\$196,497	\$93,368	\$4,254	\$38,458	\$60,418
Upgrade runway and taxiway safety areas	10,025	5,535	-	-	4,490
Rehabilitate apron area	32,160	-	-	4,902	27,258
Snow management plan	6,984	-	-	-	6,984
Replace airfield lighting	4,640	-	500	-	4,140
Other projects	9,753	1,500	1,833	4,298	2,122
	-----	-----	-----	-----	-----
	\$260,059	\$100,403	\$6,587	\$47,658	\$105,411
<b>Terminal Complex</b>					
Expand Concourse C	\$177,828	\$ --	\$ --	\$125,539	\$52,289
Improve baggage system	98,450	-	3,800	-	94,650
Improve building systems	68,088	-	10,295	8,367	49,426
Construct FasTracks rail station	57,150	-	-	-	57,150
Concourse C tenant finishes, and equipment	40,132	-	-	-	40,132
Construct Concourse B regional jet facility	37,786	-	36,274	-	1,512
Improve AGTS	29,453	-	2,353	-	27,100
Replace and rehabilitate loading bridges	32,712	-	3,883	-	28,829
Improve aircraft parking	17,710	-	3,000	14,710	-
Improve restrooms	13,678	-	2,149	-	11,529
Concessions and seating	10,063	-	2,300	-	7,763
Design FIS expansion	10,350	-	900	-	9,450
Expand security screening	6,700	-	-	-	6,700
Ramp area drainage mitigation	4,280	-	856	-	3,424
Other projects	52,729	-	43,666	-	9,063
	-----	-----	-----	-----	-----
	\$657,108	\$ --	\$109,475	\$148,617	\$399,016
<b>Roadways, Parking, and Ground Transportation</b>					
Construct new public parking garages	\$106,539	\$ --	\$47,339	\$ --	\$59,200
Construct new shuttle public parking lot	17,750	-	-	-	17,750
Improve Pena boulevard	15,333	-	7,399	-	7,934
Moisture protection	11,959	-	6,309	-	5,650
Rehabilitate roadway pavement	10,485	-	5,535	-	4,950
Improve landscape	6,280	-	250	-	6,030
Resurface public and employee parking	2,331	-	2,331	-	-
Other projects	11,482	-	5,225	946	5,311
	-----	-----	-----	-----	-----
	\$182,160	\$ --	\$74,388	\$946	\$106,825
<b>Cargo and Support Facilities</b>					
Construct equipment storage facility	\$12,800	\$ --	\$ --	\$ --	\$12,800
Expand stock room	11,500	-	-	-	11,500
Expand paint shop	2,013	-	-	-	2,013
Upgrade and improve ARFF stations	554	-	554	-	-
Other projects	11,884	-	5,226	-	6,658
	-----	-----	-----	-----	-----
	\$38,750	\$ --	\$5,780	\$ --	\$32,970
<b>Other projects</b>					
Communications, electronics, fire, and security	\$37,043	\$ --	\$1,238	\$ --	\$35,806
Professional services	23,208	-	-	4,479	18,728
Central plant improvements	14,133	-	-	-	14,133
Environmental, utilities, and drainage	12,116	-	2,702	-	9,414
	-----	-----	-----	-----	-----
	\$86,500	\$ --	\$3,940	\$4,479	\$78,081
	-----	-----	-----	-----	-----
	\$1,224,575	\$100,403	\$200,170	\$201,700	\$722,303
	=====	=====	=====	=====	=====

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.

(a) Includes federal grants-in-aid under the Airport Improvement Program.



**Exhibit B**

**ESTIMATED PLAN OF FINANCE**

Denver International Airport  
(in thousands)

	2007 Bonds			Future Planned Bonds	Total
	2007A-B Bonds	2007D-E Bonds	Total		
<b>SOURCES OF FUNDS</b>					
Principal amount of Bonds	\$224,016	\$250,020	\$474,036	\$922,100	\$1,396,136
Interest earnings	9,086	14,494	23,579	--	23,579
Federal grants-in-aid	-	-	-	100,403	100,403
<b>Total sources of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>
<b>USES OF FUNDS</b>					
Project costs funded from bond proceeds	\$130,170	\$201,700	\$331,870	\$722,303	\$1,054,173
Project costs funded from federal grants	-	-	-	100,403	100,403
Reimburse Airport equity	40,000	-	40,000	--	40,000
Refund Commercial Paper Notes	30,000	-	30,000	--	30,000
	\$200,170	\$201,700	\$401,870	\$822,706	\$1,224,576
Bond Reserve Fund	16,990	18,965	35,955	84,227	120,182
Capitalized interest account	10,497	37,772	48,268	101,268	149,536
Costs of issuance	5,445	6,076	11,522	14,302	25,824
<b>Total uses of funds</b>	<b>\$233,102</b>	<b>\$264,513</b>	<b>\$497,615</b>	<b>\$1,022,503</b>	<b>\$1,520,118</b>

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Note: May not add due to rounding.

See the Report of the Airport Consultant for additional information on the Plan of Finance.

Source: First Albany Capital Inc., Plan of Financing dated July 2007.

**Exhibit C**

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual 2005 (a)	Actual 2006 (a)	Estimated 2007	Forecast					
				2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Senior Bonds</b>									
Series 1990A	\$13,450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Series 1991A	3,710	11,415	11,411	11,417	--	--	--	--	--
Series 1991D	21,207	21,207	21,212	21,209	21,212	21,209	21,208	21,208	6,411
Series 1992D-G (variable rate)	2,299	3,269	3,217	3,165	3,312	3,352	3,388	3,420	3,447
Series 1995A	9,816	--	--	--	--	--	--	--	--
Series 1995B	7,484	--	--	--	--	--	--	--	--
Series 1995C	5,553	691	691	691	691	4,011	4,010	4,015	--
Series 1996A-B	23,557	14,365	--	--	--	--	--	--	--
Series 1996C-D	18,137	11,908	--	--	--	--	--	--	--
Series 1997E	22,338	21,824	21,106	20,903	20,739	20,576	38,135	26,403	26,549
Series 1998A-B	15,503	15,411	14,290	13,153	13,044	13,044	13,044	13,044	13,044
Series 2000A	28,187	28,185	28,184	27,696	27,123	26,558	26,074	26,071	26,071
Series 2000B-C (variable rate)	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239	14,239
Series 2001A-B	45,314	29,475	31,933	18,996	15,993	21,813	18,742	26,673	42,228
Series 2001D	5,651	5,647	6,037	6,037	6,039	6,039	6,036	6,034	6,036
Series 2002A1-A3 (variable rate) (c)	13,683	18,247	17,293	23,373	23,464	22,458	11,235	11,298	11,436
Series 2002C-D (variable rate)	12,717	2,889	2,941	2,989	2,933	2,976	3,016	3,052	3,183
Series 2002E	7,322	17,742	20,645	14,584	14,392	13,146	13,113	13,128	13,187
Series 2003A-B (d)	14,657	14,269	13,737	26,087	33,055	30,123	11,223	11,223	11,223
Series 2004A-B (variable rate)	4,561	8,187	11,073	10,969	11,264	10,905	11,024	11,104	7,784
Series 2005A	2,529	11,382	11,733	11,562	11,272	11,002	12,557	12,562	12,562
Series 2005B-C (variable rate)	531	12,901	13,261	13,582	13,480	10,479	14,430	14,637	25,375
Series 2006A-B	--	5,461	40,066	40,180	40,248	40,337	43,167	43,408	35,630
Series 2007A-B	--	--	--	5,738	8,607	11,477	16,987	16,987	16,988
Series 2007D-E	--	--	--	--	--	816	17,816	18,961	18,956
Future Planned Bonds (Concourse C portion only)	--	--	--	--	--	--	11,868	12,886	12,886
Future Planned Bonds (all other projects)	--	--	--	--	--	--	22,343	22,343	43,008
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$292,443	\$268,713	\$283,070	\$286,569	\$281,107	\$284,559	\$333,654	\$332,695	\$350,241
Continental support facilities bonds (e)	5,416	5,423	5,416	5,416	5,423	5,414	5,417	5,417	5,418
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$297,859	\$274,136	\$288,486	\$291,985	\$286,529	\$289,973	\$339,071	\$338,113	\$355,660
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Debt Service Requirements -- Senior Bonds</b>	<b>\$230,272</b>	<b>\$208,945</b>	<b>\$220,422</b>	<b>\$221,899</b>	<b>\$214,864</b>	<b>\$217,238</b>	<b>\$265,262</b>	<b>\$263,390</b>	<b>\$280,330</b>

**ESTIMATED DEBT SERVICE**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>DEBT SERVICE REQUIREMENTS (b)</b>									
<b>Subordinate Bonds</b>									
Series 2001C	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806	\$11,806
<b>Total Debt Service Requirements</b>	<b>\$242,078</b>	<b>\$220,751</b>	<b>\$232,228</b>	<b>\$233,705</b>	<b>\$226,670</b>	<b>\$229,044</b>	<b>\$277,067</b>	<b>\$275,196</b>	<b>\$292,136</b>
<b>ANNUAL TOTAL OF MONTHLY TRANSFERS TO BOND FUND (b)</b>									
Gross debt service	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (f)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (g)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
<b>Required transfers from Gross Revenues (h)</b>	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
<b>COVERAGE REQUIREMENT ON BONDS (i)</b>									
Airport portion	\$56,214	\$50,880	\$53,752	\$54,121	\$52,360	\$52,956	\$64,961	\$64,493	\$68,728
Continental portion	1,354	1,356	1,354	1,354	1,356	1,354	1,354	1,354	1,355
	\$57,568	\$52,236	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Net of capitalized interest. For bond fund transfers, reflects the 12 monthly payments required on February 1 of that year through January 2 of the following year. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
  - (c) Between 2008 and 2010, the City intends to optionally redeem the principal outstanding of the Sereis 2003 Bonds, which will have the effect of reamortizing this debt. Source for reamortized principal: First Albany Capital.
  - (d) Reflects the proposed defeasance of approximately \$175 million in principal outstanding to mitigate costs associated with the 10-gate Concourse C expansion. The specific series of Bonds to be refunded has not been decided by the City.
  - (e) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
  - (f) Reflects two-thirds (generally equal to \$3) of forecast PFC revenue and associated interest income, as provided under a PFC Supplemental Bond Ordinance.
  - (g) Reflects \$1.50 PFC revenue (or the non-Committed Passenger Facility Charges revenue) that are used to pay Debt Service Requirements. See the Report of the Airport Consultant for additional information.
  - (h) Debt service for purposes of calculating airline rates and charges.
  - (i) Equal to 25% of Debt Service Requirements on Senior Bonds.

**Exhibit C-1**

**ALLOCATION OF DEBT SERVICE TO COST CENTERS**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>ANNUAL TRANSFERS TO BOND FUND (b)</b>									
Senior Bonds and Subordinate Bonds	\$307,222	\$290,180	\$289,818	\$282,126	\$279,212	\$294,707	\$350,449	\$355,357	\$373,675
Less: Committed Passenger Facility Charges revenue (b)	(55,952)	(63,556)	(66,429)	(68,451)	(70,031)	(71,100)	(72,175)	(73,087)	(73,695)
Transfer from the PFC Project Account (b)	(11,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)	(1,635)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>ALLOCATION TO COST CENTERS</b>									
<b>Airline cost centers</b>									
Terminal Complex	\$89,734	\$90,665	\$93,584	\$96,605	\$95,476	\$101,479	\$121,614	\$123,564	\$128,997
Tenant Finishes and Equipment									
Landside Terminal	3,209	3,314	3,335	3,287	3,343	3,536	3,953	3,964	4,024
Concourse A	8,014	6,833	7,111	6,610	6,492	6,732	8,598	8,647	8,917
Concourse B	20,239	16,857	15,853	14,367	13,793	14,855	17,081	17,097	17,158
Concourse C	3,330	2,152	1,813	1,588	1,561	2,151	5,395	5,645	6,581
Loading Bridges	282	416	483	585	652	713	799	779	681
International Facilities	1,530	1,578	1,577	1,457	1,430	1,461	1,560	1,561	1,562
Common Use Terminal Equipment	36	30	39	39	39	39	39	39	39
Concourse A commuter facility	134	134	134	134	134	134	134	134	134
Concourse C commuter facility	--	--	--	--	21	566	2,793	2,941	2,940
Baggage Claim	1,424	1,468	1,470	1,373	1,357	1,396	1,501	1,502	1,503
Automated Baggage Systems	8,598	3,968	1,506	--	--	--	--	--	--
Conventional Baggage Systems	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
International Facilities	962	1,240	1,285	1,160	1,161	1,212	1,514	1,465	1,359
AGTS	3,633	3,597	3,785	3,887	3,947	4,180	5,100	5,234	5,942
Concourse Ramp Area	2,273	2,081	1,941	1,372	1,192	1,392	2,383	2,339	2,203
Airfield Area	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Fueling System	10,088	10,385	10,389	9,609	9,435	9,641	10,306	10,311	10,322
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$189,885	\$174,097	\$171,547	\$162,623	\$157,613	\$169,363	\$216,479	\$219,880	\$234,154
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Nonairline cost centers</b>	44,334	45,471	44,791	43,999	44,512	47,194	54,743	55,337	58,773
<b>Continental support facilities</b>	5,416	5,422	5,416	5,418	5,421	5,415	5,417	5,418	5,419
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$239,635</b>	<b>\$224,990</b>	<b>\$221,754</b>	<b>\$212,040</b>	<b>\$207,546</b>	<b>\$221,972</b>	<b>\$276,639</b>	<b>\$280,635</b>	<b>\$298,345</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

A-120

(a) Source: Airport management records. Based on audited financial results.

(b) See Exhibit C.

**Exhibit D**

**OPERATION AND MAINTENANCE EXPENSES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007 (b)	2008 (b)	2009	2010	2011	2012	2013
<b>BY OBJECT TYPE</b>									
<b>Personnel services</b>	\$92,744	\$97,026	\$102,054	\$108,357	\$116,609	\$123,668	\$131,117	\$138,366	\$144,817
<b>Contractual services</b>									
Professional services	\$36,960	\$39,482	\$43,267	\$51,153	\$55,049	\$58,381	\$61,898	\$65,320	\$68,365
Utility services	19,617	19,898	22,118	21,964	23,636	25,067	26,577	28,047	29,354
Cleaning services	20,037	22,592	22,044	24,022	25,851	27,416	29,067	30,674	32,105
Other services	12,709	12,640	14,231	14,952	16,091	17,065	18,093	19,093	19,983
Repairs and maintenance (c)	24,384	27,611	31,085	34,124	35,148	36,203	37,289	38,407	39,560
Rentals	575	692	607	514	681	711	743	775	805
Insurance	3,590	3,674	3,300	3,420	3,699	3,866	4,040	4,213	4,374
Other contractual services (d)	1,305	1,560	1,924	2,271	2,156	2,253	2,355	2,456	2,550
Additional expenses (e)	--	--	--	--	711	775	11,735	12,187	12,682
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$119,177	\$128,150	\$138,575	\$152,421	\$163,021	\$171,738	\$191,797	\$201,172	\$209,778
<b>Maintenance, supplies, and materials</b>	15,940	18,879	18,208	19,654	21,151	22,431	23,782	25,097	26,268
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>BY COST CENTER</b>									
<b>Airline cost centers</b>									
Terminal Complex (f)	\$84,383	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
International Facilities	1,151	898	261	269	288	304	332	349	365
Automated Baggage Systems	2,979	1,664	341	365	391	413	451	474	495
Conventional Baggage Systems	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Baggage Claim	--	--	--	--	--	--	--	--	--
AGTS	16,860	18,583	20,458	21,634	23,204	24,520	26,746	28,130	29,382
Common Use Terminal Equipment	2	65	122	152	163	172	188	197	206
Concourse Ramp Area	7,082	7,878	8,348	9,809	10,520	11,117	12,126	12,754	13,321
Concourse A commuter facility	583	603	677	593	636	672	734	771	806
Airfield Area	48,649	54,549	54,527	59,504	63,822	67,441	73,564	77,371	80,814
Fueling System	1,558	1,553	1,402	1,434	1,539	1,626	1,773	1,865	1,948
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$164,556	\$174,917	\$187,631	\$203,158	\$217,899	\$230,256	\$251,162	\$264,158	\$275,914
<b>Nonairline cost centers</b>	63,306	69,137	71,207	77,275	82,882	87,582	95,535	100,478	104,949
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$227,861</b>	<b>\$244,054</b>	<b>\$258,838</b>	<b>\$280,433</b>	<b>\$300,781</b>	<b>\$317,838</b>	<b>\$346,696</b>	<b>\$364,636</b>	<b>\$380,863</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		7.1%	6.1%	8.3%	7.3%	5.7%	9.1%	5.2%	4.5%
-----									

(a) Source: Airport management records. Based on audited financial results.

(b) Source: Airport management records. Based on budgeted expenses.

(c) Excludes maintenance costs of the conventional baggage system.

(d) Includes bad debt expenses, if any, for the historical year.

(e) Reflects additional expenses associated with implementing certain projects in the Airport Capital Program.

(f) Includes expenses associated with maintaining the loading bridges. These expenses are recovered through TF&E charges.

**Exhibit E**

**AIRLINE RENTALS, FEES, AND CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Airline Revenues</b>									
Landing fees--Signatory Airlines	\$92,161	\$90,993	\$87,340	\$84,420	\$90,391	\$96,217	\$113,460	\$118,796	\$126,709
Landing fees--non-signatory airlines	2,239	1,198	1,558	1,461	1,526	1,599	1,853	1,903	2,014
Terminal complex rentals	71,433	66,713	74,760	78,876	82,156	86,804	100,210	105,725	111,569
Nonpreferential, commuter, common-use gates	3,523	3,236	2,510	2,507	2,225	2,406	3,362	3,451	3,531
Tenant finishes and equipment charges (b)	51,444	53,766	55,724	54,974	56,913	60,563	67,233	69,198	71,813
Automated baggage system fees	17,746	11,727	5,817	4,737	5,049	5,359	5,761	6,018	6,273
Conventional baggage system fees	22,023	21,314	22,191	23,242	24,216	25,523	28,585	29,558	32,137
International facility fees	4,413	5,146	4,171	4,450	4,742	5,063	5,318	5,597	5,891
AGTS charges	22,089	23,020	25,156	26,624	29,513	31,045	34,131	35,888	37,611
Baggage claim charges	16,229	15,546	16,825	17,590	18,395	19,396	20,450	21,173	21,934
Interline baggage fees	679	560	745	787	827	873	920	955	992
Concourse ramp fees	8,803	8,629	9,230	10,265	11,083	11,796	13,137	13,846	14,256
Commuter ramp fees	141	156	255	276	296	313	328	340	344
Common use terminal equipment fees	15	17	99	120	128	134	145	152	158
Fueling system charges	11,974	12,176	11,966	11,238	11,199	11,499	12,303	12,428	12,519
<b>Total rentals, fees, and charges</b>	<b>\$324,913</b>	<b>\$314,197</b>	<b>\$318,347</b>	<b>\$321,566</b>	<b>\$338,658</b>	<b>\$358,591</b>	<b>\$407,195</b>	<b>\$425,030</b>	<b>\$447,750</b>
Less: Balance in Airline Revenue Credit Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(34,751)	(35,134)	(32,205)
<b>Net rentals, fees, and charges</b>	<b>\$284,913</b>	<b>\$274,197</b>	<b>\$278,347</b>	<b>\$281,566</b>	<b>\$298,658</b>	<b>\$318,591</b>	<b>\$372,444</b>	<b>\$389,896</b>	<b>\$415,545</b>
<b>Net rentals, fees, and charges by airline</b>									
United	\$155,644	\$150,963	\$145,631	\$145,657	\$153,527	\$163,851	\$182,074	\$190,013	\$199,782
Other airlines	129,269	123,234	132,715	135,909	145,131	154,740	190,370	199,883	215,763
	\$284,913	\$274,197	\$278,347	\$281,566	\$298,658	\$318,591	\$372,444	\$389,896	\$415,545
Less: cargo carriers landing and other fees (c)	(4,931)	(4,138)	(3,799)	(3,688)	(3,951)	(4,283)	(5,131)	(5,403)	(5,908)
	<b>\$279,982</b>	<b>\$270,060</b>	<b>\$274,548</b>	<b>\$277,878</b>	<b>\$294,707</b>	<b>\$314,308</b>	<b>\$367,313</b>	<b>\$384,493</b>	<b>\$409,637</b>
Enplaned passengers	21,702	23,665	24,602	25,351	25,936	26,332	26,730	27,068	27,293
<b>Airline cost per enplaned passenger</b>	<b>\$12.90</b>	<b>\$11.41</b>	<b>\$11.16</b>	<b>\$10.96</b>	<b>\$11.36</b>	<b>\$11.94</b>	<b>\$13.74</b>	<b>\$14.20</b>	<b>\$15.01</b>
<b>Maximum cost per enplaned revenue passenger for United (d)</b> <b>(in 1990 dollars)</b>	<b>\$11.33</b>	<b>\$11.19</b>	<b>\$9.16</b>	<b>\$8.79</b>	<b>\$8.89</b>	<b>\$9.11</b>	<b>\$9.74</b>	<b>\$9.74</b>	<b>\$9.81</b>

(a) Source: Airport management records. Based on audited financial results.

(b) Includes debt service associated with the Concourse B regional jet facility.

(c) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned passenger.

(d) Source for the discount factor: historical and estimated Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). An assumed 3% discount factor was used, which approximates the Denver-Boulder-Greeley CPI from 1990-2006.

**Exhibit E-1**

**LANDING FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$48,649	\$54,549	\$54,527	\$59,504	\$63,822	\$67,441	\$73,564	\$77,371	\$80,814
Operation and Maintenance Reserve Account replenishment (b)		1,058	554	498	554	1,146	1,079	905	1,531	952
Equipment and capital outlays		2,521	2,285	2,304	1,722	1,774	1,827	1,882	1,938	1,997
Debt service	C-1	26,690	19,366	17,396	10,744	7,472	9,152	20,300	20,849	25,638
Variable rate bond fees (c)		752	596	479	469	459	449	439	427	413
Amortization charges		19,457	19,126	17,865	17,118	21,479	22,099	22,451	22,810	23,141
Other allocable costs		289	304	325	323	329	343	394	403	417
Capital cost of north site (50%)		1,297	1,320	1,329	1,243	1,227	1,256	1,336	1,339	1,345
<b>Total Airfield Area requirements</b>		<b>\$100,713</b>	<b>\$98,100</b>	<b>\$94,722</b>	<b>\$91,678</b>	<b>\$97,708</b>	<b>\$103,647</b>	<b>\$121,271</b>	<b>\$126,669</b>	<b>\$134,716</b>
Less credits:										
Nonairline revenues	F	(\$4,246)	(\$3,432)	(\$3,434)	(\$3,438)	(\$3,442)	(\$3,445)	(\$3,449)	(\$3,453)	(\$3,456)
Nonsignatory airline landing fees (d)		(2,239)	(1,198)	(1,558)	(1,461)	(1,526)	(1,599)	(1,853)	(1,903)	(2,014)
Interest income (e)		(2,068)	(2,477)	(2,391)	(2,359)	(2,349)	(2,386)	(2,510)	(2,517)	(2,537)
<b>Net Airfield Area requirement</b>		<b>\$92,161</b>	<b>\$90,994</b>	<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>
Signatory Airline landed weight (1,000 pound units) (f)		29,053	31,524	33,231	33,733	34,039	34,078	34,169	34,283	34,073
<b>Signatory Airline landing fee rate</b>		<b>\$3.17</b>	<b>\$2.89</b>	<b>\$2.63</b>	<b>\$2.50</b>	<b>\$2.66</b>	<b>\$2.82</b>	<b>\$3.32</b>	<b>\$3.47</b>	<b>\$3.72</b>
<b>Total Signatory Airline landing fees</b>				<b>\$87,340</b>	<b>\$84,420</b>	<b>\$90,391</b>	<b>\$96,217</b>	<b>\$113,460</b>	<b>\$118,796</b>	<b>\$126,709</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (d) Reflects the calculated Signatory Airline landing fee value multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
- (e) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (f) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

**Exhibit E-2**

**TERMINAL COMPLEX RENTALS**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Actual	Actual	Estimated	Forecast					
		2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
Operation and Maintenance Expenses	D	\$84,908	\$87,703	\$100,004	\$107,922	\$115,753	\$122,317	\$133,423	\$140,327	\$146,572
Less: Loading bridge maintenance expenses (b)		(658)	(1,122)	(1,190)	(1,289)	(1,382)	(1,461)	(1,593)	(1,676)	(1,750)
Operation and Maintenance Reserve Account replenishment (c)		1,723	982	914	1,005	2,078	1,958	1,641	2,776	1,726
Equipment and capital outlays		1,694	1,223	1,475	1,103	1,136	1,170	1,205	1,241	1,278
Debt service (d)	C-1	99,734	90,665	94,557	97,505	96,358	102,368	122,407	124,358	129,791
Variable rate bond fees (e)		1,806	1,638	1,223	1,198	1,172	1,148	1,121	1,092	1,055
Amortization charges		6,824	6,375	6,539	7,349	10,499	10,640	10,776	10,914	10,953
Other allocable costs		746	783	839	833	848	886	1,018	1,039	1,075
<b>Total Terminal Complex Requirement</b>		<b>\$196,777</b>	<b>\$188,248</b>	<b>\$204,362</b>	<b>\$215,626</b>	<b>\$226,461</b>	<b>\$239,025</b>	<b>\$269,997</b>	<b>\$280,072</b>	<b>\$290,700</b>
Less credits: Interest income (f)		(5,334)	(6,388)	(6,166)	(6,084)	(6,059)	(6,155)	(6,473)	(6,492)	(6,543)
<b>Net Terminal Complex Requirement</b>		<b>\$191,443</b>	<b>\$181,859</b>	<b>\$198,196</b>	<b>\$209,542</b>	<b>\$220,402</b>	<b>\$232,870</b>	<b>\$263,524</b>	<b>\$273,580</b>	<b>\$284,157</b>
Rentable space (square feet) (g)		2,327	2,323	2,323	2,325	2,328	2,328	2,502	2,502	2,502
<b>Average rental rate per square foot</b>		<b>\$82.26</b>	<b>\$78.30</b>	<b>\$85.33</b>	<b>\$90.12</b>	<b>\$94.69</b>	<b>\$100.05</b>	<b>\$105.34</b>	<b>\$109.36</b>	<b>\$113.59</b>
Average rental rate per square foot at 100%		\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
Differential rate per square foot at 65%		53.47	50.89	55.47	58.58	61.55	65.03	68.47	71.09	73.83
Total airline space rentals (h)				\$74,760	\$78,876	\$82,156	\$86,804	\$100,210	\$105,725	\$111,569

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) These expenses are recovered through tenant finish charges.
- (c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (d) For purposes of establishing the average terminal rental rate, debt service prior to the application of certain PFC revenue is used.
- (e) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (f) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (g) Rentable space increases during the forecast period as projects are completed.
- (h) Includes exclusive, preferential, and joint-use space rentals.



Exhibit E-3

**TENANT FINISHES AND EQUIPMENT CHARGES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Landside Terminal</b>									
Debt service	\$3,209	\$3,314	\$3,335	\$3,287	\$3,343	\$3,536	\$3,953	\$3,964	\$4,024
Variable rate bond fees (b)	39	48	31	31	30	29	29	28	27
Other allocable costs	24	25	27	26	27	28	32	33	34
Amortization charges	668	1,717	2,221	2,241	2,262	2,283	2,305	2,327	2,350
<b>Total requirements</b>	<b>\$3,939</b>	<b>\$5,105</b>	<b>\$5,613</b>	<b>\$5,585</b>	<b>\$5,662</b>	<b>\$5,876</b>	<b>\$6,319</b>	<b>\$6,352</b>	<b>\$6,435</b>
Less credits: Interest income (c)	(168)	(202)	(195)	(192)	(191)	(194)	(204)	(205)	(207)
<b>Net requirements</b>	<b>\$3,771</b>	<b>\$4,903</b>	<b>\$5,419</b>	<b>\$5,393</b>	<b>\$5,471</b>	<b>\$5,682</b>	<b>\$6,114</b>	<b>\$6,147</b>	<b>\$6,228</b>
Landside Terminal rentable space (square feet)	94	95	96	96	96	96	96	96	96
Rate per square foot	\$40.03	\$51.58	\$56.45	\$56.18	\$56.99	\$59.19	\$63.69	\$64.03	\$64.88
Airline rented space (square feet)			55	57	57	57	57	57	57
<b>Total charges -- Landside Terminal</b>			<b>\$3,081</b>	<b>\$3,202</b>	<b>\$3,248</b>	<b>\$3,374</b>	<b>\$3,630</b>	<b>\$3,649</b>	<b>\$3,698</b>
<b>Concourse A</b>									
Debt service (d)	\$8,014	\$6,833	\$7,111	\$6,610	\$6,492	\$6,732	\$8,598	\$8,647	\$8,917
Variable rate bond fees (b)	102	124	81	79	77	76	74	72	70
Other allocable costs	61	64	68	68	69	72	83	85	88
Amortization charges	496	1,345	1,369	1,397	1,440	1,465	1,492	1,518	1,545
<b>Total requirements</b>	<b>\$8,672</b>	<b>\$8,365</b>	<b>\$8,630</b>	<b>\$8,154</b>	<b>\$8,079</b>	<b>\$8,346</b>	<b>\$10,247</b>	<b>\$10,322</b>	<b>\$10,619</b>
Less credits: Interest income (c)	(434)	(520)	(502)	(496)	(494)	(501)	(527)	(529)	(533)
<b>Net requirements</b>	<b>\$8,238</b>	<b>\$7,845</b>	<b>\$8,127</b>	<b>\$7,659</b>	<b>\$7,585</b>	<b>\$7,844</b>	<b>\$9,720</b>	<b>\$9,793</b>	<b>\$10,086</b>
Less: Baggage sortation costs recovered separately (d)	(1,452)	--	--	--	--	--	--	--	--
	\$6,785	\$7,845	\$8,127	\$7,659	\$7,585	\$7,844	\$9,720	\$9,793	\$10,086
Rentable space (square feet)									
Airline rentable space	298	298	298	298	298	298	298	298	298
Less: Unfinished airline space	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Less: baggage sortation level space	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Corridor office space	7	7	7	7	7	7	7	7	7
Concourse ramp tower	6	6	6	6	6	6	6	6	6
City administrative space	49	49	49	49	49	49	49	49	49
Rentable space (square feet)	325	324	324	324	324	324	324	324	324
Rate per square foot	\$20.88	\$24.19	\$25.06	\$23.61	\$23.39	\$24.19	\$29.97	\$30.19	\$31.10
Plus: Loading bridge maintenance cost charge	4.40	4.24	5.67	6.80	9.10	9.44	11.90	12.09	11.98
	\$25.28	\$28.43	\$30.73	\$30.41	\$32.49	\$33.63	\$41.87	\$42.28	\$43.07
Airline rented space (square feet)	115	107	128	119	113	113	94	94	94
Total rental revenue	\$2,896	\$3,052	\$3,922	\$3,631	\$3,680	\$3,809	\$3,922	\$3,961	\$4,035
Plus: Baggage sortation equipment revenue (d)	1,305	1,240	--	--	--	--	--	--	--
<b>Total charges -- Concourse A</b>	<b>\$4,200</b>	<b>\$4,292</b>	<b>\$3,922</b>	<b>\$3,631</b>	<b>\$3,680</b>	<b>\$3,809</b>	<b>\$3,922</b>	<b>\$3,961</b>	<b>\$4,035</b>

Exhibit E-3 (page 2 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Concourse B</b>									
Debt service (e)	\$20,239	\$16,857	\$15,853	\$14,367	\$13,793	\$14,855	\$17,081	\$17,097	\$17,158
Variable rate bond fees (b)	245	310	248	243	238	233	227	222	214
Other allocable costs	152	160	171	170	173	180	207	212	219
Amortization charges (f)	2,595	2,003	1,098	180	442	441	441	441	440
<b>Total requirements</b>	<b>\$23,231</b>	<b>\$19,329</b>	<b>\$17,371</b>	<b>\$14,961</b>	<b>\$14,646</b>	<b>\$15,710</b>	<b>\$17,957</b>	<b>\$17,971</b>	<b>\$18,031</b>
Less credits: Interest income (c)	(1,086)	(1,301)	(1,256)	(1,239)	(1,234)	(1,253)	(1,318)	(1,322)	(1,332)
Net requirements	\$22,145	\$18,028	\$16,115	\$13,722	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Less: Baggage sortation costs recovered separately									
Baggage sortation equipment costs (e)	(\$7,153)	(\$5,520)	(\$1,131)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage system modification costs (g) (f)	(1,561)	(1,561)	(781)	--	--	--	--	--	--
Baggage system modification costs (h) (f)	(1,254)	(1,254)	(1,685)	(771)	--	--	--	--	--
Rentable space (square feet)	\$12,177	\$9,694	\$12,518	\$12,950	\$13,412	\$14,457	\$16,638	\$16,649	\$16,698
Rate per square foot	481	479	479	479	479	479	479	479	479
Plus: Loading bridge maintenance cost charge	\$25.33	\$20.26	\$26.16	\$27.06	\$28.03	\$30.21	\$34.77	\$34.79	\$34.90
Airline rented space (square feet)	1.29	2.78	2.93	3.30	4.21	4.37	4.61	4.69	4.64
Total rental revenue	\$26.61	\$23.04	\$29.10	\$30.37	\$32.24	\$34.58	\$39.38	\$39.48	\$39.54
Plus: Concourse B baggage system revenue	463	460	460	460	460	460	460	460	460
Baggage sortation equipment (e)	\$7,153	\$5,520	\$1,131	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Baggage sortation space (i)	29,125	27,376	29,836	31,511	33,109	34,982	36,833	38,238	39,717
Baggage system modification (g) (f)	1,561	1,561	781	--	--	--	--	--	--
Baggage system modification (h) (f)	1,254	1,254	1,685	771	--	--	--	--	--
Concourse C baggage equipment revenue (e) (j)	942	643	--	--	--	--	--	--	--
<b>Total charges -- Concourse B</b>	<b>\$52,345</b>	<b>\$46,959</b>	<b>\$46,825</b>	<b>\$46,260</b>	<b>\$47,947</b>	<b>\$50,898</b>	<b>\$54,961</b>	<b>\$56,411</b>	<b>\$57,916</b>

Exhibit E-3 (page 3 of 3)

**TENANT FINISHES AND EQUIPMENT CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual 2005 (a)	Actual 2006 (a)	Estimated 2007	Forecast					
				2008	2009	2010	2011	2012	2013
<b>Concourse C</b>									
Debt service (k)	\$3,330	\$2,152	\$1,813	\$1,588	\$1,561	\$2,151	\$5,395	\$5,645	\$6,581
Variable rate bond fees (b)	45	51	35	34	33	32	32	31	30
Other allocable costs	25	26	28	28	28	30	34	35	36
Amortization charges	290	406	394	385	402	408	413	419	424
<b>Total requirements</b>	<b>\$3,690</b>	<b>\$2,635</b>	<b>\$2,270</b>	<b>\$2,034</b>	<b>\$2,024</b>	<b>\$2,621</b>	<b>\$5,874</b>	<b>\$6,129</b>	<b>\$7,071</b>
Less credits:									
Interest income (c)	(\$178)	(\$213)	(\$206)	(\$203)	(\$202)	(\$206)	(\$216)	(\$217)	(\$219)
Transfer of Concourse C baggage sortation cost to Concourse B	(933)	(502)	--	--	--	--	--	--	--
<b>Net requirements</b>	<b>\$2,579</b>	<b>\$1,920</b>	<b>\$2,064</b>	<b>\$1,831</b>	<b>\$1,822</b>	<b>\$2,415</b>	<b>\$5,657</b>	<b>\$5,912</b>	<b>\$6,852</b>
Concourse C rentable space (square feet)	137	137	137	137	137	137	250	250	250
Rate per square foot	\$18.79	\$14.05	\$15.04	\$13.34	\$13.28	\$17.60	\$22.61	\$23.63	\$27.39
Plus: Loading bridge maintenance cost charge	3.72	3.76	5.79	6.19	7.88	8.18	5.02	4.79	4.48
<b>Airline rented space (square feet)</b>	<b>\$22.51</b>	<b>\$17.82</b>	<b>\$20.83</b>	<b>\$19.53</b>	<b>\$21.16</b>	<b>\$25.78</b>	<b>\$27.63</b>	<b>\$28.42</b>	<b>\$31.87</b>
	95	91	91	96	96	96	171	182	193
<b>Total charges -- Concourse C</b>	<b>\$2,141</b>	<b>\$1,622</b>	<b>\$1,896</b>	<b>\$1,880</b>	<b>\$2,037</b>	<b>\$2,482</b>	<b>\$4,720</b>	<b>\$5,177</b>	<b>\$6,165</b>
<b>Summary</b>									
Landside Terminal	\$ --	\$ --	\$3,081	\$3,202	\$3,248	\$3,374	\$3,630	\$3,649	\$3,698
Concourse A	4,200	4,292	3,922	3,631	3,680	3,809	3,922	3,961	4,035
Concourse B	52,345	46,959	46,825	46,260	47,947	50,898	54,961	56,411	57,916
Concourse C	2,141	1,622	1,896	1,880	2,037	2,482	4,720	5,177	6,165
<b>Total tenant finishes and equipment charges</b>	<b>\$58,687</b>	<b>\$52,873</b>	<b>\$55,724</b>	<b>\$54,974</b>	<b>\$56,913</b>	<b>\$60,563</b>	<b>\$67,233</b>	<b>\$69,198</b>	<b>\$71,813</b>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (c) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (d) Net of interest savings from bond refundings used to achieve 2005-2 Amendment and Concourse A reallocation plan cost reductions.
- (e) Reflects defeasance of Bonds allocated to Concourses B and C baggage sortation equipment to achieve cost reductions under 2005-2 and 2006 Amendments.
- (f) Reflects write-off of amortization to achieve cost reductions under 2006 Amendment.
- (g) Reflects the amortization of the cost of improvements to the Concourse B baggage system.
- (h) Reflects amortization of costs of baggage system modifications on Concourse B under the Stipulated Order.
- (i) Reflects \$10m of PFC revenues used to pay Concourse B baggage sortation space as described in 2005-1 Amendment.
- (j) Recovery of costs for Concourse C baggage equipment as provided under the Airport use and lease agreements.
- (k) Net of interest savings from bond refundings used to achieve same percentage cost reduction on Concourse C as achieved on Concourse A under the Concourse A reallocation plan.

**Exhibit E-4**

**BAGGAGE SYSTEM FEES**  
 Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>AUTOMATED BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Spine space (square feet)	19	19	19	19	19	19	19	19	19
Maintenance space (square feet) (b)	43	43	43	43	43	43	43	43	43
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	61	61	61	61	61	61	61	61	61
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$5,031	\$4,789	\$5,219	\$5,512	\$5,791	\$6,119	\$6,443	\$6,689	\$6,947
Less: PFCs to pay Concourse A baggage system space costs (c)	(1,325)	(977)	(973)	(900)	(883)	(889)	(793)	(793)	(794)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$3,706</b>	<b>\$3,812</b>	<b>\$4,246</b>	<b>\$4,612</b>	<b>\$4,909</b>	<b>\$5,230</b>	<b>\$5,650</b>	<b>\$5,895</b>	<b>\$6,153</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Equipment costs</b>									
Operation and Maintenance Expenses	\$2,979	\$1,664	\$341	\$365	\$391	\$413	\$451	\$474	\$495
Operation and Maintenance Reserve Account replenishment (d)	59	83	3	3	7	7	6	9	6
Equipment and capital outlays	26	6	--	--	--	--	--	--	--
Debt service (c) (e)	9,981	3,968	1,506	--	--	--	--	--	--
Variable rate bond fees (f)	177	229	145	142	139	136	133	130	125
Other allocable costs	112	118	126	125	128	133	153	157	162
Amortization charges	775	696	710	724	738	753	768	784	799
Costs allocable to International Facilities (g)	(488)	(313)	(332)	(318)	(351)	(387)	(425)	(452)	(482)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	<b>\$13,620</b>	<b>\$6,451</b>	<b>\$2,500</b>	<b>\$1,042</b>	<b>\$1,053</b>	<b>\$1,055</b>	<b>\$1,086</b>	<b>\$1,101</b>	<b>\$1,106</b>
Less credits: Interest income (h)	(803)	(962)	(929)	(916)	(913)	(927)	(975)	(978)	(986)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net requirements	<b>\$16,523</b>	<b>\$9,300</b>	<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Allocation of net requirements</b>									
Concourse A	\$580	\$439	\$605	\$944	\$1,054	\$1,026	\$1,216	\$1,296	\$1,379
/ Domestic originating and destination passengers (i)	7,398	8,879	8,350	8,533	8,724	8,921	9,081	9,247	9,415
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse A automated baggage system rate	\$0.08	\$0.05	\$0.07	\$0.11	\$0.12	\$0.11	\$0.13	\$0.14	\$0.15
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B (j)	\$15,885	\$9,838	\$5,212	\$3,793	\$3,995	\$4,333	\$4,545	\$4,722	\$4,894
/ Domestic originating and destination passengers (i)	8,067	8,983	8,887	8,942	8,965	9,023	9,083	9,142	9,201
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Concourse B automated baggage system rate	\$1.97	\$1.10	\$0.59	\$0.42	\$0.45	\$0.48	\$0.50	\$0.52	\$0.53
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total fees -- Automated baggage systems</b>			<b>\$5,817</b>	<b>\$4,737</b>	<b>\$5,049</b>	<b>\$5,359</b>	<b>\$5,761</b>	<b>\$6,018</b>	<b>\$6,273</b>
			=====	=====	=====	=====	=====	=====	=====

Exhibit E-4 (page 2 of 2)

**BAGGAGE SYSTEM FEES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except rates)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>CONVENTIONAL BAGGAGE SYSTEMS</b>									
<b>Space costs</b>									
Terminal space (square feet)	134	134	134	134	134	134	134	134	134
Terminal Complex rental rate per square foot	\$82.26	\$78.30	\$85.33	\$90.12	\$94.69	\$100.05	\$105.34	\$109.36	\$113.59
	<u>\$10,989</u>	<u>\$10,459</u>	<u>\$11,398</u>	<u>\$12,038</u>	<u>\$12,649</u>	<u>\$13,364</u>	<u>\$14,072</u>	<u>\$14,609</u>	<u>\$15,173</u>
<b>Equipment costs</b>									
Operation and Maintenance Expenses	1,310	1,420	1,491	1,476	1,583	1,672	1,824	1,919	2,004
Operation and Maintenance Reserve Account replenishment (d)	3	121	14	14	28	27	22	38	24
Equipment and capital outlays	3	1	1	1	1	1	1	1	1
Debt service (c)	9,709	10,014	9,846	9,806	10,107	10,724	13,409	13,812	16,153
Variable rate bond fees (e)	99	123	81	79	77	76	74	72	70
Other allocable costs	54	57	61	60	61	64	74	75	78
Amortization charges	966	1,243	1,802	2,258	2,270	2,283	2,296	2,309	2,322
	<u>\$12,144</u>	<u>\$12,979</u>	<u>\$13,295</u>	<u>\$13,694</u>	<u>\$14,128</u>	<u>\$14,847</u>	<u>\$17,700</u>	<u>\$18,226</u>	<u>\$20,651</u>
Less credits: Interest income (h)	(387)	(464)	(447)	(441)	(439)	(446)	(469)	(471)	(474)
Net requirements	<u>\$22,746</u>	<u>\$22,974</u>	<u>\$24,247</u>	<u>\$25,291</u>	<u>\$26,338</u>	<u>\$27,765</u>	<u>\$31,303</u>	<u>\$32,364</u>	<u>\$35,350</u>
<b>Allocation of net requirements</b>									
Space costs			\$11,398	\$12,038	\$12,649	\$13,364	\$14,072	\$14,609	\$15,173
Equipment costs -- United (k)			6,308	6,734	6,936	7,267	8,584	8,828	9,954
Equipment costs -- Other airlines (k)			4,485	4,470	4,630	4,891	5,929	6,122	7,010
<b>Total fees -- Conventional baggage systems</b>			<u>\$22,191</u>	<u>\$23,242</u>	<u>\$24,216</u>	<u>\$25,523</u>	<u>\$28,585</u>	<u>\$29,558</u>	<u>\$32,137</u>

Source: Airport management records, except as noted.

- (a) Source: Airport management records. Based on audited financial results.
- (b) Reflects baggage maintenance space for the automated baggage system in the Landside Terminal and Concourses A, B, and C.
- (c) Requirements shown is net of PFC revenues allocable to certain spine and space costs.
- (d) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
- (e) Reflects defeasance of Bonds allocated to Concourses B baggage system to achieve cost reductions under 2005-2 Amendment. Also reflects defeasance of Bonds allocated to Concourse A baggage system at City's discretion.
- (f) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
- (g) Allocated based on the percent of international originating and destination passengers to total originating and destination passengers on Concourse A.
- (h) Allocated to all Airport cost centers based on bond fund transfers on Bonds issued to construct the Airport.
- (i) Based on the forecast of originating passengers presented in the report.
- (j) Operating costs are 100% allocable to Concourse B.
- (k) Allocated according to project costs and number of leased carousels.

**Exhibit F**

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Terminal concession revenues</b>									
Food and beverage	\$13,218	\$15,775	\$16,742	\$17,866	\$18,827	\$19,688	\$20,585	\$21,470	\$22,298
Merchandise	10,398	11,401	12,099	12,912	13,606	14,228	14,877	15,517	16,115
Terminal services (b)	6,612	7,129	7,566	8,074	8,508	8,897	9,302	9,702	10,077
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$30,228	\$34,305	\$36,407	\$38,851	\$40,940	\$42,813	\$44,763	\$46,689	\$48,490
<b>Outside concession revenues</b>									
Public automobile parking	\$92,636	\$105,262	\$111,921	\$116,627	\$121,470	\$125,244	\$129,011	\$132,135	\$134,847
Rental car privilege fees	27,706	32,678	34,285	35,726	37,210	38,366	39,520	40,477	41,308
Ground transportation	2,700	2,847	3,058	3,243	3,427	3,586	3,749	3,896	4,035
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$123,042	\$140,788	\$149,264	\$155,596	\$162,107	\$167,196	\$172,280	\$176,508	\$180,190
<b>Other terminal revenues</b>									
Employee parking fees	\$5,334	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317	\$5,317
Rental car									
Service and storage rentals (c)	5,767	5,264	5,655	5,996	6,337	6,630	6,931	7,203	7,460
Additional building rentals (d)	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589	3,589
Other terminal space rentals	915	923	923	923	923	923	923	923	923
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,606	\$15,093	\$15,484	\$15,825	\$16,166	\$16,460	\$16,760	\$17,033	\$17,289
<b>Airfield</b>									
General aviation landing fees	\$200	\$199	\$199	\$199	\$199	\$199	\$199	\$199	\$199
Farming income	343	192	192	192	192	192	192	192	192
Land rentals	485	485	485	485	485	485	485	485	485
Oil and gas royalty revenues	3,116	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447
Fuel flowage fees	102	108	110	114	118	121	125	129	132
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$4,246	\$3,432	\$3,434	\$3,438	\$3,442	\$3,445	\$3,449	\$3,453	\$3,456

Exhibit F (page 2 of 2)

**REVENUES OTHER THAN  
AIRLINE RENTALS, FEES, AND CHARGES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

	Actual	Actual	Estimated	Forecast					
	2005 (a)	2006 (a)	2007	2008	2009	2010	2011	2012	2013
<b>Building and ground rentals</b>									
Continental support facilities	\$7,761	\$7,814	\$7,714	\$7,689	\$7,766	\$7,865	\$8,084	\$8,166	\$8,244
Other North Airline Support Area	2,060	2,134	1,612	1,595	1,641	1,708	1,844	1,896	1,945
Other South Airline Support Area	--	37	844	835	860	895	966	993	1,019
South Cargo Area	4,335	4,514	4,581	4,372	4,381	4,503	4,809	4,866	4,918
FedEx	582	582	582	582	582	582	582	582	582
General Aviation Area	266	378	266	266	266	266	266	266	266
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$15,005	\$15,459	\$15,600	\$15,340	\$15,497	\$15,819	\$16,551	\$16,770	\$16,975
<b>Other revenues</b>									
In-flight catering fees	\$2,044	-\$300	\$2,365	\$2,524	\$2,659	\$2,781	\$2,908	\$3,033	\$3,150
Coverage--Continental Support Facilities	--	--	--	--	2	--	--	--	1
Aviation fuel tax proceeds									
City	7,275	6,486	6,596	6,700	6,763	6,776	6,790	6,797	6,778
State	9,720	6,229	6,335	6,435	6,495	6,508	6,521	6,528	6,509
Miscellaneous revenues	6,023	6,405	7,879	7,879	7,879	7,879	7,879	7,879	7,879
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	\$25,062	\$18,819	\$23,175	\$23,538	\$23,799	\$23,944	\$24,098	\$24,238	\$24,317
<b>Total</b>	<b>\$213,189</b>	<b>\$227,896</b>	<b>\$243,364</b>	<b>\$252,589</b>	<b>\$261,952</b>	<b>\$269,677</b>	<b>\$277,901</b>	<b>\$284,691</b>	<b>\$290,717</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Annual rate of growth		6.9%	6.8%	3.8%	3.7%	2.9%	3.0%	2.4%	2.1%

- 
- (a) Source: Airport management records. Based on audited financial results.
  - (b) Includes telephone, advertising, luggage cart, and other in-terminal concession revenues.
  - (c) Reflects ground and facility rentals based, in part, on debt service requirements.
  - (d) Reflects additional rentals payable by the rental car companies to the City.

**Exhibit G**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated, and assumptions listed below, and as provided in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Gross Revenues</b>								
Airline rentals, fees, and charges	E	\$318,347	\$321,566	\$338,658	\$358,591	\$407,195	\$425,030	\$447,750
Other Airport revenues	F	243,364	252,589	261,952	269,677	277,901	284,691	290,717
Interest income		38,274	38,344	39,435	39,763	38,497	39,019	39,154
		-----	-----	-----	-----	-----	-----	-----
		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
<b>Operation and Maintenance Expenses</b>								
Operating expenses	D	\$258,838	\$280,433	\$300,781	\$317,838	\$346,696	\$364,636	\$380,863
Variable rate bond fees		3,390	3,320	3,247	3,180	3,106	3,026	2,924
		-----	-----	-----	-----	-----	-----	-----
		\$262,228	\$283,753	\$304,028	\$321,018	\$349,802	\$367,662	\$383,787
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues</b>								
Other Available Funds (coverage requirement)	C	\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
		55,106	55,475	53,716	54,310	66,315	65,847	70,083
		-----	-----	-----	-----	-----	-----	-----
<b>Net Revenues plus Other Available Funds</b>								
		\$392,862	\$384,221	\$389,732	\$401,323	\$440,107	\$446,925	\$463,918
<b>Less transfers to:</b>								
Bond Fund (a)	C	\$221,754	\$212,040	\$207,546	\$221,972	\$276,639	\$280,635	\$298,345
Reserve account for FedEx project (b)		91	91	91	91	91	91	91
Operation and Maintenance Reserve Account		2,366	2,610	5,399	5,087	4,264	7,215	4,485
		-----	-----	-----	-----	-----	-----	-----
<b>Transfer to Capital Fund</b>								
Adjustments (c)		\$168,651	\$169,480	\$176,697	\$174,173	\$159,113	\$158,985	\$160,997
		702	702	702	702	702	702	702
		-----	-----	-----	-----	-----	-----	-----
<b>Adjusted transfer to Capital Fund</b>								
		\$169,353	\$170,182	\$177,399	\$174,875	\$159,815	\$159,687	\$161,699



**Exhibit G (page 2 of 2)**

**APPLICATION OF GROSS REVENUES**

Denver International Airport  
 Fiscal Years Ending December 31  
 (in thousands)

	Exhibit reference	Estimated 2007	Forecast					
			2008	2009	2010	2011	2012	2013
<b>Allocation of Capital Fund transfer</b>								
Rollover to Coverage Account	C	\$55,106	\$55,475	\$53,716	\$54,310	\$66,315	\$65,847	\$70,083
Addition to Coverage Account (Continental portion)	C	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	554	--	3,768
Interest income credit to Continental Airlines (d)		59	59	59	59	59	59	59
Equipment and Capital Outlay Account								
Other equipment purchases		6,580	3,963	4,082	4,205	4,331	4,461	4,594
Set-aside for installment purchase equipment payments (e)		4,471	6,004	18,605	19,053	19,053	19,053	18,784
Capital Improvement Account (f)								
Set-aside for Stapleton improvements (g)		1,500	--	--	--	--	--	--
Other (c)		702	702	702	702	702	702	702
Remaining balance deposit for Airport improvements		60,233	63,276	59,533	55,844	33,348	33,730	30,802
Airline Revenue Credit Account		40,000	40,000	40,000	40,000	34,751	35,134	32,205
		-----	-----	-----	-----	-----	-----	-----
		<b>\$168,651</b>	<b>\$169,480</b>	<b>\$176,697</b>	<b>\$174,173</b>	<b>\$159,113</b>	<b>\$158,985</b>	<b>\$160,997</b>

- (a) Required annual total of monthly transfers to the Bond Fund, net of the PFC revenues presented on Exhibit C, for payment of debt service on Senior Bonds and Subordinate Bonds.
- (b) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments.
- (c) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel project from the Net Revenues available for revenue sharing.
- (d) Continental receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.
- (e) Set-aside for payments to GE Capital and Siemens for certain equipment funded by those companies and leased by the City.
- (f) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport.  
 Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed \$40 million in any year.
- (g) The City is obligated to pay \$1.5 million per year through 2007, to the extent such amounts are available in the Capital Improvement Account to the SDC.

**Exhibit H**

**NET REVENUES AND DEBT SERVICE COVERAGE**

Denver International Airport  
Fiscal Years Ending December 31  
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Estimated	Forecast					
		2007	2008	2009	2010	2011	2012	2013
<b>GENERAL BOND ORDINANCE</b>								
<b>Net Revenues and Other Available Funds (a)</b>								
Gross Revenues		\$599,984	\$612,499	\$640,044	\$668,031	\$723,594	\$748,740	\$777,622
Operation and Maintenance Expenses		262,228	283,753	304,028	321,018	349,802	367,662	383,787
Net Revenues		\$337,756	\$328,746	\$336,016	\$347,013	\$373,792	\$381,078	\$393,835
Other Available Funds (coverage requirement)		55,106	55,475	53,716	54,310	66,315	65,847	70,083
	[A]	\$392,862	\$384,220	\$389,733	\$401,323	\$440,107	\$446,925	\$463,917
<b>Debt Service Requirements (b)</b>								
Senior Bonds	[B]	\$220,422	\$221,899	\$214,864	\$217,238	\$265,262	\$263,390	\$280,330
Subordinate Bonds		11,806	11,806	11,806	11,806	11,806	11,806	11,806
	[C]	\$232,228	\$233,705	\$226,670	\$229,044	\$277,067	\$275,196	\$292,136
<b>Debt service coverage on Senior Bonds</b>	[A/B]	<b>178%</b>	<b>173%</b>	<b>181%</b>	<b>185%</b>	<b>166%</b>	<b>170%</b>	<b>165%</b>
		=====	=====	=====	=====	=====	=====	=====
<b>Debt service coverage on Senior and Subordinate Bonds</b>	[A/C]	<b>169%</b>	<b>164%</b>	<b>172%</b>	<b>175%</b>	<b>159%</b>	<b>162%</b>	<b>159%</b>
		=====	=====	=====	=====	=====	=====	=====

(a) See Exhibit G.

(b) Net of certain PFC revenues. See Exhibit C.

## **APPENDIX B**

### **ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2006 AND 2005**

This appendix includes the following sections from the 2006 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 61); and Supplemental Information (pages 62 through 67). The Introduction (pages 1 through 7) and Annual Financial Information (pages 68 through 70) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver  
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Airport System as of and for the year ended December 31, 2005, were audited by other accountants whose report dated May 5, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of City and County of Denver that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City and County of Denver as of December 31, 2006 and 2005, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable John W. Hickenlooper, Mayor  
Members of the City Council  
The Honorable Dennis J. Gallagher, Auditor  
Members of the Audit Committee  
City and County of Denver

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section; the Schedule of Compliance with Rate Maintenance Covenant as Defined in the 1984 Airport System General Bond Ordinance Airport Revenue Account; the Schedule of Required Deposits to the Bond Account, Bond Reserve Account, and the Operation and Maintenance Reserve Account as Defined in the 1984 Airport System General Bond Ordinance; the Summary of Insurance Coverage; and the Annual Financial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

July 2, 2007

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Management's Discussion and Analysis**

The following discussion and analysis of the financial position of and activity of the Municipal Airport System (Airport System) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the years ended December 31, 2006 and 2005. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**Financial Highlights**

Operating revenues at the Airport were \$500.8 million for the year ended December 31, 2006, an increase of \$6.3 million (1.3%), as compared to December 31, 2005. The increase in revenue was primarily related to the increase in passenger traffic, which led to an increase in concession, parking, and car rental revenues. Passenger traffic increased 9.1% for the year ended December 31, 2006.

Operating expenses, exclusive of depreciation, were \$256.1 million for the year ended December 31, 2006, an increase of \$25.0 million (10.8%) as compared to December 31, 2005. The increase was attributable to an increase in personnel costs, snow removal (due to December 2006 blizzards), guard services, janitorial services and repair and maintenance costs.

**Overview of the Financial Statements**

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to those financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Management's Discussion and Analysis (Unaudited)  
December 31, 2006 and 2005

**Summary of Revenues, Expenses, and Changes in Net Assets**

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues	\$ 500,810	\$	494,491	\$	477,665
Operating expenses before depreciation, amortization and impairment losses	<u>(256,147)</u>		<u>(231,129)</u>		<u>(221,214)</u>
Operating income before depreciation, amortization and impairment losses	244,663		263,362		256,451
Depreciation and amortization	(143,506)		(146,922)		(130,379)
Impairment losses	<u>—</u>		<u>(85,286)</u>		<u>(18,007)</u>
Operating income	101,157		31,154		108,065
Nonoperating revenues	150,223		120,063		84,766
Nonoperating expenses	(217,995)		(227,328)		(223,346)
Capital contributions	<u>29,188</u>		<u>31,547</u>		<u>62,205</u>
Increase (decrease) in net assets	62,573		(44,564)		31,690
Net assets, beginning of year	<u>640,196</u>		<u>684,760</u>		<u>653,070</u>
Net assets, end of year	<u>\$ 702,769</u>	\$	<u>640,196</u>	\$	<u>684,760</u>

**Operating Revenues**

(In thousands)

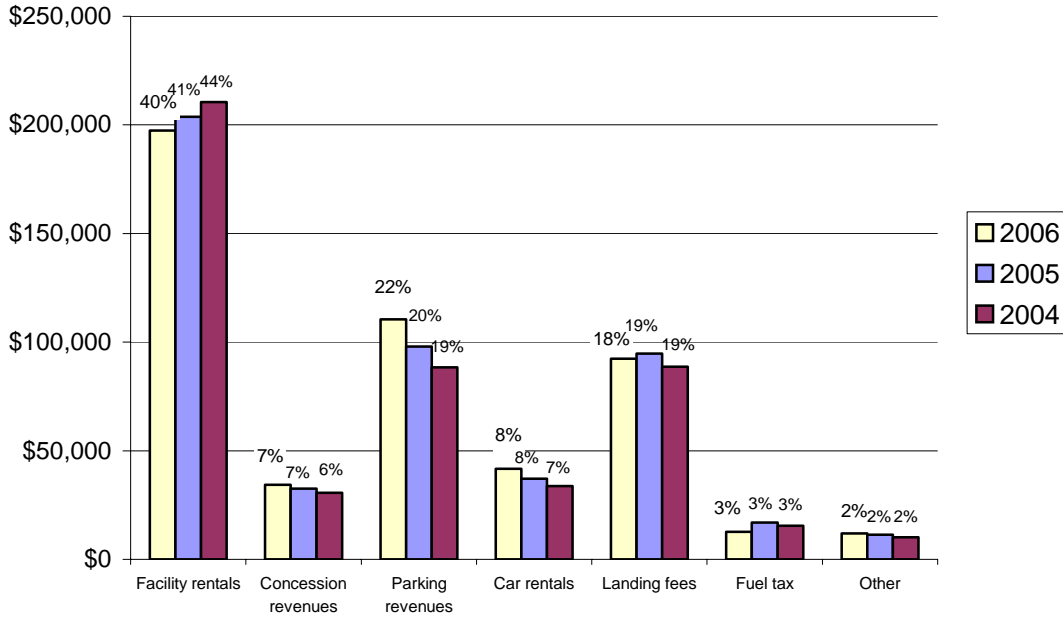
	<u>2006</u>		<u>2005</u>		<u>2004</u>
Operating revenues:					
Facility rentals	\$ 197,353	\$	203,800	\$	210,461
Concession revenues	34,305		32,566		30,638
Parking revenues	110,535		97,919		88,411
Car rental revenues	41,641		37,175		33,780
Landing fees	92,390		94,695		88,741
Aviation fuel tax	12,714		16,995		15,402
Other sales and charges	<u>11,872</u>		<u>11,341</u>		<u>10,232</u>
Total operating revenues	<u>\$ 500,810</u>	\$	<u>494,491</u>	\$	<u>477,665</u>

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**Operating Revenues**

**% of Total Operating Revenues**



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increase in revenues.

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2006 as compared to 2005 (in thousands):

	<u>2006</u>	<u>2005</u>	<u>Percentage Change</u>
Enplanements	23,665	21,702	9.0%
Passengers	47,325	43,388	9.1%
Aircraft operations (1)	610	568	7.4%
Cargo (in pounds)	621,655	683,237	(9.0)%
Landed weight (in tons)	31,848	29,636	7.5%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.



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The Airport System's activities increased in three areas as described below and decreased slightly in landed weight and cargo for the year ended December 31, 2005 as compared to 2004 (in thousands):

	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
Enplanements	21,702	21,144	2.6%
Passengers	43,388	42,276	2.6%
Aircraft operations (1)	568	567	0.2%
Cargo (in pounds)	683,237	699,827	(2.4)%
Landed weight (in tons)	29,636	29,651	(0.1)%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

Operating revenues increased by 1.3%, from \$494.5 million in 2005 to \$500.8 million in 2006, primarily due to increases in parking, concession revenues, and car rentals. The parking revenue increase of \$12.6 million, or 12.9%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and an increase in parking rates, discussed below. Concession revenues between 2006 and 2005 increased \$1.7 million, or 5.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$4.5 million, or 12.0%, to \$41.6 million due to an increase in O&D passenger traffic and increased usage charges.

Facility Rentals and Landing Fees decreased in 2006 compared to 2005 by \$6.4 million (3.2%) and \$2.3 million (2.4%) respectively. Charges to airlines are based on the costs of providing the facilities and services. In 2006 these costs decreased because of a reduction in the debt service allocated to airline cost centers, thereby reducing the airline revenues.

Aviation fuel tax revenue in 2006 decreased \$4.3 million, or 25.2%, primarily due to a decrease in aviation fuel usage related to aircraft tanker fueling outside of the Airport.

Operating revenues increased by 3.5%, from \$477.7 million in 2004 to \$494.5 million in 2005, primarily due to increases in parking, landing fees, concession revenues, and car rentals. The parking revenue increase of \$9.5 million, or 10.8%, is attributable to an increase in originating and deplaning (O&D) passenger traffic and a rate increase effective June 15, 2005. The Airport System increased maximum daily parking rates in the garage and valet by \$3, from \$15 to \$18 and \$21 to \$24 per day, respectively. Also, there was a \$2 increase in the economy parking lot, from \$7 to \$9 per day. The landing fees increase of \$6.0 million, or 6.7%, is attributable to reductions in the year-end settlement in the landing fee rate calculation for signatory airlines. Concession revenues between 2004 and 2005 increased \$1.9 million, or 6.3%. The concession revenue increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic and an increase in the spend rate per passenger. Car rental revenues increased by \$3.4 million, or 10.1%, to \$37.2 million due to an increase in O&D passenger traffic and increased usage charges.

Aviation fuel tax in 2005 increased \$1.6 million, or 10.3%, primarily due to an increase in aviation fuel usage and prices.

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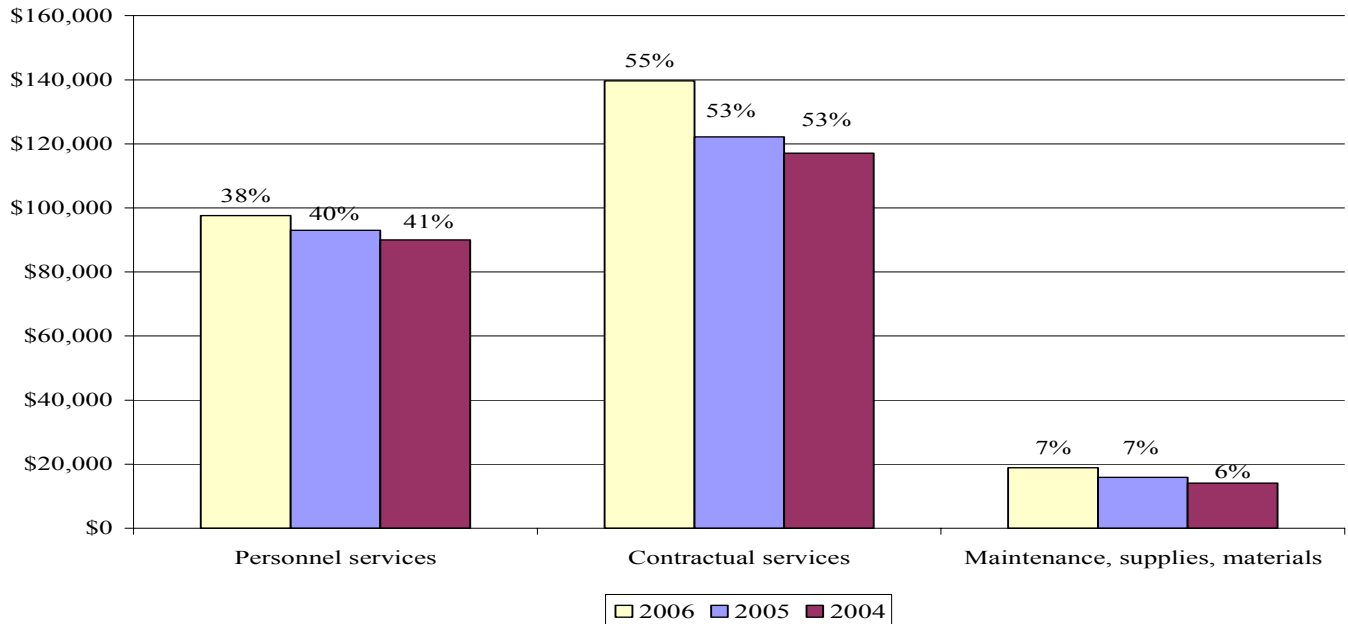
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**Operating Expenses Before Depreciation, Amortization and Impairment Losses**

(In thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating expenses before depreciation, amortization and impairment losses			
Personnel services	\$ 97,592	\$ 92,980	\$ 90,006
Contractual services	139,652	122,193	117,091
Maintenance, supplies, and materials	<u>18,903</u>	<u>15,956</u>	<u>14,117</u>
Total operating expenses before depreciation, amortization, and impairment losses	<u>\$ 256,147</u>	<u>\$ 231,129</u>	<u>\$ 221,214</u>

**% Total Operating Expenses Before Depreciation, Amortization and Impairment Losses**



**2006/2005**

Operating expenses before depreciation, amortization and impairment losses increased by 10.8%, from \$231.1 million in 2005 to \$256.1 million in 2006. The increase in contractual services in 2006 compared to 2005 of \$17.5 million was due to an increase in snow removal costs due to blizzards that occurred in December 2006, as well as an increase in janitorial services, guard services and repair and maintenance expense.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates.

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Personnel services increased by \$4.6 million, or 5.0%, to \$97.6 million in 2006 compared to \$93.0 million in 2005. The increase in personnel costs was due in part to an increase in permanent salaries of 2.25% granted in 2006. Also, snow overtime costs relating to the December 2006 blizzards and a performance based bonus given to all personnel in December of 2006, contributed to the increase. Maintenance, supplies, and materials increased \$2.9 million, or 18.5%, to \$18.9 million from \$16.0 million in 2005 due to an increase in runway lighting costs and plumbing supplies costs. An increase in commercial chemical solvents used during the December 2006 blizzards, heating plant repair parts and jet bridges, also contributed to the increase in 2006.

**2005/2004**

Operating expenses before depreciation, amortization and impairment losses increased by 4.5%, from \$221.2 million in 2004 to \$231.1 million in 2005. The increase in contractual services in 2005 of \$5.1 million was due to an increase in electricity, gas, janitorial services, and repair and maintenance expenses offset by a decrease in aircraft noise penalty cost of \$1.5 million.

Contractual services also saw an increase in the repair and maintenance expense for the Automated Ground Transportation System (AGTS) train due to an increase in the contracted maintenance rates. In addition, contract snow removal costs were higher in 2005 due to an April 2005 blizzard.

Personnel services increased by \$3.0 million, or 3.3%, to \$93.0 million in 2005 compared to \$90.0 million in 2004. The increase in personnel and other city personnel (fire and police) costs was due in part to an increase in permanent salaries of 2.25% granted in 2005. Also, snow overtime costs relating to the April 2005 blizzard contributed to the increase.

Maintenance, supplies, and materials increased \$1.8 million, or 13.0%, to \$16.0 million from \$14.1 million in 2004 due to the increase in runway lighting and janitorial supplies. In addition, an increase in natural gas rates, diesel fuel, and gasoline rates, as a result of increasing oil costs, also contributed to the increase in 2005.

**Impairment Losses**

In 2005, the Airport System concluded that sections of the automated baggage system were permanently impaired. As a result, the Airport System removed these sections of the automated baggage system, from its books, resulting in an impairment loss of \$85.3 million in 2005. See further discussion regarding the write-off of the automated baggage system in the Capital Assets section below.

**Nonoperating Revenues and Expenses**

**2006**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$39.5 million to \$67.8 million in 2006. This decrease was due to an increase in investment income of \$20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. In addition, PFC revenues increased \$9.5 million, or 11.3%, due to an increase in passenger traffic. Lastly, there was a decrease in other expense due to the completion of environmental costs associated with remediation of Stapleton, offset by an increase of \$2.2 million of interest expense due to an increase in notes payable.

In 2006 and 2005, capital grants totaled \$29.2 million and \$31.5 million, respectively. The decrease in 2006 capital grants was due to the completion of the Explosive Detection System (EDS) in 2005, which was federally

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funded. All PFCs were reallocated to the payment of debt service related to the automated baggage system and the original cost of the Airport.

**2005**

Total nonoperating expenses, net of nonoperating revenues, decreased by \$31.3 million to \$107.2 million in 2005. This decrease was due to the increase in investment income of \$13.3 million, or 59.3%, which was due to an increase in yields and more cash being invested long term. In addition, PFC revenues increased \$22.0 million, or 35.4%, due to an increase in passenger traffic. Lastly, there was decrease in interest expense of \$16.2 million from the refunding of debt. These factors were offset by an increase in other expense due to an additional \$16.2 million in environmental costs associated with the remediation of Stapleton.

In 2005 and 2004, capital grants totaled \$31.5 million and \$42.1 million, respectively. The decrease in 2005 capital grants was due to the completion of the Explosive Detection System (EDS), which was federally funded. Also, in 2005, there was no capital PFC revenue while in 2004, capital PFC revenues totaled \$20.1 million. The decrease in capital PFCs was due to reallocation of PFCs revenues from capital projects to the payment of debt service related to the automated baggage system.

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**Summary of Net Assets**

The following is a summary of assets, liabilities, and net assets as of December 31, 2006, 2005, and 2004 (in thousands):

	<u>2006</u>		<u>2005</u>		<u>2004</u>
<b>Assets:</b>					
Current assets	\$ 242,971	\$	222,323	\$	267,237
Restricted assets, current	404,650		487,169		473,364
Noncurrent investments	187,081		197,877		136,289
Capital assets	3,342,913		3,365,021		3,490,129
Bond issue costs, net	61,331		76,112		88,743
Investments restricted	352,704		245,207		309,582
Assets held for disposition	18,807		22,724		24,500
	<u>4,610,457</u>		<u>4,616,433</u>		<u>4,789,844</u>
<b>Liabilities:</b>					
Current liabilities	119,152		124,503		120,147
Current liabilities payable from restricted assets	221,113		189,904		198,058
Bonds payable, noncurrent	3,500,817		3,619,827		3,723,510
Notes payable, noncurrent	61,488		36,646		56,763
Compensated absences payable, noncurrent	5,118		5,357		5,548
Capital lease, noncurrent	—		—		1,058
	<u>3,907,688</u>		<u>3,976,237</u>		<u>4,105,084</u>
<b>Net assets(deficit):</b>					
Invested in capital assets, net of related debt	(212,179)		(236,200)		(168,315)
Restricted	543,978		488,337		547,526
Unrestricted	370,970		388,059		305,549
	<u>\$ 702,769</u>	\$	<u>640,196</u>	\$	<u>684,760</u>

**2006**

Assets decreased by \$.6 million in 2006 as compared to 2005. This was principally due to the decrease in capital assets of \$22.1 million. The decline in capital assets was due to normal annual depreciation of approximately \$143.5 million and retirements of \$9.2 million. The decrease in capital assets was offset by purchases of machinery, equipment and additions to construction in progress of approximately \$130.6 million for improvements.

Cash, cash equivalents and investments increased by \$28.9 million in 2006 as compared to 2005 resulting in part from operating activities, passenger facility charges and note proceeds. This was offset by payments of debt of \$123.1 million and purchases of capital assets. See the statement of cash flows for more information regarding the change in cash and investments.

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Grants receivable increased by \$10.4 million. Grants receivable of \$9.5 million were outstanding at the end of 2006 relating to the bomb detection system project and final reimbursements due from TSA.

Lastly, deferred bond issue costs declined by \$14.8 million due to the removal of costs related to the 1996 bonds that were refunded totaling \$17.4 million, the addition of costs related to the 2006 bonds that were issued totaling \$6.4 million and the annual amortization of the costs totaling \$3.8 million.

Total liabilities decreased by \$68.5 million in 2006, compared to 2005, primarily due to the decrease in bonds (which was attributable to principal payments paid during 2006) and deferred rent, offset by an increase in notes payable.

Of the Airport System's 2006 total net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts that are externally restricted for debt service represent \$544.0 million.

At December 31, 2006, the remaining net assets include unrestricted net assets of \$371.0 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**2005**

Assets decreased by \$173.4 million in 2005 as compared to 2004. This was largely due to a decrease in capital assets of \$125.1 million. The decline in capital assets was due to two factors: 1) the write-off of portions of the automatic baggage system and sortation systems with a net book value of approximately \$43.0 million and \$33.5 million, respectively, and 2) normal annual depreciation of approximately \$146.9 million. These decreases in capital assets were offset by purchases of machinery, equipment, and additions to construction in progress of approximately \$107.1 million.

Cash, cash equivalents, and investments also contributed to the Airport System's decrease in total assets. Cash, cash equivalents, and investments decreased by \$22.8 million in 2005 as compared to 2004 due to payments of debt principal of approximately \$120 million and purchases of capital assets as discussed above. These payments were offset by increased cash flows received from operating activities, passenger facility charges, and capital grant receipts. See the statement of cash flows for more information regarding the change in cash and investments.

Grants receivable declined by \$21.1 million. In 2004, the Airport System was due an outstanding reimbursement from the Transportation Security Administration (TSA) to cover costs relating to the bomb detection system initially paid by the Airport System in 2004. The TSA made the reimbursement in 2005, thus relieving this receivable. Only \$1.7 million in grants receivable were outstanding in 2005 related to the bomb detection system project.

Lastly, deferred bond issue costs declined by \$12.6 million due to the removal of costs related to the 1995 bonds that were refunded totaling \$15.4 million, the addition of costs related to the 2005 bonds that were issued totaling \$6.9 million and the annual amortization of the costs totaling \$2.2 million.

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Liabilities decreased by \$128.8 million in 2005, compared to 2004, primarily due to the decrease in bonds and notes payable, which was attributable to principal payments paid during 2005 as discussed above.

Of the Airport System's 2005 total net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent \$480.0 million. The Stapleton redevelopment and sixth runway totaling \$8.3 million, are restricted because the funds were received from other entities and are to be used only for specific capital projects.

At December 31, 2005, the remaining net assets include unrestricted net assets of \$388.1 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67.3 million of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236.2) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets' net book value.

**Long-Term Debt**

As of December 31, 2006 and 2005, the Airport System had approximately \$3.6 billion and \$3.7 billion, respectively, in outstanding bonded debt, both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately \$295.4 million in 2006. The Airport System has called or refunded over \$2.0 billion in higher interest rate debt originally issued in the early 1990s. This has resulted in cumulative present value debt service savings of approximately \$737.0 million.

The Airport System's senior lien debt is currently rated by Standard & Poors, Moody's, and Fitch at A+, A1 and A+, respectively, with stable outlooks as of December 2006.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the years ended December 31, 2006 and 2005 was 174% and 162%, respectively, of total debt service.

The Airport System entered into a \$23.0 million and \$2.0 million, for a total of \$25 million, Master Installment Purchase Agreement with Koch Financial Corporation on October 26, 2006, to finance various capital equipment purchases, for ten-year and five-year terms, respectively. The Airport System also entered into a \$9.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc., on October 26, 2006, to finance four train cars, for a ten-year term.

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bonds, Series 2006A and 2006B respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 9, 2006, the Airport System amended the 2005A Swap Agreements, described below. The notional amounts of the 2005 Swap Agreements were reduced to \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and the aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements was reduced to 3.66%.

On August 9, 2006 the Airport System entered into interest rate Swap Agreements (the 2006B Swap Agreements) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the

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Series 1996A and 1996D Bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of \$56.0 million, \$56.0 million, \$112.0 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions. The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements have an effective date of November 15, 2006. Payments under these Agreements commenced on December 1, 2006.

The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations.

In November 2006, the 2005 Swap Agreements became effective (see "The 2005 Swap Agreements"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month London Interbank Offered Rate (LIBOR) minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The Airport System entered into a \$20.0 million Master Installment Purchase Agreement with GE Capital Public Finance, Inc. on August 1, 2006 to finance capital equipment purchases based on a five year useful life.

On June 1, 2006 the Airport System entered into interest rate swap agreements (the "2006A Swap Agreements"), constituting Subordinate Hedge Facility Obligations, with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of LIBOR for one month deposits of U.S. dollars payable for the respective financial institutions. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bonds, Series 2005A in a fixed mode for the purpose of currently refunding \$230,760,000 of the 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, respectively, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

As previously discussed, on April 14, 2005, the Airport System entered into interest rate swap agreements (the 2005A Swap Agreements), constituting Subordinate Hedge Facility Obligations, with four financial institutions, in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1996A Bonds and the Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. The 2005 Swap Agreements originally had notional amounts of \$120 million, \$60 million, \$60 million, and \$60 million, respectively, prior to amendment, and provided for certain payments to or from each financial institution equal to the difference between the fixed rate payable by



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the Airport System under each of the 2005 Swap Agreements and the floating rate equal to 70% of one month LIBOR.

In July 2005, the Airport System and United reached an agreement for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System agreed to allocate \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on the automated baggage system, which is discussed below.

**Capital Assets**

As of December 31, 2006 and 2005, the Airport System had capital assets of approximately \$3.3 billion and \$3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately \$1.4 billion and \$1.2 billion, respectively.

*Explosive Detection System:* On September 2, 2003, the Airport and TSA entered in to a Memorandum of Agreement (TSA MOA), regarding the implementation of screening of all checked baggage by the EDS. The total cost of the EDS project was estimated to be approximately \$92.0 million. With the approval of TSA, as required under the TSA MOA, the Airport entered into a contract with Siemens Dematic Corporation for the implementation of the EDS project, designed by Logplan. The construction of the EDS baggage system commenced in 2003 and each of the Airport's six terminal modules and customs recheck areas were 100% automated in May 2005. Total cost of the project was \$170.5 million, of which \$71.0 million is being funded by federal grants.

*Automated Baggage System:* United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. At December 31, 2004, the book value of the baggage system equipment was \$49.6 million. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement whereby the Airport System will reduce United's Rates and Charges up to \$11.0 million per year, over three years, in exchange for certain concessions. Airport System management commissioned a study to determine what, if any, of the existing automated baggage system would be usable in a new system. Based upon this study, management concluded that the bulk of the automated baggage system was impaired and, as a result, management wrote off approximately \$43.0 million of the baggage system during 2005, with a remaining book value at December 31, 2006 of \$3.2 million.

*2006 Amendment:* In a 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10 million per year, using available Capital Fund moneys and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished

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by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, relinquished a second Concourse A gate effective November 30, 2006, and has agreed to relinquish the remaining four Concourse A gates upon the completion of the Concourse B Commuter Facility Project. The full relinquishment occurred May 1, 2007.

*Baggage Sortation System:* The Airport System management commissioned Aviation and Airport Professionals (AvAirPros) to study the future baggage handling system master plan. The master plan states that, at this time, the existing concourses (A, B, and C) are configured with sortation systems that were operable with the automated baggage system discussed above; however, it is not clear whether these existing systems would be capable of being integrated into a new airport-wide baggage system in the future.

Based upon this study, management believed that the sortation systems on concourses A and C were impaired and removed the assets from the books, which resulted in a loss of \$11.9 million. United continues to use a portion of the concourse B sortation system, which remains on the Airport System's books with a net book value of approximately \$8.7 million. The Airport System removed the unused portion of approximately \$47.0 million from its books, resulting in a loss of \$21.6 million.

*PFC:* In 1992, the PFC program authorized the imposition of a fee of \$3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of \$4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from \$3.00 to \$4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from \$3.00 to \$4.50 effective April 1, 2001. As of December 31, 2006, a total of \$832.6 million has been remitted to the Airport, (including interest earned on late payments), of which \$105.0 million has been expended on approved projects, \$723.9 million has been used to pay debt service on the Airport's general airport revenue bonds, and \$3.7 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of \$3.3 billion authorized maximum amount of PFC revenues.

*Construction Commitments:* As of December 31, 2006, the Airport System had outstanding contractual commitments of approximately \$344.9 million and had made over \$98.4 million in contractual payments for the year then ended.

The Airport's current 2007-2012 Capital Program includes approximately \$373.4 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2007-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, Passenger Facility Charges (PFCs), and Airport System monies.

On April 6, 2006, the Airport announced that CMCB Development Company of Denver was the successful bidder on a 17-acre retail development along Pena Boulevard. The development called "The Landings" is located north of Pena Boulevard just southeast of the Conoco station and is the first phase in what could be a 500-acre retail development along the major highway in and out of Denver International Airport. The City is currently negotiating a development agreement with CMCB Development Company of Denver.

In addition, construction is proceeding on a fourth module of the parking garage on the west side of Jeppesen Terminal. Lastly, the Airport and United have agreed to a 2006 Amendatory Lease Agreement (the Agreement). According to the Agreement, United Airlines will release six Concourse A gates it currently leases over the next

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9 months. Frontier Airlines, which now leases 16 gates on Concourse A, will lease all newly available Concourse A gates. United relinquished one of the Concourse A gates on July 1, 2006, and a second one on November 30, 2006. The remaining gates were released May 1, 2007.

**Economic Factors**

Passenger traffic was up 9.1% in 2006 compared with a national average increase of 5.1% as reported by the Airport Council International (ACI), an airline industry group. Much of this passenger growth is attributed to the increased service of low-cost carriers in the Denver market.

Southwest Airlines (Southwest) announced in October 2005 its intention to commence service to the Airport. Service began in January 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Effective March 1, 2006, Southwest leased a third gate and increased its schedule to 20 daily departing flights. On August 1, 2006, Southwest Airlines leased an additional gate and that brings their total number of usage to four gates.

The dominant air carrier at Denver International is United. On December 9, 2002, United filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The Chapter 11 filing permitted United to continue operations while developing a plan of reorganization to address existing debt, capital, and cost structures. In February 2006, United emerged from bankruptcy. United, together with its TED low-fare unit and its United Express commuter affiliates, accounted for approximately 56.4% and 56.0% of passenger enplanements at the Airport in 2006 and for the first three months of 2007, respectively.

As previously discussed, operating revenue was up 1.3%. Operating income before depreciation and amortization of \$244.7 million represented a decrease of \$18.7 million. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was over \$97.4 million, its highest level ever. The airlines will receive the maximum allocation of \$40.0 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

**Request for Information**

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Stan Koniz, Chief Financial Officer, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at [www.flydenver.com](http://www.flydenver.com).

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Statements of Net Assets

December 31, 2006 and 2005

<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash and cash equivalents	\$ 39,548,675	\$ 7,586,793
Investments	176,051,494	189,133,508
Accounts receivable (net of allowance for doubtful accounts \$340,941 and \$323,486, respectively)	14,519,315	14,451,382
Accrued interest receivable	7,105,769	5,423,676
Other long-term receivables	38,774	103,452
Inventories	5,536,967	5,454,318
Prepaid expenses and other	170,131	170,131
	242,971,125	222,323,260
Total current unrestricted assets		
Restricted assets:		
Cash and cash equivalents	271,288,130	227,053,440
Investments	100,741,748	231,647,117
Accrued interest receivable	1,899,940	897,577
Prepaid expenses and other	5,472,506	13,223,650
Grants receivable	12,492,788	2,130,831
Passenger facility charges receivable	12,754,737	12,216,716
	404,649,849	487,169,331
Total current restricted assets		
Total current assets	647,620,974	709,492,591
Noncurrent assets:		
Investments	187,080,957	197,876,686
Capital assets:		
Buildings	1,714,711,598	1,692,775,950
Improvements other than buildings	1,995,739,581	1,926,665,356
Machinery and equipment	557,147,936	530,719,449
	4,267,599,115	4,150,160,755
Less accumulated depreciation and amortization	(1,385,549,501)	(1,243,928,382)
	2,882,049,614	2,906,232,373
Construction in progress	165,558,343	163,483,424
Land, land rights and air rights	295,305,625	295,305,625
	3,342,913,582	3,365,021,422
Total capital assets		
Bond issue costs, net of accumulated amortization	61,330,980	76,111,450
Total noncurrent unrestricted assets	3,591,325,519	3,639,009,558
Investments – restricted	352,703,957	245,207,135
Assets held for disposition	18,806,825	22,724,103
	4,610,457,275	4,616,433,387
Total assets		

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Statements of Net Assets

December 31, 2006 and 2005

<b>Liabilities</b>	<u>2006</u>	<u>2005</u>
Current liabilities:		
Vouchers payable	\$ 31,172,356	\$ 32,576,135
Due to other City agencies	17,186,337	18,082,646
Compensated absences payable	1,577,340	1,165,067
Other liabilities	22,003,622	8,890,941
Revenue credit payable	40,000,000	40,000,000
Deferred rent	7,212,505	23,788,633
Total current unrestricted liabilities	<u>119,152,160</u>	<u>124,503,422</u>
Current liabilities payable from restricted assets:		
Vouchers payable	35,717,072	18,032,591
Retainages payable	17,689,100	12,875,680
Accrued interest and matured coupons	22,227,738	23,263,861
Notes payable	27,497,017	20,117,026
Capital lease liability	—	1,061,885
Other liabilities	10,896,786	16,747,604
Revenue bonds	107,085,000	97,805,000
Total current liabilities payable from restricted assets	<u>221,112,713</u>	<u>189,903,647</u>
Total current liabilities	<u>340,264,873</u>	<u>314,407,069</u>
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,762,700,000	3,885,555,000
Less:		
Deferred losses on bond refundings	(301,053,878)	(275,304,950)
Net unamortized premiums	39,170,459	9,576,996
Total bonds payable, noncurrent	<u>3,500,816,581</u>	<u>3,619,827,046</u>
Notes payable	61,488,469	36,646,298
Compensated absences payable	5,118,304	5,357,007
Total noncurrent liabilities	<u>3,567,423,354</u>	<u>3,661,830,351</u>
Total liabilities	<u>3,907,688,227</u>	<u>3,976,237,420</u>
<b>Net Assets(Deficit)</b>		
Invested in capital assets, net of related debt	(212,178,928)	(236,200,039)
Restricted for:		
Capital projects	—	8,296,639
Debt service	543,978,207	480,040,793
Unrestricted	370,969,769	388,058,574
Total net assets	<u>\$ 702,769,048</u>	<u>\$ 640,195,967</u>

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO**  
**MUNICIPAL AIRPORT SYSTEM**

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Operating revenues:		
Facility rentals	\$ 197,353,089	\$ 203,800,286
Concession revenues	34,304,468	32,565,648
Parking revenues	110,534,937	97,918,928
Car rental revenues	41,641,365	37,175,320
Landing fees	92,389,849	94,694,946
Aviation fuel tax	12,714,401	16,995,501
Other sales and charges	11,871,715	11,340,736
Total operating revenues	500,809,824	494,491,365
Operating expenses:		
Personnel services	97,592,363	92,979,459
Contractual services	139,652,041	122,193,155
Maintenance, supplies, and materials	18,903,028	15,956,243
Total operating expenses before depreciation, amortization and impairment losses	256,147,432	231,128,857
Operating income before depreciation, amortization and impairment losses	244,662,392	263,362,508
Depreciation and amortization	143,505,675	146,922,302
Impairment losses	—	85,286,382
Operating income	101,156,717	31,153,824
Nonoperating revenues (expenses):		
Passenger facility charges	93,509,920	83,999,814
Investment income	56,146,884	35,823,022
Interest expense	(207,385,378)	(205,141,929)
Grants	565,853	240,500
Other expense	(10,609,244)	(22,186,773)
Total nonoperating revenues (expenses), net	(67,771,965)	(107,265,366)
Income (loss) before capital contributions	33,384,752	(76,111,542)
Capital contributions:		
Capital grants	29,188,329	31,547,273
Increase (decrease) in net assets	62,573,081	(44,564,269)
Net assets, beginning of year	640,195,967	684,760,236
Net assets, end of year	\$ 702,769,048	\$ 640,195,967

See accompanying notes to financial statements.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:		
Receipts from customers	\$ 499,604,612	\$ 481,817,118
Payments to suppliers	(145,688,172)	(100,028,981)
Interfund activity payments to other funds	(12,181,634)	(12,239,690)
Payments to employees	(96,338,970)	(92,729,306)
Net cash provided by operating activities	245,395,836	276,819,141
Cash flows from noncapital financing activities:		
Operating grants received	313,814	240,500
Net cash provided by noncapital financing activities	313,814	240,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	—	2,376,840
Proceeds from note payable	54,000,000	—
Principal paid on notes payable	(21,777,838)	(19,449,588)
Principal paid on revenue bonds	(101,305,000)	(101,370,000)
Interest paid on revenue bonds	(190,453,776)	(220,329,010)
Principal paid on capital lease	(1,061,885)	(2,052,794)
Bond issuance costs paid	(2,074,724)	(6,834,114)
Interest paid on notes payable	(2,487,809)	—
Capital grant receipts	19,078,411	52,664,919
Passenger Facility Charges	92,971,899	82,754,169
Purchases of capital assets	(81,945,591)	(107,112,083)
Payments from accrued expenses for capital assets	(22,497,901)	(266,506)
Payments to escrow for current refunding of debt	(8,331,179)	(10,378,589)
Proceeds from sale of capital assets	487,822	582,523
Net cash used in capital and related financing activities	(265,397,571)	(329,414,233)
Cash flows from investing activities:		
Purchases of investments	(6,492,915,029)	(8,162,358,749)
Proceeds from sales and maturities of investments	6,542,146,541	8,006,414,109
Proceeds from sales of assets held for disposition	3,917,278	1,776,126
Payments to maintain assets held for disposal	(8,933,727)	(12,156,812)
Interest and dividends on investments and cash equivalents	51,669,430	39,975,086
Net cash provided by (used) in investing activities	95,884,493	(126,350,240)
Net increase (decrease) in cash and cash equivalents	76,196,572	(178,704,832)
Cash and cash equivalents, beginning of year	234,640,233	413,345,065
Cash and cash equivalents, end of year	\$ 310,836,805	\$ 234,640,233

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 101,156,717	\$ 31,153,824
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	143,505,675	146,922,302
Miscellaneous income	1,924,205	1,845,549
Impairment losses	—	85,286,382
Changes in assets and liabilities:		
Receivables, net of allowance	(3,255)	545,904
Inventories	(82,649)	50,451
Prepaid expenses and other	517,166	(347,035)
Vouchers and other payables	3,855,982	8,069,434
Deferred rent	(16,576,128)	(1,102,460)
Due to other City agencies	(896,309)	10,988,361
Compensated absences	173,570	163,553
Other operating liabilities	11,820,862	(6,757,124)
Net cash provided by operating activities	\$ 245,395,836	\$ 276,819,141

Noncash activities:

The Airport System issued bonds in the amount of \$449,590,000 and \$407,190,000 in 2006 and 2005, respectively, in order to refund debt. Net bond proceeds of \$465,989,377 and \$415,715,139 for 2006 and 2005, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of \$20,731,149 and \$10,901,979 were realized on the issuance of bonds in 2006 and 2005, respectively.

See accompanying notes to financial statements.



**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(1) Organization and Reporting Entity**

**(a) Nature of Operations**

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

**(b) Reporting Entity**

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2006. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

During the year ended December 31, 2006, the Airport System adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement establishes and modifies requirements

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

related to restrictions of net assets resulting from enabling legislation. The impact of this standard on the Airport System was immaterial.

During the year ended December 31, 2005, the Airport System adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. This Statement addresses common deposit and investment risks and requires governmental entities to provide disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. This information is designed to inform financial statement users about deposit and investment risks that could affect the Airport System's ability to provide services and meet its obligations as they become due.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury Securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

**(c) Investments**

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2006 and 2005. The Airport System's investments are maintained in segregated pools at the City and include U.S. Treasury securities, U.S. Agency securities, commercial paper, and repurchase agreements.

**(d) Inventories**

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

**(e) Capital Assets**

Capital assets are recorded at cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at Denver International. Costs associated with ongoing construction activities of Denver International are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for 2006 and 2005 was \$4,547,332 and \$4,696,585, respectively. Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or their estimated useful life.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

**(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)**

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

**(g) Assets Held for Disposition**

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

**(h) Compensated Absences Payable**

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

**(i) Deferred Rent**

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

**(j) Net Assets**

**2006**

The Airport System's assets exceeded liabilities by \$702,769,048 as of December 31, 2006, a \$62,573,081 increase in net assets from the prior year-end. Of the Airport System's 2006 net assets, 77.4% are restricted for future debt service. The bond reserve account and bond accounts represent \$543,978,207 which is externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represent \$0.

The remaining net assets include unrestricted net assets of \$370,969,769 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$212,178,928) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**2005**

The Airport System's assets exceeded liabilities by \$640,195,967 as of December 31, 2005, a \$44,564,269 decrease in net assets from the prior year-end. Of the Airport System's 2005 net assets, 76.3% were restricted for future debt service and capital construction. The bond reserve account and bond accounts represented \$480,040,793 that was externally restricted for debt service. The net assets restricted for the Stapleton and sixth runway capital projects represented \$8,296,639.

The remaining net assets included unrestricted net assets of \$388,058,574 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated \$67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, (\$236,200,039) represented the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

**(k) *Restricted and Unrestricted Resources***

Use of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

**(l) *Operating Revenues and Expenses***

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, and grants from the federal government and Stapleton demolition and remediation expenses.

**(m) *Governmental Grants***

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(n) Rates and Charges**

The Airport System establishes annually, as adjusted semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2006 and 2005, the Airport System had accrued a liability, included in current other liabilities, of \$14,799,763 and \$3,259,726, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory to use and lease agreements; and thereafter it is 50%, capped at \$40,000,000 for all years. The Net Revenues credited to the airlines totaled \$40,000,000 for both 2006 and 2005. Liabilities for these amounts were accrued as of December 31, 2006 and 2005, respectively, and are reported in the statement of net assets as revenue credit payable.

**(o) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

**(p) Reclassifications**

Certain 2005 balances have been reclassified to conform with the 2006 financial statements presentation.

**(3) Cash, Cash Equivalents, and Investments**

**(a) Deposits**

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the PDPA. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under

**CITY AND COUNTY OF DENVER, COLORADO**  
**MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name."

At December 31, 2006, the carrying amount of the Airport System's deposits, excluding certificates of deposit, was \$0 and the bank balance was \$0. At December 31, 2006, the Airport System owned \$11,354,644 of certificates of deposit issued by Colorado Business Bank, a certified eligible public depository.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities.

St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2006 was \$236,881. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

**(b) Investments**

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Manager of Revenue (the Manager), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the Manager for investment shall also be administered in accordance with the Investment Policy. The City does not currently invest with external investment pools.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The investment policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

At December 31, 2006 and 2005, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Money Market Funds	\$ 55,796	\$ 43,507
Certificate of Deposit	11,355	—
Commercial paper	246,001	305,092
Repurchase agreements	125,706	142,035
U.S. Treasury securities	87,446	190,203
U.S. Agency securities	601,111	417,668
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2006, is as follows (amount expressed in thousands).

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Cash on hand	\$ —	\$ 103
Cash and cash equivalents	39,549	7,587
Investments	363,132	387,010
Restricted cash equivalents	271,288	226,951
Restricted investments	453,446	476,854
	<u>\$ 1,127,415</u>	<u>\$ 1,098,505</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City manages interest rate risk for the investment under the control of the manager by limiting the maximum maturity of investments. Bond reserve proceeds that are invested in U.S. Treasury and U.S. Agency securities can have a maximum maturity of ten years. All other U.S. Treasury and U.S. Agency securities can have a maximum maturity of five years. Repurchase agreements are open repurchase agreements and not exposed to interest rate risk.

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At December 31, 2006, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (amounts are expressed in thousands):

Investment type	Investments maturity in years				
	Fair value	Less than 1	1-5	6-10	Greater than 10**
Discount Commercial Paper	\$ 246,001	\$ 246,001	\$ —	\$ —	\$ —
U.S. Treasury securities	87,445	—	63,321	24,124	—
U.S. Agency securities	601,111	144,203	255,010	157,533	44,365
Total	\$ 934,557	\$ 390,204	\$ 318,331	\$ 181,657	\$ 44,365

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2006, the Airport System owned callable securities with a fair value of \$250,489,681. Of these, securities with scheduled increases to predetermined interest rates had a fair value of \$102,772,048.

\*\*The Manager is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The Manager has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

*Credit Risk:* Credit risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Airport System. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government. The City's Investment Policy requires that commercial paper and bankers' acceptances be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase.

As of December 31, 2006, the Airport System owned \$ 246,000,560 in commercial paper that had minimum ratings of A-1, D-1 and F-1, by two rating agencies.

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the Airport System's investments owned at December 31, 2006, were subject to custodial credit risk.



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In accordance with the City's Investment Policy, all of the City's repurchase agreements are collateralized at 102% of the market value of the portfolio by U.S. Government agency securities at the time of purchase. Collateral valuation is calculated and adjusted at least once per week and adjusted on an as needed basis. Collateral for all repurchase agreements are held by the City's custodian, J.P. Morgan. None of the Airport System's repurchase agreements owned at December 31, 2006 were subject to custodial risk.

*Concentration of Credit Risk:* The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper or certificates of deposit issued by any one provider. As of December 31, 2006, all investments in commercial paper and certificates of deposit are in compliance with this policy.

**(4) Accounts Receivables**

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2006 and 2005, an allowance of \$340,941 and \$323,486, respectively, had been established. No amount is reserved for United Airlines (United) in 2006. See further discussion regarding United in note 21 of the financial statements.

**(5) Capital Assets**

Changes in capital assets for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	<b>2006</b>				
	<b>January 1, 2006</b>	<b>Additions</b>	<b>Transfers of completed projects</b>	<b>Retirements and impairments</b>	<b>December 31, 2006</b>
Depreciable:					
Buildings	\$ 1,692,776	\$ —	\$ 26,318	\$ (4,382)	\$ 1,714,712
Improvements other than buildings	1,926,666	—	73,569	(4,496)	1,995,739
Machinery and equipment	530,719	4,808	23,420	(1,799)	557,148
	<u>4,150,161</u>	<u>4,808</u>	<u>123,307</u>	<u>(10,677)</u>	<u>4,267,599</u>
Less accumulated depreciation and amortization	<u>(1,243,928)</u>	<u>(143,506)</u>	<u>—</u>	<u>1,885</u>	<u>(1,385,549)</u>
	2,906,233	(138,698)	123,307	(8,792)	2,882,050
Nondepreciable:					
Construction in progress	163,483	125,763	(123,307)	(381)	165,558
Land, land rights, and air rights	295,306	—	—	—	295,306
Total capital assets	<u>\$ 3,365,022</u>	<u>\$ (12,935)</u>	<u>\$ —</u>	<u>\$ (9,173)</u>	<u>\$ 3,342,914</u>

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	2005				
	January 1, 2005	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2005
Depreciable:					
Buildings	\$ 1,669,551	\$ —	\$ 23,317	\$ (92)	\$ 1,692,776
Improvements other than buildings	1,907,899	—	18,767	—	1,926,666
Machinery and equipment	681,753	8,122	29,626	(188,782)	530,719
	4,259,203	8,122	71,710	(188,874)	4,150,161
Less accumulated depreciation and amortization	(1,200,725)	(146,922)	—	103,719	(1,243,928)
	3,058,478	(138,800)	71,710	(85,155)	2,906,233
Nondepreciable:					
Construction in progress	136,214	98,979	(71,710)	—	163,483
Land, land rights, and air rights	295,437	—	—	(131)	295,306
Total capital assets	\$ 3,490,129	\$ (39,821)	\$ —	\$ (85,286)	\$ 3,365,022

In 2004, the Airport System implemented GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB No. 42 describes the impairment of a capital asset as “a significant, unexpected decline in the service utility of a capital asset.” The significant and unexpected decline is based on events or changes in circumstances that were not anticipated when the capital asset was placed in service.

For the years ended December 31, 2006 and 2005, the Airport System experienced impairments of capital assets of \$0 and \$85.3 million, respectively. Capital assets which incurred significant impairment losses, and which comprise a majority of the \$85.3 million, included the Automated Baggage System and the Concourse A, B, and C sortation systems.

***Automated Baggage System (ABS)***

In September 2005, United Airlines discontinued use of the ABS and reverted to the traditional tug and cart system.

No other airlines used the ABS; therefore, this asset was no longer being used by the Airport System. Based on the requirements of GASB No. 42, there had been a significant, unexpected change in the service utility of the ABS. In order to determine if the ABS was temporarily or permanently impaired, the Airport System hired a consultant to identify what portion, if any, of the ABS should remain to support a future baggage system. Based upon the consultant’s findings, management concluded that a small portion (net book value of \$3.2 million) of structural steel and electrical infrastructure would be used to support a new system; therefore, this portion was judged temporarily impaired and retained on the books. The remaining net book value of the ABS of \$43.0 million was impaired and written off in September 2005.

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***Sortation Systems***

During 2005, the Airport System hired a consultant to determine if the idle sortation systems in Concourses A and C could be used for a future baggage handling system. Based upon the results of this study, management determined that the idle assets would not be used; thus, should be impaired for the remaining net book value.

In addition, United Airlines discontinued use of sections of the sortation system in Concourse B when it discontinued use of the ABS in September 2005. Based upon an investigation performed by management, the Airport System determined that the sections still in use totaled a net book value of \$8.7 million. This amount was not impaired and will be depreciated using the original useful life of the sortation system as management's expectation is that the remaining section of the system will continue to be used. The remaining net book value was considered impaired.

As a result, the Airport System recognized impairment losses in 2005 on the three sortation systems for approximately \$33.5 million.

**(6) Assets Held for Disposition**

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

As a result of the long-term nature of the development plan, the timing and ultimate amount of net proceeds from the disposition of Stapleton's existing plant and improvements is not presently determinable. The carrying value of Stapleton was \$18,806,825 and \$22,724,103 at December 31, 2006 and 2005, respectively. The current accrued environmental liability for Stapleton was \$3,474,011 and \$8,033,010 at December 31, 2006 and 2005, respectively.

**(7) Due to Other City Agencies**

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2006 and 2005 totaled \$12,181,634 and \$12,239,690, respectively, and have been included in operating expenses.

In addition to the above services, the Airport System also pays directly salaries and wages for police, fire and other city personnel which are reflected as Personnel services expenses. The total services paid for City service and personnel are \$38,883,126 and \$39,213,224 at December 31, 2006 and 2005, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled \$17,186,337 and \$18,082,646 at December 31, 2006 and 2005, respectively.

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**(8) Bonds Payable**

Changes in long-term debt for the years ended December 31, 2006 and 2005 were as follows (in thousands):

	2006				
	January 1, 2006	Additions	Refunded debt	Retirements	December 31, 2006
Airport System revenue bonds	\$ 3,928,480	\$ 449,590	\$ (539,123)	\$ (101,305)	\$ 3,737,642
Economic defeasance	54,880	—	—	—	54,880
Baggage defeasance	—	77,263	—	—	77,263
Less deferred loss on bonds	(275,305)	(43,778)	—	18,029	(301,054)
Plus unamortized premiums	9,577	20,731	13,946	(5,084)	39,170
Total bond debt	<u>\$ 3,717,632</u>	<u>\$ 503,806</u>	<u>\$ (525,177)</u>	<u>\$ (88,360)</u>	3,607,901
Less current portion					(107,085)
Noncurrent portion					<u>\$ 3,500,816</u>

	2005				
	January 1, 2005	Additions	Refunded debt	Retirements	December 31, 2005
Airport System revenue bonds	\$ 4,031,775	\$ 407,190	\$ (409,115)	\$ (101,370)	\$ 3,928,480
Economic defeasance	54,880	—	—	—	54,880
Less deferred loss on bonds	(244,015)	(44,425)	—	13,135	(275,305)
Plus unamortized premiums	(12,880)	12,766	12,081	(2,390)	9,577
Total bond debt	<u>\$ 3,829,760</u>	<u>\$ 375,531</u>	<u>\$ (397,034)</u>	<u>\$ (90,625)</u>	3,717,632
Less current portion					(97,805)
Noncurrent portion					<u>\$ 3,619,827</u>

The Airport System has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport System Net Revenues, as defined in the 1984 Airport System General Bond Ordinance as supplemented and amended (Bond Ordinance) and the 1990 Airport System General Subordinate Bond Ordinance as supplemented and amended (Subordinate Bond Ordinance). Interest is payable semi-annually. The variable rate bonds are issued in weekly mode. Auction rate bonds carry interest rates that are periodically reset for either 7 or 35-day periods. As such, the actual interest rate on the bonds will vary weekly, based on market conditions in the short-term tax-exempt bond market. The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2006 are as follows:

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Airport system revenue bonds			
Series 1991A			
Term Bonds	November 15, 2008	14.00%	\$ 18,795,000
Series 1991D			
Term bonds	November 15, 2013	7.75%	96,708,140
Series 1992F,G*	November 15, 2025	3.95%	48,000,000
Series 1995C			
Term bonds	November 15, 2012	6.50%	10,625,000
Series 1997E			
Serial bonds	Annually November 15, 2011 and 2015	5.125-6.00%	87,882,258
Term bonds	November 15, 2017, 2023 and 2025	5.25-5.50%	310,685,000
Series 1998A			
Term bonds	November 15, 2025	5.00%	202,970,000
Series 1998B			
Term bonds	November 15, 2025	5.00%	103,395,000
Series 2000A			
Serial bonds	Annually November 15, 2006 to 2019	4.80-6.00%	236,240,000
Term bonds	November 15, 2023	5.625%	31,495,000
Series 2000B*	November 15, 2025	4.05%	200,000,000
Series 2000C*	November 15, 2025	3.95%	100,000,000
Series 2001A			
Serial bonds	Annually November 15, 2011 to 2017	5.00-5.625%	248,081,334
Series 2001B			
Serial bonds	Annually November 15, 2013 to 2016	4.70-5.50%	16,675,000
Series 2001D			
Serial bonds	Annually November 15, 2007 to 2024	5.00-5.50%	59,465,000
Series 2002A1 A3*	November 15, 2032	3.65-3.85%	273,975,000
Series 2002C*	November 15, 2024	3.95%	41,100,000
Series 2002E			
Serial bonds	Annually November 15, 2006 to 2023	4.00-5.50%	182,855,000

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<b>Bond</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount Outstanding</b>
Series 2003A			
Term bonds	November 15, 2026 and 2031	5.00%	161,965,000
Series 2003B			
Serial bonds	Annually November 15, 2016 to 2017	5.75%	8,540,000
Term bonds	November 15, 2033	5.00-5.50%	100,460,000
Series 2004A*	November 15, 2024	3.92%	73,300,000
Series 2004B*	November 15, 2024	3.96%	73,300,000
Series 2005A	Annually November 15, 2011 to 2025	4.00-5.00%	227,740,000
Series 2005B1-B2*	November 15, 2017	3.85%	88,800,000
Series 2005C1-C2	November 15, 2025	3.97-4.05%	85,000,000
Series 2006A	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000
Series 2006B	Annually November 15, 2007 to 2015	5.00%	170,005,000
Airport System subordinate revenue bonds			
Series 2001C1-C4*	November 15, 2022	3.64-3.75%	200,000,000
Economic defeasance LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000
ABS baggage defeasance		5.00-7.75%	<u>77,263,268</u>
Total revenue bonds			3,869,785,000
Less current portion			(107,085,000)
Net unamortized discount			39,170,459
Deferred loss on refundings			<u>(301,053,878)</u>
Total bonds payable noncurrent			<u>\$3,500,816,581</u>

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

\*The variable rates are as of December 31, 2006

***Economic Defeasance***

On November 1, 1999, the Airport System entered into an economic defeasance of \$54,880,000 from certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under the 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the

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City. Escrow A proceeds will be used to defease \$40,080,000 of the Series 1992C maturing on November 15, 2025. Escrow B proceeds will be used to defease \$14,800,000 of the Series 1991D maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of \$90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account ABS Baggage System defeasance held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system.

***Bond Issuances***

On August 17, 2006, the Airport issued \$279,585,000 and \$170,005,000 of Airport System Revenue Bond Series 2006A and 2006B, respectively, in a fixed rate mode for the purpose of currently refunding \$461,860,000 of the 1996A, 1996B, 1996C and 1996D bonds.

On August 25, 2005, the Airport issued \$227,740,000 of Airport System Revenue Bond Series 2005A in a fixed rate mode for the purpose of currently refunding \$230,760,000 of the Airport 1995A bonds.

On November 10, 2005, the Airport issued \$91,750,000 and \$87,700,000 in an auction rate mode and a variable rate mode, for the purpose of currently refunding \$90,510,000 and \$87,845,000 of the 1995B and 1995C bonds, respectively.

***Deferred Refunding***

The proceeds of the 2006A-B bonds were used, together with other Airport monies, to currently refund all of the outstanding Series 1996A, 1996D and all but \$12,605,000 of the 1996B and 1996C Airport System Revenue Bonds. Series 2006A-B bonds are structured to provide the Airport with maximum interest savings through 2010 which will be applied to meet a portion of the airline rates and cost reduction goals in the United Stipulated Order. Interest savings for refunding is \$39,808,609 and debt service savings is \$53,303,609 (including principal). The economic gain resulting from the transaction was \$32,671,373. The Airport realized a cash flow savings of \$985,173 with this transaction in 2006. The current refunding resulted in a defeasance of debt between the reacquisition price of \$474,320,556 and the net carrying amount less the unamortized portion of \$430,542,581, which resulted in a deferred loss on refunding amount of \$43,777,975. The deferred loss on refunding is being amortized over the remaining life of the old debt.

The proceeds of the 2005A, B1-B2 and C1-C2 bonds were used together with other Airport monies, to currently refund all of the outstanding series 1995A, 1995B, and all but \$10,625,000 of the 1995C Airport System Revenue Bonds. The Series 2005A bonds interest requirements are based on interest rates of 4.05% to 5.0%. The series 2005B1-B2 and 2005C1-C2 bonds are based on an assumed interest rate of 3.4%. Series 2005A, B1-B2, and C1-C2 bonds are structured to provide the Airport maximum interest savings through 2010 for purposes of the Stipulated Order by matching the principal amortization of the refunding bonds with that of the refunded bonds. The interest savings of \$70,425,785 and debt savings of \$63,056,480 (including principal), are expected to be achieved based upon the interest rate assumptions. The economic gain resulting

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from the transaction was \$45,502,306. The Airport realized a cash flow savings of \$1,176,945 with these transactions in 2005. The current refunding resulted in a defeasance of debt between the reacquisition price of \$426,093,727 and the net carrying amount less the unamortized portion of \$381,669,202 which resulted in a deferred loss on refunding amount of \$44,424,525. The deferred loss on refunding amount is being amortized over the remaining life of the defeased debt, which is shorter than the life of the refunding debt.

***Defeased Bonds***

The Airport System has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying financial statements. As of December 31, 2006 and 2005, respectively, \$32,180,000 and \$32,180,000 of bonds outstanding are considered defeased.

**(9) Bond and Notes Payable Debt Service Requirements**

**(a) Bonds Payable**

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2006 are as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 107,085,000	\$ 191,059,701
2008	102,979,756	184,558,291
2009	100,158,339	178,314,618
2010	105,629,846	173,093,046
2011	128,981,929	167,449,534
2012 – 2016	768,891,862	726,337,496
2017 – 2021	1,033,520,000	505,916,076
2022 – 2026	1,143,460,000	211,339,097
2027 – 2031	169,495,000	45,786,750
2032 – 2033	77,440,000	6,032,000
Total	\$ 3,737,641,732	\$ 2,389,886,609



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Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 3,601,900
2008	—	3,601,900
2009	—	3,601,900
2010	—	3,601,900
2011	—	3,601,900
2012 – 2016	14,800,000	14,568,500
2017 – 2021	—	12,274,500
2022 – 2025	40,080,000	8,345,925
Total	<u>\$ 54,880,000</u>	<u>\$ 53,198,425</u>

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2006, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year:		
2007	\$ —	\$ 4,496,304
2008	50,244	4,496,304
2009	3,636,661	4,492,470
2010	6,575,154	4,292,454
2011	7,608,071	3,869,204
2012 – 2016	34,063,138	12,358,992
2017 – 2021	21,635,000	4,034,642
2022 – 2026	3,695,000	568,500
Total	<u>\$ 77,263,268</u>	<u>\$ 38,608,870</u>

**(b) Notes Payable**

The Airport System entered into a \$60 million Master Installment Purchase Agreement with Siemens Financial Services on November 5, 2003 to fund the reimbursable portion of the construction of the in-line EDS baggage screening system. Payments are due annually in advance beginning December 31, 2006. The interest rate is 3.4% and is based on a 30/360 calculation. The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for \$20 million and one with GE Capital Public Finance Inc. for \$13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. Two agreements with Koch Financial Corporation for \$23.0

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million and \$2.0 million for a total of \$25.0 million and two agreements with GE Capital Public Finance for \$9.0 million and \$20.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2006. Under the Master Installment Purchase Agreements, the financing companies have a security interest in equipment purchased with the proceeds until the loans are repaid.

The payment schedule relating to note requirements as of December 31, 2006 is as follows:

	<b>Principal</b>	<b>Interest</b>
Year:		
2007	\$ 27,497,017	\$ 3,423,670
2008	12,146,762	2,403,466
2009	11,477,785	1,911,463
2010	11,563,556	1,438,698
2011	9,194,019	949,031
2012 – 2016	17,106,347	1,870,769
	\$ 88,985,486	\$ 11,997,097

Changes in notes payable for the years ended December 31, 2006 and 2005 were as follows:

	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Notes payable	\$ 56,763,324	\$ 54,000,000	\$ (21,777,838)	\$ 88,985,486
Less current portion				(27,497,017)
Noncurrent portion				\$ 61,488,469

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Notes payable	\$ 76,212,912	\$ —	\$ (19,449,588)	\$ 56,763,324
Less current portion				(20,117,026)
Noncurrent portion				\$ 36,646,298

**(10) Demand Bonds**

Included in long-term debt are \$48,000,000 for Series 1992F,G; \$200,000,000 for Series 2000B; \$100,000,000 for Series 2000C; \$41,100,000 for Series 2002C; \$73,300,000 for Series 2004A; \$73,300,000

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for Series 2004B; \$85,000,000 for Series 2005C1-C2 of Airport System Revenue Bonds Series respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit were issued as collateral for the Series 1992F, 1992G, and 2002C revenue bonds in the amounts as follows:

<b>Bonds</b>	<b>Par amount outstanding</b>	<b>Letter of credit amount</b>	<b>Annual commitment fee</b>	<b>Letter of credit expiration date</b>
Series 1992F	\$ 26,200,000	\$ 31,059,400	0.370%	September 24, 2009
Series 1992G	21,800,000	25,829,467	0.370%	September 24, 2009
Series 2002C	41,100,000	51,232,000	0.370%	October 8, 2009

As of December 31, 2006 and 2005, no amounts have been drawn under any of the existing agreements.

**(11) Bond Ordinance Provisions**

***Additional Bonds***

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

***Airport System Revenue Bonds***

Under the terms of the Bond Ordinance, all bond series, except for the Series 2001 C1-C4 Bonds, (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport System. Under the terms of the Subordinate Bond Ordinance, the Series 2001 C1-C4 Bonds are collateralized by Net Revenues of the Airport System subordinate to the Senior Bonds.

The Airport System is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Management believes the Airport System is in compliance with the bond covenants listed in the bond ordinance.

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**(12) Swap Agreements**

The Airport System has entered into interest rate swap agreements in order to protect against rising interest rates. In accordance with GAAP, the fair value of swap agreements is not reported in the financial statements.

**Summary of Interest Rate Swap Transactions**

<u>Counterparty</u>	<u>Trade date</u>	<u>Effective date</u>	<u>Notional amount (in millions)</u>	<u>Bond/Swap termination date</u>	<u>Associated debt series</u>	<u>Payable swap rate</u>	<u>Variable receivable swap rate</u>	<u>Fair values December 31, 2006</u>
1998 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	1/22/98	10/4/00	\$ 100	11/15/25	2000B	4.7600%	Bond rate	\$ (12,400,000)
Lehman Bros. Special Financing Inc.	1/22/98	10/4/00	100	11/15/25	2000B	4.7600	Bond rate	(12,400,000)
Societe Generale, New York, Branch	1/22/98	10/4/00	100	11/15/25	2000C	4.7190	Bond rate	(11,900,000)
1999 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	7/22/99	10/4/01	100	11/1/22	2001C1-4	5.6179	BMA	(20,150,000)
Merrill Lynch Capital Services, Inc.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.5529	BMA	(9,760,000)
RFPC, LTD.	7/22/99	10/4/01	50	11/1/22	2001C1-4	5.6229	BMA	(10,100,000)
2002 Swap Agreements:								
Goldman Sachs Capital Markets, L.P.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.33% LIBOR	1,500,000
RFPC, LTD.	4/11/02	4/15/02	100	11/01/22	2001C1-4	BMA	76.00% LIBOR	1,330,000
2005 Swap Agreements								
Royal Bank of Canada	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6560	70% LIBOR	(365,000)
JP Morgan Chase Bank, N.A.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6874	70% LIBOR	(365,000)
Jackson Financial Products, LLC	4/14/05	11/15/06	111.834	11/15/25	2006A	3.6560	70% LIBOR	(1,160,000)
Piper Jaffray Financial Products, Inc.	4/14/05	11/15/06	55.917	11/15/25	2006A	3.6600	70% LIBOR	(365,000)
2006B Swap Agreements								
Royal Bank of Canada	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
JP Morgan Chase Bank, N.A.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
Jackson Financial Products, LLC	8/9/06	11/15/06	111.834	11/15/25	2006A	BMA	4.0855%	2,280,000
Piper Jaffray Financial Products, Inc.	8/9/06	11/15/06	55.917	11/15/25	2006A	BMA	4.0855%	1,140,000
2006A Swap Agreements								
Forward Starting Swap Agreements								
Bear Stearns Capital Markets Inc	6/1/06	11/15/07	180.850	11/15/25	(1)	4.0085	70% LIBOR	(6,928,000)
Lehman Bros. Special Financing	6/1/06	11/15/07	120.567	11/15/25	(1)	4.0085	70% LIBOR	(4,618,000)
GKB Financial Services Corp. II	6/1/06	11/15/07	60.283	11/15/25	(1)	4.0085	70% LIBOR	(2,309,000)

(1) The associated debt series for the 2006 swap agreement are the proposed issuance of Airport System Revenue Refunding Bonds for the 1997E bonds.

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Payments by the Airport System to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport System's Senior Bonds, and on parity with the Airport System's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and BMA swap curves as of December 31, 2006. Fair values represent the difference between the present value of the fixed payments and the present value of the floating payments, at forward floating rates as of December 31, 2006. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

***Risks Associated with the Swap Agreements***

The following risks are generally associated with swap agreements:

***Credit Risk*** – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated, in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2006, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

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The ratings of the counterparties, or their credit support providers, as of December 31, 2006 are as follows:

<u>Counterparty (credit support provider)</u>	<b>Ratings of the counterparty or its credit support provider</b>		
	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch</u>
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	AA-	Aa3	AA-
Lehman Brothers Special Financing Inc. (Lehman Brothers Holdings Inc.)	A+	A1	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	AA-	Aa3	AA-
RFPC, LTD. (Ambac Assurance Corp.)	AAA	Aaa	AAA
Societe Generale, New York Branch	AA	Aa2	AA
Royal Bank of Canada	AA-	Aaa	AA
JP Morgan Chase Bank, N.A.	AA-	Aa2	AA-
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A+	Aa3	AA-
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services Morgan Stanley)	A+	Aa3	AA-

As of December 31, 2006, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives fair value.

**Termination Risk** – Any party to the Airport System’s swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap’s fair value. If any of the Airport System’s swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or nature of the basis risk associated with the swap agreement which may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

**Basis Risk** – Each of the Airport System’s swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System’s series of swaps is discussed more specifically in the descriptions of these swap agreements below.

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***Description of the Swap Agreements and Associated Debt***

*The 1998 Swap Agreements and Associated Debt* – On January 1, 1998, the Airport System entered into interest rate swap agreements (the 1998 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of certain senior bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2000. Each 1998 Swap Agreement has a notional amount of \$100 million and provides for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the prevailing variable rate on certain of the Airport System's variable rate bonds payable by the respective financial institutions. Upon the occurrence of certain events, a counterparty to a 1998 Swap Agreement may elect to apply an alternative variable rate, 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) plus 0.10%, instead of the variable rate payable on the associated debt. Events that could trigger the right of the counterparty to apply the alternative rate include, among other things, a downgrade of the short-term ratings of the associated debt to below A-1+ by S&P, VMIG-1 by Moody's or F-1+ by Fitch or the long-term ratings of the bonds are downgraded to below one of the highest two rating categories of any two of S&P, Moody's or Fitch, or an event of taxability. An event of taxability includes, among other things, a change in tax law that causes the relationship between the Bond Markets Association Index (BMA) and LIBOR such that the daily average BMA Index as a percentage of daily average LIBOR exceeds 80% for a period of 90 consecutive days or 75% for a period of 120 consecutive days. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event nor a downgrade of the short-term ratings for the year ended December 31, 2006.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

*The 1999 Swap Agreements and Associated Debt* – On July 28, 1999, the Airport System entered into interest rate Swap Agreements (the 1999 Swap Agreements) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of \$100 million, \$50 million and \$50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the BMA Index payable by the respective financial institutions. Historically, average BMA Index has been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under

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the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The net effect of the 1999 Swap Agreements, when considered together with the variable rate Series 2001 C1-C4 Subordinate Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2001 C1-C4 Subordinate Bonds and the Bond Market Association Index, on \$200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

*The 2002 Swap Agreements and Associated Debt* – On April 11, 2002, the Airport System entered into interest rate Swap Agreements (the 2002 Swap Agreements) with two financial institutions in order to effectively change the amounts it receives under the 1999 Swap Agreements from the Bond Market Association Index (BMA) to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). The 2002 Swap Agreements have a notional amount of \$200 million, relate to the 2001 C1-C4 bonds and provide for certain payments to or from each financial institution equal to the difference between BMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than BMA, to offset the actual rate paid on the Series 2001 C1-C4 bonds.

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

*The 2005 Swap Agreements* – In April 2005, the Airport System entered into interest rate Swap Agreements (the 2005 Swap Agreements) with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately \$56 million, \$56 million, \$112 million and \$56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under "*The 2006B Swap Agreements*"). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70% of 1-month LIBOR on \$280 million of obligations.



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The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between BMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

*The 2006A Swap Agreements* – On June 1, 2006, the City entered into interest rate swap agreements (the “2006A Swap Agreements”) with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the refunding of the Series 1997E bonds through the Airport System’s issuance of variable rate bonds on or before November 15, 2007. The 2006A Swap Agreements have notional amounts of approximately \$181.0 million, \$121.0 million and \$60.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

The Airport System is exposed to market-access risk under the 2006A Swap Agreements. Market-access risk is the risk that the Airport System will not be able to enter the credit markets or that costs associated with entering the credit market will increase. If the 2006A Swap Agreements become effective and proposed refunding bonds are not issued, the Airport System would make net swap payments as required under the Swap Agreement. The Airport System would make fixed payments to the counterparties and receive variable payments of 70% of LIBOR. If the proposed variable rate bonds are issued, actual savings ultimately recognized by the transaction will be affected by the terms of the proposed variable rate refunding bonds and the net effect of the variable rate payments received under the swap and the payments on the bonds.

If the proposed variable rate refunding bonds are issued, and the 2006A Swap Agreements become effective, the Airport System will be exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate to be paid on the associated debt and 70% of LIBOR to be received under the 2006A Swap Agreements.

If the 2006A Swap Agreements become effective, the net effect, when considered together with the proposed variable rate refunding bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate of the variable rate refunding bonds and 70% of LIBOR on \$362.0 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.01%. The 2006A Swap Agreements have an effective date of November 15, 2007. Payments under these Agreements have not commenced.

*The 2006B Swap Agreements*-On August 9, 2006 the Airport System entered into interest rate swap agreements (the “2006B Swap Agreements”) with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately \$56.0 million, \$56.0 million, \$112.0 million and \$56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the Bond Market Association Index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.

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In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on BMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on \$280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective (see “The 2005 Swap Agreements”). The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the BMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on \$280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

***Swap Payments and Associated Debt***

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2006, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Interest rate swaps net</u>	<u>Total</u>
Year:				
2007	\$ —	\$ 33,230,200	\$ 4,621,069	\$ 37,851,269
2008	—	33,230,200	4,621,069	37,851,269
2009	—	33,230,200	4,621,069	37,851,269
2010	—	33,230,200	4,621,069	37,851,269
2011	—	33,230,200	4,621,069	37,851,269
2012-2016	31,695,000	165,738,850	23,126,849	220,560,699
2017-2021	385,975,000	135,504,485	19,451,249	540,930,734
2022-2025	361,915,000	39,967,171	2,405,317	404,287,488
Total	<u>\$ 779,585,000</u>	<u>\$ 507,361,506</u>	<u>\$ 68,088,760</u>	<u>\$ 1,355,035,266</u>

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2006.

**(13) Denver International Special Facility Revenue Bonds**

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2006 and 2005, Special Facility Revenue Bonds outstanding totaled \$327,610,000 and \$332,320,000, respectively.

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**(14) Capital Lease**

The Airport System entered into a capital lease agreement for runway equipment with GE Capital Public Finance on July 1, 2003. The capital lease was paid off in 2006. Amortization of the capital lease is included in depreciation expense. The related net book value of the equipment as of December 31, 2005 was as follows:

Equipment	\$	6,009,746
Less accumulated depreciation		<u>(3,240,972)</u>
Net book value	\$	<u><u>2,768,774</u></u>

Changes in capital lease for the years ended December 31, 2006 and 2005 were as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2006</u>
Capital lease	\$ 1,061,885	\$ —	\$ (1,061,885)	\$ —
Less current				<u>—</u>
Noncurrent portion				<u><u>\$ —</u></u>

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2005</u>
Capital lease	\$ 3,114,679	\$ —	\$ (2,052,794)	\$ 1,061,885
Less current				<u>(1,061,885)</u>
Noncurrent portion				<u><u>\$ —</u></u>

**(15) Compensated Absences**

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2006 and 2005 are as follows:

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	<b>Balance January 1, 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2006</b>
Compensated Absences payable	\$ 6,522,074	\$ 1,002,609	\$ (829,039)	\$ 6,695,644
Less current				(1,577,340)
Noncurrent portion				\$ 5,118,304

	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2005</b>
Compensated Absences payable	\$ 6,358,521	\$ 701,537	\$ (537,984)	\$ 6,522,074
Less current				(1,165,067)
Noncurrent portion				\$ 5,357,007

**(16) Pension Plan**

*Plan Description*

Employees of the Airport System, as well as substantially all of the general employees of the City, are covered under the Denver Employees Retirement Plan (DERP). The following is a brief description of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information.

The DERP is a cost sharing multiple-employer, defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Board of Trustees in accordance with sections 18.401 through 18.433.4 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vest the authority for the benefit and contribution provision with the City Council. The DERP Board of Trustees acts as the trustee of the plan's assets. As of January 1, 2006, the date of the last actuarial valuation, the plan was underfunded; however, there is no net pension obligation reported because the actuarial valuation adjusts contributions in the ensuing year to fully fund the plan. The Retirement Board monitors the plan continually to ensure an appropriate level of funding.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. The report is available by contacting:

Denver Employees Retirement Plan  
777 Pearl Street  
Denver, Colorado 80203

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***Pension Plan's Funding Policy and Annual Pension Cost***

For DERP, The City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2006, 2005 and 2004 were \$36,036,000, \$35,036,000 and \$33,108,000, respectively, which equaled the required contributions each year.

The City's annual pension cost for the current year and related information for the plan is as follows (dollar amounts expressed in thousands):

<b>Actuarially determined</b>	<b>DERP</b>	<b>DERP health benefits</b>
Contribution rates (as a percentage of covered payroll):		
Employer	8.31%	0.82%
Plan members	2.48%	0.25%
Annual pension cost	\$53,428	\$5,292
Total contributions made	\$49,245	\$5,264
Actuarial valuation date	1-1-06	1-1-06
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar, open basis	Level dollar, open basis
Remaining amortization period	28 years	28 years
Asset valuation method	5-year smoothed mkt.	5-year smoothed mkt.
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	3.0-7.7%	3.0-7.7%
*Includes inflation at	3.0%	0.0%
Cost of living adjustments	None	None
Health insurance benefit inflation	—	—

Three-year trend information (dollar amounts expressed in thousands):

	<b>Year beginning 1-Jan</b>	<b>Annual pension cost (APC)</b>	<b>Percentage of APC contributed</b>	<b>Net pension obligation</b>
DERP Pension Benefits	2004	\$ 51,480	86.6 %	—
	2005	48,734	99.7	—
	2006	53,428	92.2	—
DERP Health Benefits	2004	4,072	96.5	—
	2005	4,723	96.7	—
	2006	5,292	99.5	—

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Projected Unit Credit (b)	Underfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll (b-a)/(c)
DERP-Pension Benefits						
1/1/04	\$ 1,572,938,437	\$ 1,604,530,172	\$ 31,591,735	98.0%	\$ 501,966,050	6.3%
1/1/05	1,651,090,641	1,665,540,822	14,450,181	99.1%	495,003,210	3.0%
1/1/06	1,735,208,838	1,782,504,943	47,296,105	97.3%	495,285,185	9.5%
DERP-Health Benefits						
1/1/04	87,110,400	105,478,904	18,368,504	82.6%	501,966,050	3.7%
1/1/05	88,527,589	116,567,764	28,040,175	75.9%	485,003,210	5.8%
1/1/06	90,227,891	123,775,074	33,547,183	72.9%	495,285,185	6.8%

**(17) Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**(18) Commitments and Contingencies**

**(a) Commitments**

At December 31, 2006, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	\$ 124,489,128
Construction projects to be funded by bonded debt	208,771,710
Projects related to remediation – Stapleton	<u>11,672,406</u>
Total commitments	<u><u>\$ 344,933,244</u></u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

**(b) Noise Litigation**

The City and Adams County entered into an intergovernmental agreement for Denver International dated April 21, 1988 (the Intergovernmental Agreement). The Intergovernmental Agreement establishes maximum levels of noise that should not be exceeded on an average annual basis at various grid points surrounding the Airport. Penalties must be paid to Adams County when these maximums are exceeded.

As of December 31, 2006, the Airport System accrued \$.5 million in the accompanying financial statements for noise violations and penalties.

**(c) Claims and Litigation**

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

**(d) Denver International Assets under Operating Leases**

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2006 and 2005 was \$61,479,426 and \$53,393,400, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2007	\$	45,635,800
2008		42,615,500
2009		41,786,300
2010		40,905,500
2011		38,868,900
2012-2016		80,636,200
2017-2021		52,600
Total minimum future rentals	\$	<u><u>290,500,800</u></u>

The United lease provides that it can be terminated by the airline if the airline's cost per enplaned passenger exceeds \$20 in 1990 dollars. Current costs per enplaned passenger did not approach this limit for either 2006 or 2005. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

**CITY AND COUNTY OF DENVER, COLORADO**  
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December 31, 2006 and 2005

**(e) Federal grants**

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any will be immaterial to its financial position and operations of the Airport.

**(19) Insurance**

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (includes all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of \$250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of \$25,000, \$100,000, and \$1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

**(20) Significant Concentration of Credit Risk**

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For the years ended December 31, 2006 and 2005, United Airlines represented approximately 59% and 59%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 13% and 12% of the Airport System's airline operating revenue. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

**(21) United Airlines**

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of



**CITY AND COUNTY OF DENVER, COLORADO**  
**MUNICIPAL AIRPORT SYSTEM**

Notes to Financial Statements

December 31, 2006 and 2005

passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 43 of the 95 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 56.4% and 56.4% of enplaned passengers at the Airport in 2006 and 2005.

In May 2005, the Airport System and United reached an agreement in principle for United to permanently release two Concourse A gates that had been temporarily released by United under the Stipulated Order. In exchange, the Airport System allocated \$10.0 million in surplus PFC revenues or other available funds to reduce the Debt Service Requirements on United's automated baggage system.

In the 2005-2 Amendment to the United Use and Lease Agreement, the Airport System agreed to a reduction in United's rates and charges associated with the automated baggage system of \$4.9 million in 2006, \$8.5 million in 2007 and \$11.0 million in 2008 through 2025, the last year of the term of the United Use and Lease Agreement in exchange for United's agreement to grow the Denver hub. This agreed reduction will be achieved by defeasing outstanding debt with available \$1.50 PFCs.

In the 2006 Amendment, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed \$10.0 million per year, using available Capital Fund moneys and other legally available Airport funds. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, are estimated to cost approximately \$41.5 million. The Concourse B Commuter Facility Project was completed April 23, 2007.

Under the 2006 Amendment, United will gradually relinquish its six leased gates on Concourse A. The Airport System expects that Frontier or other airlines will lease, or use on a nonpreferential basis, the gates relinquished by United as they become available. United relinquished one of the Concourse A gates on July 1, 2006, and has relinquished a second Concourse A gate on November 30, 2006 and the remaining four Concourse A gates upon completion of the Concourse B Commuter Facility Project.

United emerged from bankruptcy in February 2006.

**(22) Subsequent Events**

The Airport System is seeking proposals from qualified participants to own, manage, finance and/or build a 500 room, four star, four diamond hotel to be connected to Jeppesen Terminal.

In April of 2007, the Airport drew on the Airport System Subordinate Commercial Paper 2006A notes with an outstanding principal of \$30 million.

The Airport is assisting United in refinancing its Special Facility bond obligations in the amount of \$270,000,000.

Delta Airlines emerged from Chapter 11 bankruptcy on April 30, 2007.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Compliance with Rate Maintenance Covenant  
as Defined in the 1984 Airport System General Bond Ordinance  
Airport Revenue Account (Unaudited)

Year ended December 31, 2006

Gross revenue:	
Facility rentals	\$ 237,394,015
Concession income	34,304,468
Parking income	110,534,937
Car rental income	41,641,365
Landing fees	92,389,849
Aviation fuel tax	12,714,401
Other sales and charges	11,871,715
Interest income	42,519,679
Miscellaneous income	<u>1,242,752</u>
Gross revenues as defined in the ordinance	584,613,181
Operation and maintenance expenses:	
Personnel services	97,592,363
Contractual services	139,652,041
Maintenance, supplies and materials	18,879,094
Miscellaneous expense	<u>1,500,000</u>
Operation and maintenance expenses as defined in the ordinance	<u>257,623,498</u>
Net revenue	326,989,683
Other available funds	<u>49,787,669</u>
Net revenue plus other available funds as defined in the ordinance	<u><u>\$ 376,777,352</u></u>
Debt service requirements as defined in the ordinance (1)	\$ 215,989,302
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	174%
(1) Net of irrevocably committed Passenger Facility Charges of \$74,702,000 applied under Supplemental Bond Ordinance.	

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(1) Bond Account**

There shall be credited to the Bond Account, in the following order of priority:

**(a) Interest Account**

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

<u>Bond series</u>	<u>Interest payment date</u>	<u>Balance interest due</u>	<u>Required interest account balance at December 31, 2006</u>
Series 1991A	05/15/07	\$ 1,315,650	\$ 219,275
Series 1991D	05/15/07	3,975,750	662,625
Series 1992F-G	01/01/07	152,918	152,918
Series 1995C	05/15/07	345,313	57,552
Series 1997E	05/15/07	11,168,913	1,861,485
Series 1998A	05/15/07	5,166,625	861,104
Series 1998B	05/15/07	2,584,875	430,813
Series 2000A	05/15/07	7,832,099	1,305,350
Series 2000B	01/01/07	656,603	656,603
Series 2000C	01/01/07	324,822	324,822
Series 2001A	05/15/07	7,778,416	1,296,403
Series 2001B	05/15/07	456,563	76,094
Series 2001D	05/15/07	1,566,113	261,019
Series 2002A1-A3	01/01/07	982,276	982,276
Series 2002C	01/01/07	140,325	140,325
Series 2002E	05/15/07	4,705,688	784,281
Series 2003A	05/15/07	4,049,125	674,854
Series 2003B	05/15/07	3,279,525	546,588
Series 2004A	01/01/07	236,729	236,729
Series 2004B	01/01/07	238,074	238,074
Series 2005A	05/15/07	5,690,975	948,496
Series 2005B1-B2	01/01/07	250,349	250,349
Series 2005C1-C2	01/01/07	255,105	255,105
Series 2006A	05/15/07	6,920,350	1,153,392
Series 2006B	05/15/07	4,250,125	708,354
			<u>\$ 15,084,886</u>

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

**(b) Principal Account**

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

<u>Bond series</u>	<u>Principal payment date</u>	<u>Balance principal due</u>	<u>Required principal account balance at December 31, 2006</u>
Series 1991A	11/15/07	\$ 8,780,000	\$ 731,667
Series 1991D	11/15/07	13,260,000	1,105,000
Series 1992 F, G	11/15/07	1,300,000	108,333
Series 2000A	11/15/07	12,520,000	1,043,333
Series 2001A	11/15/07	17,370,000	1,447,500
Series 2001D	11/15/07	2,905,000	242,083
Series 2002A1-A3	11/15/07	6,350,000	529,167
Series 2002C	11/15/07	1,300,000	108,333
Series 2002E	11/15/07	16,650,000	1,387,500
Series 2004A	11/15/07	1,300,000	108,333
Series 2004B	11/15/07	1,300,000	108,333
Series 2005B1-B2	11/15/07	3,525,000	293,750
Series 2005C1-C2	11/15/07	2,800,000	233,333
Series 2006B	11/15/07	17,725,000	1,477,083
Total principal account requirement			\$ <u>8,923,748</u>

**(c) Sinking Account**

Required deposit monthly, to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore. The 1991A Series and 1991D Series are subject to mandatory sinking fund redemption requirements.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)  
Year ended December 31, 2006

**(d) Redemption Account**

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport System exercises its option to call for prior redemption of any Bonds, an amount necessary to pay the redemption price of such bonds on such Redemption Date, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

As of December 31, 2006, the redemption account had a balance of \$17.1 million for the sixth runway and baggage system.

**(e) Bond Account Summary**

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	\$	24,008,634
Bond Account balance at December 31, 2006		24,008,634
Underfunded	\$	—

**(2) Bond Reserve Account**

The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport System, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2006 is \$325,070,055. The minimum Bond Reserve Account requirement is \$325,070,055.

**(3) Operation and Maintenance Reserve Account**

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2007.

**CITY AND COUNTY OF DENVER, COLORADO  
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Schedule of Required Deposits to the Bond Account,  
Bond Reserve Account, and the Operation and Maintenance  
Reserve Account as Defined in the 1984  
Airport System General Bond Ordinance (Unaudited)

Year ended December 31, 2006

Computation of minimum operation and maintenance reserve:

2005 Operation and maintenance expenses	\$ <u>231,128,857</u>
Minimum operations and maintenance reserve requirement for 2005	38,521,476
Operation and maintenance reserve account balance at December 31, 2006 (1)	<u>59,733,489</u>
Overfunded	\$ <u><u>21,212,013</u></u>

- (1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average. The City is in the process of increasing the reserve.

**CITY AND COUNTY OF DENVER, COLORADO  
MUNICIPAL AIRPORT SYSTEM**

Summary of Insurance Coverage (Unaudited)

December 31, 2006

<u>Policy number</u>	<u>Company</u>	<u>Item covered</u>	<u>Expiration date</u>	<u>Annual premium</u>	<u>Coverage</u>
ESP2000-274	Quanta Speciality Lines	Pollution and remediation legal liability	12/23/07	\$ 246,465(1) \$	10,000,000
XSR 310244	Clarendon American	Excess auto	01/01/07	107,896	1,000,000
FL 254	FM Global	Property/boiler and machinery	01/01/07	2,478,342	1,000,000,000
L9900439	Lloyds of London	Excess liability	01/01/07	381,429	450,000,000
AAPN 00981771003	ACE Property and Casualty ACE American/AXA Art	Primary liability	01/01/07	572,398	50,000,000
Multi-participation	Ins./Lloyds Underwriters ACE American/AXA Art	Fine Arts	01/01/07	173,100/8,655(2)	250,000,000

(1) This is a three year prepaid amount. The policy term is 12/23/04 to 12/23/07.

(2) This is a multi-participation policy with coverage shared by DIA.

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## APPENDIX C

### GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for certain proposed amendments to the definitions.

“*AGTS*” means automated guideway transit system.

“*AIP*” means the Federal Aviation Administration’s Airport Improvement Program.

“*Additional Parity Bonds*” means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2007D Bonds.

“*Airport*” means Denver International Airport.

“*Airport Consultant*” means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

“*Airport System*” means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The terms do not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

“*Airport System Fund*” means the separate fund designated as the “City and County of Denver, Airport System Fund,” created under the Senior Bond Ordinance.

“*Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund,” created in the Senior Bond Ordinance.

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

“*Bond Reserve Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund,” created under the Senior Bond Ordinance.

“*Bonds*” means bonds, notes, certificates, commercial paper, or other securities issued by the City or by the City, for and on behalf of the Department, pursuant to the provisions of the Senior Bond

Ordinance which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including, without limitation, Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds, Subordinate Bonds or any Obligations (except as represented by any bonds registered in the name of any provider of any Credit Facility or its nominee as a result of a purchase by a draw on the Credit Facility).

“*Business Day*” means, with respect to the Series 2007D Bonds, any day (1) on which commercial banks in New York, New York and Denver, Colorado, are not required or authorized to remain closed; and (2) on which The New York Stock Exchange is not closed.

“*Capital Appreciation Bonds*” means Bonds which by their terms appreciate in value to a stated face amount at maturity.

“*Capital Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Capital Improvement and Replacement Fund,” created under the Senior Bond Ordinance.

“*Capitalized Interest Account*” means the special and separate subaccount within the Project Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account,” created under the Senior Bond Ordinance.

“*City*” means the City and County of Denver, Colorado.

“*City Charter*” means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

“*City Council*” means the City Council of the City.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the “*Tax Code*” is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

“*Committed Passenger Facility Charges*” means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

“*Completion Bonds*” means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

“*Consent Agent*” means American National Bank (formerly The Bank of Cherry Creek, a Branch of Western National Bank) and any successor and assign thereof.

“*Cost*” means the City’s costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds

advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

“*Credit Enhanced Bonds*” means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

“*Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

“*Credit Facility Obligations*” means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

“*Debt Service Requirements*” for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the

date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate the Debt Service Requirement shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

“*Department of Aviation*” or “*Department*” means the Department of Aviation of the City and its successor in functions, if any.

“*DTC*” means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2007D Bonds.

“*Escrow Account*” means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

“*Facilities*” or “*Airport Facilities*” means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

“*Favorable Opinion of Bond Counsel*” means an opinion of an attorney or firm of attorneys, selected by the City, whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the General Bond Ordinance and the Series 2007D Supplemental Ordinance and will not adversely affect the exclusion of interest on the Series 2007D Bonds from gross income for federal income tax purposes.

“*Financial Consultant*” means any financial consultant which is appointed by the City with respect to any series of Bonds.

“*First PFC Application*” means the City’s 1992 PFC Application as amended by the FAA in October 2000.

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

“*Fitch*” means Fitch, Inc. and its successors.

“*General Bond Ordinance*” means the General Bond Ordinance approved by the City Council on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2007D Supplemental Ordinance.

“*Gross Revenues*” means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof; on and after January 1, 1994, the revenues from the City’s sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; and (h) any Hedge Termination Payments received by the City.

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

“*Hedge Facility Obligations*” means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under the Senior Bond Ordinance on a parity with the Bonds.

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

“*Hedge Termination Payment*” means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

*“Independent Accountant”* means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

*“Interest Account”* means the special and separate subaccount within the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Interest Account,” created under the Senior Bond Ordinance.

*“Interest Payment Date”* means, with respect to the Series 2007D Bonds, each May 15 and November 15, commencing November 15, 2007.

*“Investment Securities”* means, to the extent the following are permitted investments under the City’s investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders’ equity (*e.g.*, capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to \$10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker’s acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated “A” (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more

than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

*"Manager"* means the manager of the City's Department of Aviation, or his or her designee and successor in functions, if any.

“*Mayor*” means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

“*MBIA*” means MBIA Insurance Corporation, the issuer of the MBIA Policy.

“*MBIA Policy*” means the financial guaranty insurance policy issued by MBIA that guarantees the payment of the principal of and interest on the Series 2007D Bonds.

“*Minimum Bond Reserve*” means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Minimum Operation and Maintenance Reserve*” means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Net Rent Lease*” means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

“*Net Revenues*” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

“*Ninth Supplemental Ordinance*” means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Obligations*” means Credit Facility Obligations and Hedge Facility Obligations.

“*Operation and Maintenance Expenses*” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various



departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

*“Operation and Maintenance Fund”* means the special and separate account designated as the “City and County of Denver, Airport System Operation and Maintenance Fund,” created under the Senior Bond Ordinance.

*“Operation and Maintenance Reserve Account”* means the special and separate subaccount in the Operation and Maintenance Fund designated as the “City and County of Denver, Airport System Operation and Maintenance Reserve Account,” created under the Senior Bond Ordinance.

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

*“Ordinance”* or *“Senior Bond Ordinance”* means the General Bond Ordinance of the City approved on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance,

Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D Supplemental Ordinance; and the PFC Supplemental Ordinance.

“*Other Available Funds*” means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

“*Outstanding*” when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered; and (d) except any Bonds held as Bank Bonds any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City shall be disregarded and deemed not to be Outstanding.

“*Passenger Facility Charges*” or “*PFCs*” means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings

thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“*Paying Agent*” means, when used with respect to the Series 2007D Bonds, the City Treasurer and any successors thereof.

“*PFC Debt Service Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Debt Service Account,” created under the Senior Bond Ordinance.

“*PFC Fund*” means the special and separate account designated as the “City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund,” created under the Senior Bond Ordinance.

“*PFC Project Account*” means the special and separate subaccount in the PFC Fund designated as the “PFC Project Account,” created under the Senior Bond Ordinance.

“*PFC Supplemental Ordinance*” means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

“*Planned Series 2007E Bonds*” means the Airport System Revenue Bonds, Series 2007E, planned to be issued by the City on or before November 30, 2007, in the approximate principal amount of \$57 million to fund a portion of the 2007 Project.

“*Planned Series 2007F Bonds*” means the Airport System Revenue Bonds, Series 2007F, planned to be issued by the City on or before November 15, 2007, in the approximate principal amount of \$362 million to current refund and defease certain of the outstanding Series 1997E Bonds.

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

“*Principal Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Principal Account,” created under the Senior Bond Ordinance.

“*Project Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Revenue Bonds, Project Fund,” created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

“*Proposed Amendments*” means the proposed amendments to the Senior Bond Ordinance as set forth in “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

“*Purchase Price*” means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

“*Rating Agencies*” means any of Moody’s, S&P, or Fitch, then maintaining ratings on any of the Bonds at the request of the City.

“*Redemption Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Redemption Account,” created under the Senior Bond Ordinance.

“*Redemption Date*” means the date fixed by the City for the mandatory or optional redemption or required tender of any Bonds prior to their respective fixed maturity dates.

“*Redemption Price*” means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

“*Refunding Bonds*” means any Bonds issued to refund, pay and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Refunding Project*” means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

“*Registrar*” means when used with respect to the Series 2007D Bonds, the City Treasurer and any successor thereof.

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

“*Report of the Airport Consultant*” means the report of the Airport Consultant entitled “Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007,” prepared for the City by Jacobs Consultancy Inc., which is attached to this Official Statement as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.”

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

“*Revenue Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Gross Revenue Fund,” created under the Senior Bond Ordinance.

“*S&P*” means Standard & Poor’s Ratings Service, Inc. and its successors.

“*Second PFC Application*” means the City’s PFC application which was approved by the FAA in January 2001.

“*Securities Depository*” means DTC, designated as the depository for the Series 2007D Bonds, and includes any nominee or successor thereof.

“*Senior Bond Ordinance*” means the General Bond Ordinance, as amended and supplemented by the Series 2007D Supplemental Ordinance and any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2007D Supplemental Ordinance.

“*Series 1990A Bonds*” means the Airport System Revenue Bonds, Series 1990A, issued on May 29, 1990, in the original aggregate principal amount of \$700,003,842.72.

“*Series 1991A Bonds*” means the Airport System Revenue Bonds, Series 1991A, issued on April 25, 1991, in the original aggregate principal amount of \$500,003,523.35.

“*Series 1991D Bonds*” means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of \$600,001,390.65.

“*Series 1992C Bonds*” means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of \$392,160,000.

“*Series 1992F Bonds*” means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$30,000,000.

“*Series 1992G Bonds*” means the Airport System Revenue Bonds, Series 1992G, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$25,000,000.

“*Series 1994A Bonds*” means the Airport System Revenue Bonds, Series 1994A, issued on September 8, 1994, in the original aggregate principal amount of \$257,000,000.

“*Series 1995B Bonds*” means the Airport System Revenue Bonds, Series 1995B, issued on June 22, 1995, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$98,530,000.

“*Series 1995C Bonds*” means the Airport System Revenue Bonds, Series 1995C, issued on November 28, 1995, and additionally secured by municipal bond insurance (except for Series 1995C Bonds maturing in 2016), in the original aggregate principal amount of \$107,585,000.

“*Series 1996A Bonds*” means the Airport System Revenue Bonds, Series 1996A, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$146,110,000.

“*Series 1996B Bonds*” means the Airport System Revenue Bonds, Series 1996B, issued on March 28, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$137,430,000.

“*Series 1996C Bonds*” means the Airport System Revenue Bonds, Series 1996C, issued on October 17, 1996, and additionally secured by municipal bond insurance (except for the Series 1996C Bonds maturing in 1998 through 2001), in the original aggregate principal amount of \$117,550,000.

“*Series 1996D Bonds*” means the Airport System Revenue Bonds, Series 1996D, issued on October 17, 1996, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$160,195,000.

“*Series 1997E Bonds*” means the Airport System Revenue Bonds, Series 1997E, issued on August 28, 1997, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$415,705,000.

“*Series 1998A Bonds*” means the Airport System Revenue Bonds, Series 1998A, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$206,665,000.

“*Series 1998B Bonds*” means the Airport System Revenue Bonds, Series 1998B, issued on December 1, 1998, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$103,395,000.

“*Series 2000A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000A, issued on August 24, 2000, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$330,625,000.

“*Series 2000B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000B, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$200,000,000.

“*Series 2000C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2000C, issued on August 24, 2000, as variable rate bonds, and additionally secured by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$100,000,000.

“*Series 2001A Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001A, issued on June 28, 2001, a portion of which is additionally secured by municipal bond insurance, in the aggregate original principal amount of \$395,635,000.

“*Series 2001B Bonds*” means the Airport System Revenue Refunding Bonds, Series 2001B, issued on June 28, 2001, and additionally secured by municipal bond insurance, in the aggregate original principal amount of \$16,675,000.

“*Series 2001D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on August 6, 2001, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$70,540,000.

“*Series 2002A1-A3 Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002A1-A3, issued on September 12, 2002, as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$300,000,000.

“*Series 2002C Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002C, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$49,000,000.

“*Series 2002D Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002D, issued on October 9, 2002, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of \$29,000,000.

“*Series 2002E Bonds*” means the Airport System Revenue Refunding Bonds, Series 2002E, issued on October 9, 2002, and additionally secured by financial guaranty insurance policies, in the original aggregate principal amount of \$203,565,000.

“*Series 2003A Bonds*” means the Airport System Revenue Bonds, Series 2003A, issued on May 1, 2003, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$161,965,000.

“*Series 2003B Bonds*” means the Airport System Revenue Bonds, Series 2003B, issued on May 1, 2003, certain maturities of which are additionally secured by municipal bond insurance, in the original aggregate principal amount of \$125,000,000.

“*Series 2004A Bonds*” means the Airport System Revenue Bonds, Series 2004A, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2004B Bonds*” means the Airport System Revenue Bonds, Series 2004B, issued on October 21, 2004, as variable rate bonds and additionally secured both by a liquidity facility and municipal bond insurance, in the original aggregate principal amount of \$75,000,000.

“*Series 2005A Bonds*” means the Airport System Revenue Bonds, Series 2005A, issued on August 25, 2005, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$227,740,000.

“*Series 2005B1-B2 Bonds*” means the Airport System Revenue Bonds, Series 2005B1-B2, issued on October 31, 2005, in two subseries as auction rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$91,750,000.

“*Series 2005C1-C2 Bonds*” means the Airport System Revenue Bonds, Series 2005C1-C2, issued on October 31, 2005, in two subseries as variable rate bonds and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$87,700,000.

“*Series 2006A Bonds*” means the Airport System Revenue Bonds, Series 2006A, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$279,585,000.

“*Series 2006B Bonds*” means the Airport System Revenue Bonds, Series 2006B, issued on August 17, 2006, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$170,005,000.

“*Series 2007A Bonds*” means the Airport System Revenue Bonds, Series 2007A, expected to be issued concurrently with the Series 2007D Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$188,350,000.

“*Series 2007A-B Bonds*” means the Series 2007A Bonds and the Series 2007B Bonds.

“*Series 2007A-C Bonds*” means the Series 2007A Bonds, the Series 2007B Bonds and the Series 2007C Bonds.

“*Series 2007B Bonds*” means the Airport System Revenue Bonds, Series 2007B, expected to be issued concurrently with the Series 2007D Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$24,250,000.

“*Series 2007C Bonds*” means the Airport System Revenue Bonds, Series 2007C, expected to be issued concurrently with the Series 2007D Bonds, and additionally secured by municipal bond insurance, in the original aggregate principal amount of \$34,635,000.

“*Series 2007D Bonds*” means the Airport System Revenue Bonds, Series 2007D, in the original aggregate principal amount of \$147,815,000 offered pursuant to this Official Statement.

“*Series 2007D-E Supplemental Ordinance*” means the Series 2007D-E Airport System Supplemental Bond Ordinance, as amended and supplemented from time to time by any other Supplemental Ordinance.

“*Sinking Fund Account*” means the special and separate subaccount in the Bond Fund designated as the “City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account,” created under the Senior Bond Ordinance.

“*Sinking Fund Requirements*” means for any period amounts required by the Senior Bond Ordinance or by Supplemental Ordinance to be credited to the Sinking Fund Account.

“*Special Facilities*” means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

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

“*Stapleton*” means Stapleton International Airport, which is part of the Airport System.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

“*Subordinate Bond Fund*” means the special and separate account designated as the “City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund,” created under the Senior Bond Ordinance.

“*Subordinate Bond Ordinance*” means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

“*Subordinate Contract Obligations*” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

“*Subordinate Credit Facility*” means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

“*Subordinate Credit Facility Obligations*” means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only the lien thereon of the Bonds and any Credit Facility Obligations.



“*Subordinate Hedge Facility*” means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

“*Subordinate Hedge Facility Obligations*” means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

“*Supplemental Ordinance*” means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

“*Treasurer*” or “*City Treasurer*” means the manager of the City’s Department of Revenue, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

“*Twenty-first and Twenty-seventh Supplemental Ordinances*” means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superceded to the extent provided in the PFC Supplemental Ordinance.

“*Underwriters*” means, with respect to the Series 2007D Bonds, Lehman Brothers, Citigroup Global Markets Inc., Piper Jaffray & Company and RBC Capital Markets.

“*Variable Rate Bonds*” means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issuance, but which is subject to maximum limitations.

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## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under “THE SERIES 2007D BONDS.”

*Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”*

#### **Description of the Bonds**

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2007D Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

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

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

#### **Additional Parity Bonds**

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

- (a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service

Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

## **Security**

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment.

### **The Airport System Fund**

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

### **Application of Revenues**

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds;

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first

day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36<sup>th</sup> month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In

addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

**PFC Fund**

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

- (a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and
- (b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2007	\$107,930,000
2008	111,707,000
2009	115,617,000
2010	119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

### **Project Fund**

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payment will comply with Section 142 of the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

### **Investments**

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the



cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

## **Insurance**

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than \$75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

## **Records, Reports and Audits**

The City has covenanted that it will keep accurate books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with standard accounting practices; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

### **Defeasance**

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other

moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Modification of the Senior Bond Ordinance**

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See “APPENDIX E – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.”

### **Events of Default**

The Senior Bond Ordinance provides that each of the following events is an “Event of Default”:

- (a) the City’s failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable;
- (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the

City's failure to perform (or begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after notice of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged; (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or decree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it shall not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

### **Remedies of Owners of Bonds**

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

### **Covenant Against Competing Facilities**

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and

nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

### **Corporate Existence**

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

### **Disposal of Airport Property**

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

### **Tax Covenant**

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

**Miscellaneous**

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

**Series 2007D-E Supplemental Ordinance**

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2007D Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

The Series 2007D-E Supplemental Ordinance includes provisions required by MBIA, including, without limitation, the right of MBIA to consent to any amendment of the Senior Bond Ordinance affecting the Series 2007D Bonds; the designation of MBIA as the sole holder of the Series 2007D Bonds for purposes of events of default and remedies and consents or directions under the Senior Bond Ordinance (such as the right of MBIA to consent to the acceleration of the payment of the Series 2007D Bonds in the event of a default); the subrogation of MBIA to the rights of recipients of payments made by MBIA in respect of the Series 2007D Bonds. See also "BOND INSURANCE."

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## APPENDIX E

### PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

*The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2007D Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are shown in blackline.*

#### DEFINITIONS–Section 102 A.

The following definitions are to be amended to read as follows:

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

**(22.1) “Contract Obligations” means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).**

**(47) “Minimum Bond Reserve” means (i) so long as any Bonds issued prior to August 1, 2000 are Outstanding, the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the**

**Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations.** With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~ **(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~ **(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~ **(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

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

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

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

**(71.2) “Released Revenues” means revenues of the Airport System in respect of which the following have been filed with the Clerk:**

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

**(b) either (i) an Independent Accountant’s certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager’s request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an**



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

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

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

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

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

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

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such

Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

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

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

The following new subparagraph (i) is to be added to the definition of “Gross Revenues”:

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

## OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

### **Section 709. Contract Obligations.**

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

A new Section 806 is to be added as follows:

### **Section 806. Loan Agreements for Special Facilities Bonds.**

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

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

**Section 1106. Notice to Rating Agencies.**

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

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

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

**OTHER CHANGES**

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

\* \* \*

## APPENDIX F

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and the DTC book-entry system has been obtained from sources believed to be reliable, but the City and the Department take no responsibility for the accuracy or completeness thereof. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

*None of the City, the Department or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2007D Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2007D Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2007D Bonds or (5) any other related matter.*

DTC will act as securities depository for the Series 2007D Bonds. The Series 2007D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2007D Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to Direct Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of the Series 2007D Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2007D Bonds on DTC's records. The

ownership interest of each Beneficial Owner will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007D Bonds will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2007D Bonds.

To facilitate subsequent transfers, all Series 2007D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007D Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2007D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2007D Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2007D Bonds at any time by giving reasonable notice to the City, or the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2007D Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

\* \* \*

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this “Disclosure Undertaking”) is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the “City”), in connection with the issuance of \$147,815,000 Airport System Revenue Bonds, Series 2007D (the “Bonds”), by the City, for and on behalf of its Department of Aviation (the “Department”). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 415, Series of 2007, adopted by the City Council of the City on August 13, 2007 (collectively, the “Ordinance”).

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

“*Audited Financial Statements*” means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

“*Bondowner*” or “*Owner of the Bonds*” means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

“*Central Post Office*” means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

“*Commission*” means the Securities and Exchange Commission.

“*Events*” means any of the events listed in Section 3(a) of this Disclosure Undertaking.

“*MSRB*” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

“*National Repository*” means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

“*Obligated Person*” means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year

from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

“*Official Statement*” means the final Official Statement dated August , 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

“*Participating Underwriters*” has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

“*Repository*” or “*Repositories*” means each National Repository and the State Repository.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State Repository*” shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

“*Treasurer*” means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines (“United”) is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.



**Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an “obligated person” with respect to the Bonds within the

meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

## Schedule 1

“*Annual Financial Information*” means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings “AVIATION ACTIVITY AND AIRLINES – Aviation Activity” and “CAPITAL PROGRAM,” data concerning outstanding debt, fund balances and results of operations of the type included under the heading “FINANCIAL INFORMATION” and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

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**APPENDIX H**

**FORM OF OPINION OF BOND COUNSEL**

Hogan & Hartson LLP  
and  
Bookhardt & O'Toole  
Denver, Colorado

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

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Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 415, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D Bonds, the form of the Series 2007D Bonds, the Report of the Airport

Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007D Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The opinions set forth in the first sentence of this paragraph assume compliance by the City with certain requirements of the Internal Revenue Code, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2007D Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D Bonds.

6. To the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D

Bonds, including whether interest on the Series 2007D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D Bonds and the enforceability of the Series 2007D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation has issued a municipal bond new issue insurance policy relating to the Series 2007D Bonds. We express no opinion as to the validity or enforceability of such municipal bond insurance policy, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

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**APPENDIX I**  
**SPECIMEN OF THE MBIA POLICY**

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# FINANCIAL GUARANTY INSURANCE POLICY

## MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

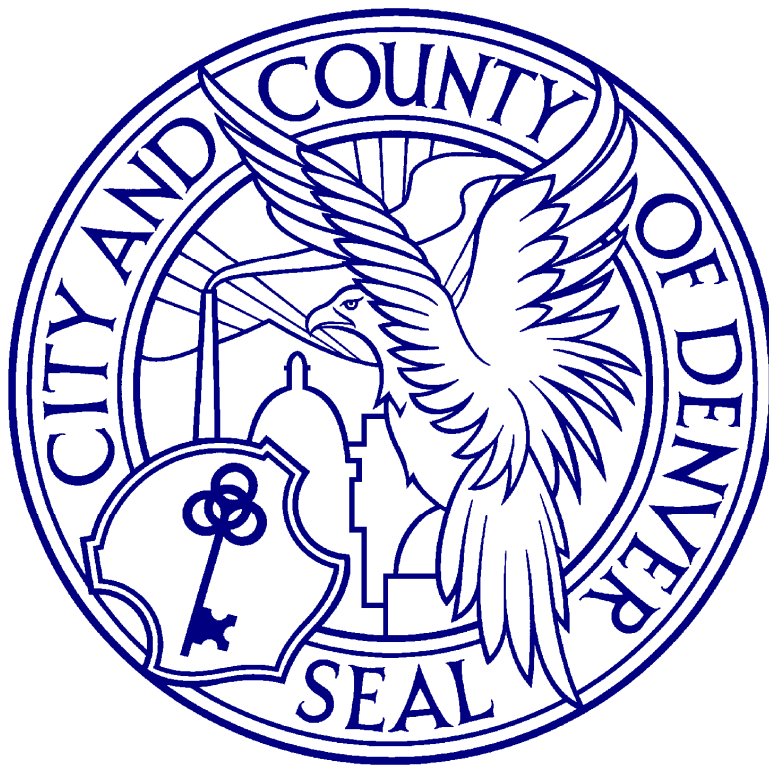
\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

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20

**\$212,600,000**  
**City and County of Denver, Colorado,**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A-B**

**Pricing Certificate**

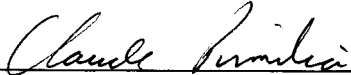
The undersigned, the Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer of the City and County of Denver, Colorado (the “City”), does hereby make the following determinations, consistent with the standards established with respect to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A” (the “Series 2007A Bonds”) and the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B” (the “Series 2007B Bonds”) and together with the Series 2007A Bonds the “Series 2007A-B Bonds”) by the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the “General Bond Ordinance”), as supplemented and amended from time to time including, without limitation, by Ordinance No. 375, Series of 2007 (the “Ordinance”). Unless otherwise indicated, all defined terms shall have the meanings given them in the Ordinance.

1. The principal amount of the Series 2007A Bonds shall be \$188,350,000 (*i.e.*, less than the maximum principal amount of \$325,000,000).
2. The principal amount of the Series 2007B Bonds shall be \$24,250,000 (*i.e.*, less than the maximum principal amount of \$32,000,000).
3. The Series 2007A-B Bonds shall bear interest at the rates per annum and mature on the dates and in the principal amounts set forth in Schedule A attached hereto (*i.e.*, at coupon rates not exceeding 6.50% and not later than November 15, 2037).
4. Payment of the scheduled principal of and interest on the Series 2007A Bonds shall be insured by a financial guaranty insurance policy issued by MBIA Insurance Corporation (the “Series 2007A Bond Insurer”).
5. Payment of the scheduled principal of and interest on the Series 2007B Bonds shall be insured by a financial guaranty insurance policy issued by Ambac Assurance Corporation (the “Series 2007B Bond Insurer”).
6. The true interest cost of the Series 2007A Bonds is 4.8784614% (*i.e.*, less than 5.60%).
7. The true interest cost of the Series 2007B Bonds is 4.8081420% (*i.e.*, less than 5.60%).
8. The Sinking Fund Schedule for the Series 2007A Bonds is attached hereto as Schedule C.



9. The Series 2007A Bonds maturing on and after November 15, 2018, shall be subject to optional redemption prior to maturity by the City, on and after November 15, 2017, in whole or in part at any time, at the principal amount of the Series 2007A Bonds to be redeemed, plus accrued interest to the date fixed for redemption.
10. The Series 2007B Bonds maturing on and after November 15, 2018, shall be subject to optional redemption prior to maturity by the City, on and after November 15, 2017, in whole or in part at any time, at the principal amount of the Series 2007B Bonds to be redeemed, plus accrued interest to the date fixed for redemption.
11. The Series 2007A Bonds shall be sold to Goldman, Sachs & Co., on behalf of itself and the other underwriters identified in the Official Statement at an aggregate price of \$191,278,636.55, being the \$188,350,000 par amount of the Series 2007A Bonds, plus a reoffering premium of \$4,049,319.05 and less an underwriting discount of \$1,120,682.50 (*i.e.*, less than 0.750% of the principal amount of the Series 2007A Bonds).
12. The Series 2007B Bonds shall be sold to Goldman, Sachs & Co., on behalf of itself and the other underwriters identified in the Official Statement at an aggregate price of \$24,927,302.50, being the \$24,250,000 par amount of the Series 2007B Bonds, plus a reoffering premium of \$821,590 and less an underwriting discount of \$144,287.50 (*i.e.*, less than 0.750% of the principal amount of the Series 2007B Bonds).
13. These determinations are necessary and in the long-term financial interest of the City to effect the Series 2007A Improvement Project and the 2007B Improvement Project and to achieve the most favorable net effective interest rate on the 2007A-B Bonds.

WITNESS my hand this 29th day of August 2007.

  
\_\_\_\_\_  
Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver, Colorado

**SCHEDULE A**  
**Maturity Schedule**  
**Series 2007A Bonds**

<u>Maturity Date</u> (November 15)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2023	\$17,925,000	5.000%	4.660%	102.730%
2024	25,185,000	5.000	4.680	102.567
2026	26,445,000	5.000	4.720	102.240
2027	27,770,000	5.000	4.740	102.078
2030 *	91,025,000	5.000	4.760	101.916

The Purchase Price for the Series 2007A Bonds is \$191,278,636.55 (representing the par amount of \$188,350,000, plus a reoffering premium of \$4,049,319.05 and less an underwriting discount of \$1,120,682.50).

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\* Term Bond (see Mandatory Sinking Fund Schedule on Schedule C herein)

**SCHEDULE B**  
**Maturity Schedule**  
**Series 2007B Bonds**

<u>Maturity Date</u> (November 15)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2032	\$24,250,000	5.000%	4.580%	103.388%

The Purchase Price for the Series 2007B Bonds is \$24,927,302.50 (representing the par amount of \$24,250,000, plus a reoffering premium of \$821,590 and less an underwriting discount of \$144,287.50).

**SCHEDULE C**  
**Mandatory Sinking Fund Schedule**  
**Series 2007A Bonds**  
**Maturing on November 15, 2030**

Year of Redemption	Principal Amount
2028	\$29,155,000
2029	30,615,000
2030 (final maturity)	31,255,000



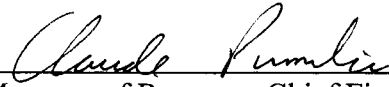
**\$34,635,000**  
**City and County of Denver, Colorado,**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007C**

**Pricing Certificate**

The undersigned, the Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer of the City and County of Denver, Colorado (the “City”), does hereby make the following determinations, consistent with the standards established with respect to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C” (the “Series 2007C Bonds”) by the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the “General Bond Ordinance”), as supplemented and amended from time to time including, without limitation, by Ordinance No. 376, Series of 2007 (the “Ordinance”). Unless otherwise indicated, all defined terms shall have the meanings given them in the Ordinance.

1. The principal amount of the Series 2007C Bonds shall be \$34,635,000 (*i.e.*, less than the maximum principal amount of \$245,000,000).
2. The Series 2007C Bonds shall bear interest at the rates per annum and mature on the dates and in the principal amounts set forth in Schedule A attached hereto (*i.e.*, at coupon rates not exceeding 6.50% and not later than November 15, 2033).
3. Payment of the scheduled principal of and interest on the Series 2007C Bonds shall be insured by a financial guaranty insurance policy issued by MBIA Insurance Corporation (the “Bond Insurer”).
4. The true interest cost of the Series 2007C Bonds is 4.7454501% (*i.e.*, less than 5.60%).
5. The Series 2007C Bonds maturing on and after November 15, 2018, shall be subject to optional redemption prior to maturity by the City, on and after November 15, 2017, in whole or in part at any time, at the principal amount of the Series 2007C Bonds to be redeemed, plus accrued interest to the date fixed for redemption.
6. The Series 2007C Bonds shall be sold to Citigroup Global Markets Inc., on behalf of itself and the other underwriters identified in the Official Statement at an aggregate price of \$35,793,477.95, being the \$34,635,000 par amount of the Series 2007C Bonds, plus a reoffering premium of \$1,409,701.70 and less an underwriting discount of \$251,223.75 (*i.e.*, less than 0.750% of the principal amount of the Series 2007C Bonds).
7. These determinations are necessary and in the long-term financial interest of the City to effect the Series 2007C Refunding Project to achieve net present value savings to the City.

WITNESS my hand this 29th day of August 2007.

Handwritten signature of Claude Rumlis in cursive script.

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Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver, Colorado



**SCHEDULE A**  
**Maturity Schedule**  
**Series 2007C Bonds**

Maturity Date (November 15)	Principal Amount	Interest Rate	Yield	Price
2016	\$ 3,815,000	5.000%	4.170%	106.228%
2017	4,870,000	5.000	4.220	106.410
2033	25,950,000	5.000	4.590	103.305

The Purchase Price for the Series 2007C Bonds is \$35,793,477.95 (representing the par amount of \$34,635,000, plus a reoffering premium of \$1,409,701.70 and less an underwriting discount of \$251,223.75).



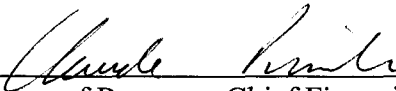
**\$147,815,000**  
**City and County of Denver, Colorado,**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007D**

**Pricing Certificate**

The undersigned, the Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer of the City and County of Denver, Colorado (the “City”), does hereby make the following determinations, consistent with the standards established with respect to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D” (the “Series 2007D Bonds”) by the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the “General Bond Ordinance”), as supplemented and amended from time to time including, without limitation, by Ordinance No. 415, Series of 2007 (the “Ordinance”). Unless otherwise indicated, all defined terms shall have the meanings given them in the Ordinance.

1. The principal amount of the Series 2007D Bonds shall be \$147,815,000 (*i.e.*, less than the maximum principal amount of \$204,000,000).
2. The Series 2007D Bonds shall bear interest at the rates per annum and mature on the dates and in the principal amounts set forth in Schedule A attached hereto (*i.e.*, at coupon rates not exceeding 6.50% and not later than November 15, 2037).
3. Payment of the scheduled principal of and interest on the Series 2007D Bonds shall be insured by a financial guaranty insurance policy issued by MBIA Insurance Corporation (the “Series 2007D Bond Insurer”).
4. The true interest cost of the Series 2007D Bonds is 4.8667867% (*i.e.*, less than 5.60%).
5. The Series 2007D Bonds maturing on and after November 15, 2018, shall be subject to optional redemption prior to maturity by the City, on and after November 15, 2017, in whole or in part at any time, at the principal amount of the Series 2007D Bonds to be redeemed, plus accrued interest to the date fixed for redemption.
6. The Series 2007D Bonds shall be sold to Lehman Brothers Inc., on behalf of itself and the other underwriters identified in the Official Statement, at an aggregate price of \$153,755,951.07, being the \$147,815,000 par amount of the Series 2007D Bonds, plus an original issue premium of \$6,786,366.65 and less an underwriting discount of \$845,415.58 (*i.e.*, less than 0.750% of the principal amount of the Series 2007D Bonds).
7. These determinations are necessary and in the long-term financial interest of the City to effect the Series 2007D Improvement Project and to achieve the most favorable net effective interest rate on the 2007D Bonds.

WITNESS my hand this 29th day of August 2007.

  
\_\_\_\_\_  
Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver, Colorado

**SCHEDULE A**  
**Maturity Schedule**  
**Series 2007D Bonds**

<u>Maturity Date (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2016	\$17,240,000	5.500%	4.570%	106.920%
2017	18,100,000	5.500	4.630	107.007
2018	19,050,000	5.250	4.670	104.660
2019	20,050,000	5.250	4.730	104.165
2020	21,105,000	5.250	4.770	103.837
2021	22,210,000	5.250	4.800	103.591
2022	23,380,000	5.250	4.830	103.346
2023	6,680,000	5.250	4.850	103.183

The Purchase Price for the Series 2007D Bonds is \$153,755,951.07 (representing the par amount of \$147,815,000, plus an original issue premium of \$6,786,366.65 and less an underwriting discount of \$845,415.58).

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## CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "Disclosure Undertaking") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "City"), in connection with the issuance of \$247,235,000 Airport System Revenue Bonds, Series 2007A-C (the "Bonds"), by the City, for and on behalf of its Department of Aviation (the "Department"). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007, both adopted by the City Council of the City on July 30, 2007 (collectively, the "Ordinance").

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

*"Annual Financial Information"* means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

*"Audited Financial Statements"* means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

*"Bondowner"* or *"Owner of the Bonds"* means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

*"Central Post Office"* means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

*"Commission"* means the Securities and Exchange Commission.

*"Events"* means any of the events listed in Section 3(a) of this Disclosure Undertaking.

*"MSRB"* means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

*"National Repository"* means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

*"Obligated Person"* means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which

lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated August 6, 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

"*Participating Underwriters*" has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

"*Repository*" or "*Repositories*" means each National Repository and the State Repository.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

"*Treasurer*" means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines ("United") is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.



### **Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking

are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

Dated: August 29, 2007

[SEAL]

ATTEST:



CITY AND COUNTY OF DENVER

By: Meghann O'Malley  
City Clerk and Recorder

By: [Signature]  
Mayor

Approved as to Form:

Recommended and Approved:

By: [Signature]  
City Attorney

By: [Signature]  
Manager of the Department of Revenue,  
Chief Financial Officer

Countersigned and registered:

By: [Signature]  
City Auditor

## Schedule 1

"*Annual Financial Information*" means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings "AVIATION ACTIVITY AND AIRLINES - Aviation Activity" and "CAPITAL PROGRAM," data concerning outstanding debt, fund balances and results of operations of the type included under the heading "FINANCIAL INFORMATION" and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

\* \* \*

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## CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "Disclosure Undertaking") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "City"), in connection with the issuance of \$147,815,000 Airport System Revenue Bonds, Series 2007D (the "Bonds"), by the City, for and on behalf of its Department of Aviation (the "Department"). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 415, Series of 2007, adopted by the City Council of the City on August 13, 2007 (collectively, the "Ordinance").

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

**Section 1. Definitions.** The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

*"Annual Financial Information"* means the financial information or operating data with respect to the City, the Airport System and any Obligated Person, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

*"Audited Financial Statements"* means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

*"Bondowner"* or *"Owner of the Bonds"* means the registered owner of the Bonds, and so long as the Bonds are subject to the Book Entry System, any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds.

*"Central Post Office"* means Disclosure USA, a website accessible at [www.disclosureusa.org](http://www.disclosureusa.org) or any other national central repository authorized by the Commission for continuing disclosure filings by issuers of municipal securities pursuant to the Rule.

*"Commission"* means the Securities and Exchange Commission.

*"Events"* means any of the events listed in Section 3(a) of this Disclosure Undertaking.

*"MSRB"* means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

*"National Repository"* means all of the Nationally Recognized Municipal Securities Information Repositories designated by the Commission pursuant to the Rule and currently listed on the Internet on the following website: [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

*"Obligated Person"* means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which

lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated August 20, 2007 together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

"*Participating Underwriters*" has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

"*Repository*" or "*Repositories*" means each National Repository and the State Repository.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State Repository*" shall mean the public or private repository or entity, if any, designated by the State of Colorado as a state information depository for purposes of the Rule. As of the date of this Disclosure Undertaking, there is no State Repository for the State of Colorado.

"*Treasurer*" means the Manager of Revenue of the Department of Revenue, Chief Financial Officer of the City, or his or her designee, and successor in functions, if any.

## **Section 2. Provision of Annual Financial Information.**

(a) Commencing with the Fiscal Year ended December 31, 2007, and annually while the Bonds remain outstanding, the Treasurer shall provide or cause to be provided to the Repositories or the Central Post Office, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross reference to other documents which have been submitted to the Repositories or the Central Post Office or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

(d) The City acknowledges that United Airlines ("United") is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

### **Section 3. Reporting of Events.**

(a) This Section 3 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (iii) unscheduled draws on the Bond Reserve Fund created by the Ordinance or any surety bond relating thereto reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancement relating to the Bonds reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or other event affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of the owners of the Bonds;
- (viii) notice of optional or unscheduled redemption of any Bonds;
- (ix) defeasance of the Bonds or any portion thereof;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Treasurer obtains knowledge of the occurrence of an Event, the Treasurer shall as soon as possible determine if such Event would constitute material information for owners of Bonds, provided, that any Event under subsection (a)(viii), (ix) or (xi) will always be deemed to be material.

(c) If the Treasurer determines that knowledge of the occurrence of an Event would be material, the Treasurer shall file or cause to be filed, in a timely manner, a notice of such occurrence with the MSRB and either the Central Post Office or the Repositories, and no such notice shall be deemed an official notice from the City without the approval of the Treasurer. Notwithstanding the foregoing, notice of Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Ordinance.

(d) At any time the Bonds are outstanding, the Treasurer shall provide or cause to be provided, in a timely manner, to the MSRB and either the Central Post Office or the Repositories, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

**Section 4. Term.** This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Ordinance; (b) the date that the City or the Department shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking



are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the Underwriter. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB and either the Repositories or the Central Post Office.

**Section 5. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived (a) if such amendment occurs prior to the actual issuance and delivery of the Bonds and the Underwriter consents thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Ordinance, or (c) if such amendment or waiver is otherwise consistent with the Rule. Written notice of any such amendment or waiver shall be provided by the Treasurer to either the Repositories or the Central Post Office and the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

**Section 6. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

**Section 7. Default and Enforcement.** If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City and the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least 30 days' prior written notice of the City's or the Treasurer's failure, giving reasonable details of such failure, following which notice the City and the Treasurer shall have 30 days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 8. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

\* \* \*

Dated: August 29, 2007

[SEAL]



ATTEST:

By: Stephanie Macey  
City Clerk and Recorder

CITY AND COUNTY OF DENVER  
By: [Signature]  
Mayor

Approved as to Form:

By: [Signature]  
City Attorney

Recommended and Approved:

By: [Signature]  
Manager of the Department of Revenue,  
Chief Financial Officer

Countersigned and registered:

By: [Signature]  
City Auditor

## Schedule 1

"*Annual Financial Information*" means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings "AVIATION ACTIVITY AND AIRLINES - Aviation Activity" and "CAPITAL PROGRAM," data concerning outstanding debt, fund balances and results of operations of the type included under the heading "FINANCIAL INFORMATION" and any other material financial information or operating data with respect to the City or the Airport System similar to the foregoing contained in APPENDIX B to the Official Statement.

\* \* \*

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## Blanket Issuer Letter of Representations

[To be Completed by Issuer]

City and County of Denver, Colorado,  
by and through its Department of Aviation

\_\_\_\_\_  
[Name of Issuer]

June 22, 1995

\_\_\_\_\_  
[Date]

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City and County of Denver, Colorado,  
by and through its Department of Aviation  
(Issuer)

By: 

(Authorized Officer's Signature)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: 

**SAMPLE OFFERING DOCUMENT LANGUAGE**  
**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, **except** in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

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555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

August 29, 2007

Mr. Stan Koniz  
Deputy Director  
Department of Aviation  
City and County of Denver  
Denver International Airport  
Room 9860, Airport Office Building  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Consent to Use of Report of the Airport Consultant, City and County  
of Denver, Department of Aviation, Airport System Revenue Bonds,  
Series 2007A-D


Dear Mr. Koniz:

We hereby consent to the inclusion of our Report of the Airport Consultant (the Report), dated July 25, 2007, on certain aspects of the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A-D (the Bonds), in the Preliminary Official Statements and the Official Statements for the Bonds. We also consent to the use of the references to our Report appearing in the Preliminary Official Statements and the Official Statements for the Bonds.

The contents of our Report were accurate as of July 25, 2007 (the date of our Report) and reflected events occurring through that date.

The information contained in our report was provided by the sources documented in the report or reviewed with and agreed to by Department of Aviation management. To the best of our knowledge, the information in the Report does not contain any untrue statements of a material fact, or omit to state any material facts which were known as of July 27, 2007, and would have been necessary to be stated therein for the purposes of which they were used or to make the statements therein, in the light of the circumstances under which they were made not misleading.

As stated in our report, we have no responsibility to update our report because of events and transactions occurring after the date of the report.

Respectfully submitted,  
  
JACOBS CONSULTANCY

DEN638

555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

August 29, 2007

Mr. Stan Koniz  
Assistant Deputy Manager of Aviation/Finance  
City and County of Denver  
Denver International Airport  
Airport Office Building – 8th Floor  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Report of the Airport Consultant for Additional Bonds Test,  
Issuance of the Airport System Revenue Bonds, Series 2007  
by the City and County of Denver, Colorado,  
for and on Behalf of its Department of Aviation

Dear Mr. Koniz:

Jacobs Consultancy has been retained as the Airport Consultant within the meaning of the City and County of Denver, Colorado, Airport System General Bond Ordinance, Ordinance 626, Series of 1984 (as amended and supplemented, the General Bond Ordinance) in connection with the issuance of the Airport System Revenue Bonds, Series 2007 Bonds. Capitalized terms used and not otherwise defined herein have the meanings set forth in the General Bond Ordinance.

In accordance with the applicable requirements set forth in Sections 704B and 706 of the General Bond Ordinance, we have estimated for each of the three Fiscal Years commencing with the first Fiscal Year in which there are Debt Service Requirements with respect to the 2007A-B Bonds and the 2007D Bonds the (i) Gross Revenues and (ii) Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account. As demonstrated in Attachment A to this letter report, the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the amount described in Section 704B (2) of the General Bond Ordinance (being larger than the amount described in Section 704B (1) of the General Bond Ordinance), assuming in each case that the 2007A-B Bonds and the 2007D Bonds have been issued as of the date of this letter.

The key factors and assumptions used to develop the projections and the results of those projections are described in Attachment A to this letter report, which should be read in its entirety for an understanding of the estimates and projections, and the underlying assumptions.

Mr. Stan Koniz  
August 29, 2007

We have no responsibility to update this letter report for events and circumstances occurring after the date of Attachment A.

Respectfully submitted,

*Jacobs Consultancy*  
JACOBS CONSULTANCY

DEN638

555 Airport Boulevard, Suite 300  
Burlingame, California 94010 U.S.A.  
1.650.579.7722 Fax: 1.650.343.5220

*formerly Leigh Fisher Associates*

August 29, 2007

Mr. Stan Koniz  
Assistant Deputy Manager of Aviation/Finance  
City and County of Denver  
Denver International Airport  
Airport Office Building - 8th Floor  
8500 Peña Boulevard  
Denver, Colorado 80249-6340

Re: Attachment A: Discussion of Assumptions and Results, Report of the Airport Consultant for Additional Bonds Test, Issuance of the Airport System Revenue Bonds, Series 2007 by the City and County of Denver, Colorado, for and on behalf of its Department of Aviation

Dear Mr. Koniz:

We are pleased to submit this discussion of assumptions and results (Attachment A) in connection with the issuance of the Airport System Revenue Bonds, Series 2007 (2007 Bonds) by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

This Attachment A was prepared by Jacobs Consultancy serving as the Airport Consultant to document the assumptions used in preparing the projections for the "additional Bonds test" of the General Bond Ordinance, and more specifically Section 704(B) and Section 706 of the General Bond Ordinance, with respect to the issuance of the 2007A-B Bonds and the 2007D Bonds.

## **SERIES 2007 BONDS**

The 2007 Bonds include multiple series and have multiple purposes, as follows:

- The 2007A-B and 2007D Bonds are to be issued to fund projects in the Airport Capital Program.
- Depending on market conditions for issuing bonds, the 2007C Bonds are to be issued to advance-refund all or a portion of the principal outstanding of the 2003B Bonds.
- The 2007F Bonds are to be issued to current-refund a portion of the principal outstanding of the 1997E Bonds.

Mr. Stan Koniz  
August 29, 2007

Under the General Bond Ordinance, the 2007F Bonds and the 2007C Bonds are not considered "additional Bonds" and as such, are no longer considered in this letter.

## **GENERAL BOND ORDINANCE**

In 1984, the City approved a General Bond Ordinance that provided for the issuance of Airport System Revenue Bonds (Senior Bonds) having a first lien on the Net Revenues\* of the Airport System. The 1984 General Bond Ordinance, as supplemented and amended by Supplemental Bond Ordinances, is referred to as the General Bond Ordinance. (Capitalized terms in this Attachment A are used as defined in the General Bond Ordinance.)

Under the General Bond Ordinance, debt service on Senior Bonds to be paid from amounts irrevocably committed to pay such debt service is excluded from Debt Service Requirements on Senior Bonds in calculating coverage for the Rate Maintenance Covenant and to demonstrate compliance with the additional Bonds test, which is described below.

## **Additional Bonds Test (ABT)**

Section 704B of the General Bond Ordinance requires that, as a condition of issuing "additional Bonds", the City file a report of the Airport Consultant:

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

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

---

\*Gross Revenues less Operation and Maintenance Expenses.

Mr. Stan Koniz  
August 29, 2007

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

This provision is referred to as the "additional Bonds test." The larger of the two amounts calculated in accordance with Section 704B is Test 2. The projections of debt service coverage presented in this Attachment A are based on the requirements of Test 2 and are presented for the three Fiscal Years (from 2011 through 2013) following the issuance of the 2007A-B Bonds being the first Fiscal Year in which there are Debt Service Requirements with respect to the 2007A-B Bonds and the 2007D Bonds.

#### **FINANCIAL FORECASTS DOCUMENTED IN 2007 REPORT**

The financial forecasts documented in the Report of the Airport Consultant\* (the 2007 Report), dated July 25, 2007, extend through 2013 and address the ability of the City to meet the debt service coverage requirements of the Rate Maintenance Covenant of the General Bond Ordinance after taking into account the estimated Debt Service Requirements of the 2007A-B Bonds and the 2007D-E Bonds, Commercial Paper Notes, and additional Bonds\*\* (referred to in the 2007 Report and this letter as the Future Planned Bonds) estimated to be required to implement the Airport Capital Program described in the Report. The Report was included as Appendix A in the Official Statements for the issuance of the 2007 A-B Bonds and 2007D Bonds dated August 6, 2007, and August 20, 2007, respectively.

The financial forecasts in the 2007 Report were based on information and assumptions that were provided by or reviewed with and agreed to by Airport management. Those key factors and assumptions that were significant to the forecasts are set forth in the Report, "Key Factors Affecting Future Airline Traffic." The Report should be read in its entirety for an understanding of the (a) scope of the Report and (b) forecasts and the underlying assumptions.

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\*The 2007 Report includes debt service on the 2007E Bonds, which were not issued by the City as of the date of this letter.

\*\*Except Special Facilities Revenue Bonds.

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August 29, 2007

## **ABT PROJECTIONS**

For purposes of addressing the additional Bonds test projections for the 2007A-B Bonds and 2007D Bonds, we have substantially adopted the assumptions and the forecasts presented in the Report, which have not been updated for events or circumstances that have occurred since the date of the 2007 Report. In particular, we did not analyze additional factors that may affect passenger demand, recent trends in the national and Denver local economies, or other considerations that may affect future airline traffic and financial results. The key factors and assumptions used to develop the forecasts presented in the 2007 Report should be read in their entirety for an understanding of the forecasts and the underlying assumptions.

While we believe that the long-term forecasts presented in the 2007 Report are a likely indicator of future aviation activity and financial results for the Airport under the assumptions presented therein, changes in certain of the key factors and assumptions since the date of the Report may affect the forecasts in the near-term.

In preparing the debt service coverage projections for the additional Bonds test, we have also adjusted the forecasts presented in the 2007 Report to:

- Reflect the actual pricing of the 2007A-B Bonds and 2007D Bonds, as provided by the Financial Advisors to the City (First Albany Capital and Estrada Hinojosa & Company, Inc.).
- Revise the forecast of PFC revenues to reflect the forecast of Committed Passenger Facility Charges revenue only, which is irrevocably committed under the General Bond Ordinance to the payment of Debt Service Requirements on Senior Bonds through 2013.
- Exclude debt service associated with the 2007E Bonds, which were not issued by the City as of the date of this letter, but were assumed to be issued in the Report.
- Exclude any debt service associated with the Future Planned Bonds and, and related assumptions that are included in the Report.
- Exclude approximately 51%\* of the incremental Gross Revenues and Operation and Maintenance Expenses associated with the planned 10-gate expansion of aircraft gates on Concourse C.

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\*This reflects the portion of project costs associated with the 10-gate expansion of aircraft gates on Concourse C that is expected to be financed with the net proceeds of Future Planned Bonds, which are excluded for the reasons stated in the letter.

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- Reverse the effect of the assumed optional redemption and re-amortization of the Series 2003B Bonds principal outstanding.

To the best of Airport management's knowledge and belief as of the date of this Attachment A, the assumptions and projections set forth in this Attachment A appropriately present the estimated financial results of the Airport System from 2007 through 2013.

**ABT COVERAGE**

For the debt service coverage projections shown below, estimated Debt Service Requirements are net of the forecast Committed Passenger Facility Charges revenue through 2013 under the General Bond Ordinance. The projections demonstrate compliance with the additional Bonds test of the General Bond Ordinance, as follows:

<b>DEBT SERVICE COVERAGE CALCULATION</b> (in thousands, except coverage)							
	Estimated	Forecast					
	2007	2008	2009	2010	2011	2012	2013
Net Revenues and Other Available Funds	\$404,042	\$394,107	\$400,633	\$409,033	\$426,838	\$429,556	\$427,615
Debt Service Requirements (a)							
Senior Bonds	\$225,711	\$218,366	\$212,813	\$218,897	\$246,458	\$247,446	\$243,767
Subordinate Bonds	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>	<u>11,806</u>
Total	\$237,517	\$230,172	\$224,619	\$230,703	\$258,264	\$259,252	\$255,573
Debt service coverage							
Senior Bonds	179%	180%	188%	187%	173%	174%	175%
All Bonds	170%	171%	178%	177%	165%	166%	167%

(a) The Financial Consultants.

In our opinion, the underlying assumptions, and resulting estimates and projections in this Attachment A provide a reasonable basis for purposes of demonstrating compliance with the additional Bonds test of the General Bond Ordinance. However, any estimate or projection is subject to uncertainties. Therefore, there would be differences between the estimated or projected and actual results, and those differences could be material.

This Attachment A is provided solely for the purpose of demonstrating compliance with Section 704B and Section 706 of the General Bond Ordinance and is not to be included or referred to in the Official Statement or any other public offering document to be issued



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in connection with the 2007 Bonds. We have no responsibility to update this Attachment A to reflect events and circumstances occurring after the date of this letter.

\* \* \* \* \*

We appreciate the opportunity to serve as the Airport Consultant to the City in connection with this financing.

Respectfully submitted,

  
JACOBS CONSULTANCY

DEM638

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**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2003B**

**ESCROW AGREEMENT**

DATED as of August 29, 2007, made by and between the CITY AND COUNTY OF DENVER, COLORADO, for and on behalf of its Department of Aviation, party of the first part, and ZIONS FIRST NATIONAL BANK, having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation and the Federal Reserve System and having an office and a principal place of business in Denver, Colorado, party of the second part.

(1) **WHEREAS**, the City and County of Denver (the "City"), in the State of Colorado (the "State"), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution and under the Charter of the City (the "Charter"), and is a political subdivision of the State; and

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

(3) **WHEREAS**, pursuant to the Charter and its plenary grant of powers as a home-rule City, the City, by Ordinance No. 755, Series of 1993 (the "Enterprise Ordinance"), has designated the Department of Aviation (the "Department") as an enterprise within the meaning of Section 20, Article X, State Constitution; and

(4) **WHEREAS**, the Enterprise Ordinance provides that the City owns the Department; the Manager of the Department (the "Manager") is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager; and

(5) **WHEREAS**, the bonds designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B" (the "Series 2003B Bonds"), as authorized by Ordinance No. 299, Series of 2003 (the "Series 2003B Airport System Supplemental Bond Ordinance"), were issued in the original aggregate principal amount of \$125,000,000 for the purpose of defraying a portion of the costs of refunding certain other Airport System Revenue Bonds and defraying the cost of acquiring, improving and equipping certain airport facilities; and

(6) **WHEREAS**, as contemplated by the Enterprise Ordinance, the Manager has executed a resolution approving, authorizing and requesting the issuance by the City, of the issue designated as the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C” (the “Series 2007C Bonds”), as authorized by Ordinance No. 626, Series of 1984, cited as the “1984 Airport System General Bond Ordinance” and Ordinance No. 376, Series of 2007 (the “Series 2007C Airport System Supplemental Bond Ordinance”); for the purpose of defraying the cost of refunding a portion of the outstanding Series 2003B Bonds, as more specifically identified in Exhibit 1 hereto (the “Refunded Bonds”); and

(7) **WHEREAS**, the Council has determined heretofore that it is in the best interest of the City to issue the Series 2007C Bonds; and

(8) **WHEREAS**, a proposed bond purchase agreement (the “Purchase Contract”) has been submitted to the City by the Underwriters (as defined in the Series 2007C Airport System Supplemental Bond Ordinance), providing for the purchase of the Series 2007C Bonds; and

(9) **WHEREAS**, the Series 2007C Bonds are to be sold to the Underwriters subject to the approving opinions of the City’s bond counsel, Hogan & Hartson, L.L.P., Denver, Colorado and Bookhardt & O’Toole, Denver, Colorado (“Bond Counsel”); and

(10) **WHEREAS**, the Council by the Series 2007C Airport System Supplemental Bond Ordinance, among other matters:

A. Formally authorized the execution and delivery of the Purchase Contract;

B. Created the Escrow Account (as defined below), to be maintained by Zions First National Bank (the “Escrow Bank”);

C. Provided for the deposit in the Escrow Account of a portion of the proceeds of the Series 2007C Bonds, and other Airport System funds, if any;

D. Authorized the execution and delivery of this Series 2003B Escrow Agreement (this “Escrow Agreement”); and

(11) **WHEREAS**, copies of the Series 2007C Airport System Supplemental Bond Ordinance have been delivered to the Escrow Bank and the provisions set forth therein are herein incorporated by reference as if set forth herein verbatim in full; and

(12) **WHEREAS**, the Securities described in Exhibit 3 hereto (the “Initial Securities”) have appropriate maturities and yields to ensure the payment, together with the initial cash (as described below), of the principal, interest and premium in respect of the Refunded Bonds (the “Refunded Debt Service Requirements”), as set forth in Exhibit 2 hereto; and

(13) **WHEREAS**, a schedule of receipts from such Initial Securities and a schedule of required disbursements in the special report of Causey Demgen & Moore Inc., attached as Exhibit 4 hereto and dated August 29, 2007, relating to the Refunded Bonds (the "Verification Report") demonstrate the sufficiency of the Initial Securities and initial balance remaining uninvested for the payment of the Refunded Debt Service Requirements, as the same become due; and

(14) **WHEREAS**, the Escrow Bank represents that it is empowered to undertake the obligations and commitments on its part herein set forth; and

(15) **WHEREAS**, the undersigned officers of the Escrow Bank are duly authorized to execute and deliver this Escrow Agreement in the Escrow Bank's name and on its behalf; and

(16) **WHEREAS**, the City, for and on behalf of its Department of Aviation, is empowered to undertake the obligations and commitments on its part herein set forth; and

(17) **WHEREAS**, the undersigned officers of the City are duly authorized to execute and deliver this Escrow Agreement, for and on behalf of its Department.

**NOW, THEREFORE, THIS SERIES 2003B ESCROW AGREEMENT WITNESSETH:**

That in consideration of the mutual agreements herein contained, in consideration of the fee described in Section 9 of this Escrow Agreement duly paid by the City, for and on behalf of its Department, to the Escrow Bank at or before the ensembling and delivery of these presents, the receipt of which is hereby acknowledged, and in order to secure the payment of the Refunded Debt Service Requirements, as the same become due, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors, and assigns, as follows:

**Section 1. Creation of Escrow.**

A. Simultaneously with the delivery of the Series 2007C Bonds and subject to their issuance, the City, for and on behalf of its Department of Aviation, with \$35,336,430.00 of proceeds of the Series 2007C Bonds, together with other available Airport System funds in the amount of \$466,512.00 shall purchase the Initial Securities and shall cause the Initial Securities and uninvested amounts of \$1.88 from the proceeds of the Series 2007C Bonds and \$0.50 in other available Airport System funds to be credited to the trust account designated as the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B Escrow Account (the "Series 2003B Escrow Account" or the "Escrow Account"), created with the Escrow Bank pursuant to the Series 2007C Airport System Supplemental Bond Ordinance.

B. Other securities (together with the Initial Securities, the "Securities") which comply with Section 4 hereof may be substituted for any Initial Securities if such Initial Securities are unavailable for purchase at the time of issuance of the Series 2007C Bonds or if such substitution is required or permitted by the Tax Code and the applicable regulations thereunder, subject in any case to sufficiency demonstrations and yield proofs in a certified

public accountant's report, and subject to favorable opinions of Bond Counsel as to the legality of any such substitution, and its effect, if any, on the status for federal income tax purposes of interest on the Series 2007C Bonds, and in any event in such a manner so as not to increase the price which the City pays for the initial acquisition of Securities for the Escrow Account. Similarly, any temporary advancement of moneys to the Escrow Account to pay designated Refunded Debt Service Requirements, because of a failure to receive promptly the principal of and interest on any Securities at their respective fixed maturity dates, or otherwise, may be repaid to the person advancing such moneys upon the receipt by the Escrow Bank of such principal and interest payments on such Securities. Nothing herein shall be construed to require the advancement of moneys by the Escrow Bank. Any Securities withdrawn from the Escrow Account as provided in this paragraph shall be returned to the Manager of the City's Department of Revenue, *ex officio* Treasurer (the "Treasurer").

C. The initial cash, the proceeds of the Initial Securities (and of any other Securities acquired as an investment or reinvestment of moneys accounted for in the Escrow Account), and any such Securities themselves (other than Securities, including the Initial Securities, held in book-entry form), shall be deposited with the Escrow Bank and credited to and accounted for in the Escrow Account. The Securities and moneys accounted for therein shall be redeemed and paid out and otherwise administered by the Escrow Bank for the benefit of the registered owners of the Refunded Bonds and of the City as provided in this Escrow Agreement and the Series 2007C Airport System Supplemental Bond Ordinance.

### **Section 2. Purpose of Escrow.**

A. The Escrow Bank shall hold the initial cash, all Securities accounted for in the Escrow Account (provided that certain of such Securities, including the Initial Securities, may be held in book-entry form), and all moneys received from time to time as interest on and principal of such Securities, subject to any reinvestment as provided in Section 5 hereof, in trust to secure and for the payment of the Refunded Debt Service Requirements, as set forth in Exhibit 2 to this Escrow Agreement, as the same become due at the respective payment, maturity or redemption dates set forth therein.

B. Except as provided in Subsection B of Section 1 hereof, the Escrow Bank shall collect the principal of and interest on the Securities promptly as such principal and interest become due and, subject to any reinvestment as provided in Section 5 hereof, shall apply all money so collected to the payment of the Refunded Debt Service Requirements, as aforesaid.

### **Section 3. Accounting for Escrow.**

A. The moneys and Securities accounted for in the Escrow Account shall not be subject to checks drawn by the City or otherwise subject to its order except as otherwise provided in Subsection B of Section 1 hereof.

B. The Escrow Bank, however, shall disburse as provided herein from the Escrow Account, solely from funds available in the Escrow Account, to the paying agent (the "Paying Agent") for the Refunded Bonds sufficient moneys to permit the payment, without default, of the Refunded Debt Service Requirements, as the same become due, as provided herein.

C. Except as otherwise provided in Subsection B of Section 1 hereof, there shall be no sale of any Securities held hereunder, and no Securities held hereunder and callable for prior redemption at the option of the City shall be called at any time for prior redemption, except if necessary to avoid a default in the payment of the Refunded Debt Service Requirements. In such case, the Escrow Bank shall not be liable for any loss due to any sale or prior redemption of any Securities.

#### **Section 4. Maturities of Securities.**

A. Any Securities shall be purchased in such manner:

(1) So that such Securities may be redeemed at their respective maturities to meet such Refunded Debt Service Requirements, as the same become due, and

(2) So that any sale or prior redemption of such Securities shall be unnecessary.

#### **Section 5. Reinvestments.**

A. The Escrow Bank, at the written direction of the Treasurer, shall reinvest in Securities any moneys (except the initial cash) received in payment of the principal of and interest on any Securities accounted for in the Escrow Account, subject to the limitations of Section 1, Section 4 and Section 6 hereof and the following limitations:

(1) Any such Securities shall not be subject to redemption prior to their respective maturities at the option of the issuer thereof.

(2) Any such Securities shall mature on or prior to the date or dates when the proceeds thereof must be available for the prompt payment of the Refunded Debt Service Requirements, as the same become due.

(3) Under no circumstances, shall any reinvestment be made under this Subsection A if such reinvestment, alone or in combination with any other investment or reinvestment, violates the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and the applicable rules and regulations thereunder.

(4) The Escrow Bank shall make no such reinvestment under this Subsection A unless the City first obtains and furnishes to the Escrow Bank (a) written opinions of Bond Counsel, to the effect that such reinvestment, as described in the opinions, complies with subparagraph (3) of this Subsection A, and (b) a certified public accountant's report demonstrating that after such reinvestment the moneys and Securities accounted for in the Escrow Account comply with Section 6 hereof.

B. Except as provided in this Section 5, the Escrow Bank shall have no obligation by virtue of this Escrow Agreement, general trust law, or otherwise to make any reinvestment of any moneys in the Escrow Account at any time.

**Section 6. Transfers for Refunded Debt Service Requirements.** As provided in Section 3B hereof, the Escrow Bank shall make such arrangements as will assure, to the extent of money in the Escrow Account properly allocable to and available therefore, the timely payment of the Refunded Debt Service Requirements.

**Section 7. Termination of Escrow Account.** When payment or provision for payment shall have been made so that all Refunded Debt Service Requirements shall be or shall have been paid in full and discharged, the Escrow Bank shall immediately transfer the moneys, if any, then remaining in the Escrow Account as directed by the Treasurer, and the Escrow Bank shall make forthwith a final report to the Treasurer and shall terminate the Escrow Account.

**Section 8. Defeasance and Redemption.** As contemplated by the Series 2007C Refunding Project authorized by the Series 2007C Airport System Supplemental Bond Ordinance, the Refunded Bonds maturing on or after November 15, 2016, are to be redeemed on November 15, 2013. Forthwith upon the issuance of the Series 2007C Bonds, the Treasurer shall give notice that the Refunded Bonds have been defeased, and the Refunded Bonds maturing on or after November 15, 2016, have been called for prior redemption on November 15, 2013, as provided by the Series 2007C Airport System Supplemental Bond Ordinance and this Escrow Agreement.

**Section 9. Fees and Costs.**

A. The Escrow Bank's total fees and costs for and in carrying out the provisions of this Escrow Agreement have been approved by the parties hereto, which amount is to be billable at closing and treated as payment in full of all charges of the Escrow Bank relating to this Escrow Agreement for services performed hereunder (except as such services relate to any reinvestment directed by the Treasurer pursuant to Section 5A hereof).

B. Such payment for services rendered and to be rendered by the Escrow Bank shall not be for deposit in the Escrow Account, and the fees of and costs incurred by the Escrow Bank (including any fees and costs relating to any reinvestment directed by the Treasurer pursuant to Section 5A hereof) shall not be deducted from the Escrow Account.

**Section 10. Possible Deficiencies.**

A. If at any time it shall appear to the Escrow Bank that the moneys and any interest on or principal of the Securities in escrow allocable for such use under this Escrow Agreement will not be sufficient to make any required payment of the Refunded Debt Service Requirements as the same becomes due, the Escrow Bank shall notify the Treasurer in writing as soon as reasonably practicable of such fact and the amount of such deficiency.

B. Thereupon the City shall forthwith deposit with the Escrow Bank for deposit in the Escrow Account, from legally available Airport System funds, such additional moneys as may be required.



**Section 11. Character of Deposit.**

A. It is recognized that title to the Securities and moneys accounted for in the Escrow Account from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Escrow Agreement and the use thereof required to be made by the provisions of this Escrow Agreement and the Series 2007C Airport System Supplemental Bond Ordinance.

B. The Escrow Bank shall hold all such Securities (except as they may be held in book-entry form) and money in the Escrow Account as a special trust fund and account separate and wholly segregated from all other securities and funds of the Escrow Bank, or deposits therein and shall never commingle such Securities or money with other securities or money.

**Section 12. Securing Deposit.**

A. The Escrow Bank may cause the Securities accounted for in the Escrow Account (except as they may be held in book-entry form) to be registered in the name of the City for payment, if they are registrable for payment, and in such event shall obtain the necessary endorsements from the duly authorized official of the City as the Securities become due.

B. The City, in connection with any Securities accounted for in the Escrow Account and held in book-entry form, shall cooperate with the Escrow Bank and shall forthwith make arrangements with an appropriate representative of the issuer of such Securities, so that the interest on and the principal of the Securities shall be promptly transmitted, as the same become due from time to time, to the Escrow Bank for the benefit of the City.

C. All uninvested money held at any time in the Escrow Account shall be continuously secured by the deposit of Securities in a principal amount and value always not less than the total amount of uninvested money in the Escrow Account:

- (1) In any branch of the Federal Reserve Bank, or
- (2) In any commercial bank which:
  - (a) Is a state or national bank or trust company, and
  - (b) Is a member of the Federal Deposit Insurance Corporation, and
  - (c) Is a member of the Federal Reserve System, and
  - (d) Has a shareholder's equity of \$10,000,000 or more, and
  - (e) Is exercising full and complete trust powers, and
  - (f) May be located within or without the State (referred to herein as a "trust bank"), or

(3) In any branch of the Federal Reserve Bank and in one or more trust banks (or any combination thereof).

D. Any Securities (except as they may be held in book-entry form) and any uninvested moneys accounted for in the Escrow Account may from time to time be placed by the Escrow Bank for safekeeping wholly or in part in any such trust bank, only if prior to such transfer the City consents thereto in writing.

E. Such Securities so held as a pledge shall be used whenever necessary to enable the Paying Agent for the Refunded Bonds to pay the Refunded Debt Service Requirements, as the same become due, to the extent other moneys are not transferred or caused to be transferred for such purpose by the Escrow Bank.

F. Each such trust bank holding any Securities accounted for in the Escrow Account or any uninvested moneys accounted for therein, shall be furnished by the Escrow Bank with a copy of this Escrow Agreement prior to such deposit.

G. By the acceptance of such Securities or such uninvested moneys each such trust bank shall be bound in the same manner as the Escrow Bank, as herein provided.

H. The Escrow Bank, however, shall remain solely responsible to the City:

(1) For any investment or reinvestments of moneys pursuant to Section 1 and Section 5 hereof,

(2) For transfers of moneys pursuant to Section 6 hereof,

(3) For the termination of the Escrow Account pursuant to Section 7 hereof,

(4) For any notification of possible deficiencies pursuant to Section 10 hereof,

(5) For defraying any charges of any branch of the Federal Reserve Bank or any trust bank for any deposits of Securities pledged to secure uninvested moneys, of Securities in escrow and of uninvested moneys in escrow (or in any combination thereof) or for any other services relating to this Escrow Agreement or the Escrow Account.

I. Subject to the continuing responsibilities of the Escrow Bank as stated in paragraph H of this Section, the Escrow Bank may cause any one, all, or any combination of the duties stated in paragraph H to be performed on its behalf by any trust bank. If the Escrow Bank wishes to transfer any of its duties to be performed to another trust bank, the Escrow Bank shall notify the Treasurer prior to any transfer of such duties.

J. If at any time the Escrow Bank fails to account for any moneys or Securities held by it or by any such trust bank failing to account therefore shall be impressed with a trust for the amount thereof, and the City shall be entitled to a preferred claim upon such assets.

K. If for any reason such moneys or Securities cannot be identified, all other assets of the Escrow Bank and of each such trust bank failing to account therefore shall be impressed

with a trust for the amount thereof, and the City shall be entitled to a preferred claim upon such assets.

L. No money paid into and accounted for in the Escrow Account shall ever be considered as a banking deposit, and neither the Escrow Bank nor any such trust bank shall have any right or title with respect thereto.

**Section 13. Purchaser's Responsibility.** The purchasers and registered owners from time to time of the Series 2007C Bonds shall in no manner be responsible for the application or disposition of the proceeds thereof or any moneys or Securities accounted for in the Escrow Account.

**Section 14. Amendment.**

A. The Series 2007C Bonds shall be issued in reliance upon this Escrow Agreement, and, except as herein provided, this Escrow Agreement shall be irrevocable and not subject to amendment after any of the Series 2007C Bonds shall have been issued.

B. The City and the Escrow Bank may agree upon any amendment to this Escrow Agreement which is necessary to correct any formal (as opposed to substantive) defect, omission, ambiguity or inconsistent provision herein and which does not adversely affect the interest of the registered owners of the Series 2007C Bonds or the registered owners of the Refunded Bonds. If the City or the Escrow Bank shall find that by reason of some error or omission or otherwise in the provisions hereof a substantive amendment is desirable in order to give effect to the true intention and purpose of this Escrow Agreement, one or more amendments may be proposed by the Escrow Bank or the City, respectively, in a court of competent jurisdiction requesting the consideration and approval of such amendment, provided that no such amendment may be prejudicial to or otherwise adversely affect the rights of the holders or registered owners of the Series 2007C Bonds or the Refunded Bonds. The City shall pay all reasonable costs of the Escrow Bank, including attorneys' fees, in connection with any such proceeding proposed by the City.

C. When a court has jurisdiction over the parties to such action by proper service of process or otherwise, written notice of the pendency of such action shall be given to holders and registered owners of the Refunded Bonds and holders and registered owners of the Series 2007C Bonds by first-class, as well as such other manner (if any) as may be required by court rule or statute of the jurisdiction.

D. Within a period of 30 days following the completion of such publication any holder or registered owner of any Series 2007C Bonds or any holder or registered owner of any Refunded Bond may intervene in such action and ask to be heard.

E. When the court shall have heard all such persons wishing to be heard and shall have considered the evidence and the facts, if it shall enter a judgment finding that the proposed amendment or amendments may legally be made and will effectuate the intention and purposes of this Escrow Agreement, and will not adversely affect the holders or registered owners of the Refunded Bonds, this Escrow Agreement may be so amended, and the amendment or amendments so made shall be effective, subject, however, to a favorable opinion of nationally

recognized bond counsel experienced in matters relating to exemption of interest on municipal bonds as to the legality of such amendment or amendments and the effect thereof on the tax-exempt status of the Series 2007C Bonds and an acceptable sufficiency demonstration in a certified public accountant's report.

**Section 15. Exculpatory Provisions.**

A. The duties and responsibilities of the Escrow Bank are limited to those expressly and specifically stated in this Escrow Agreement.

B. The Escrow Bank shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions thereof.

C. The Escrow Bank shall not be personally liable or responsible for any act that it may do or omit to do hereunder, while acting with reasonable care, except for duties expressly imposed upon the Escrow Bank hereunder or as otherwise expressly provided herein.

D. The Escrow Bank shall neither be under any obligation to inquire into or be in any way responsible for the performance or nonperformance by the City of any of its obligations, nor shall the Escrow Bank be responsible in any manner for the recitals or statements contained in this Escrow Agreement, in the Series 2007C Airport System Supplemental Bond Ordinance, in the Refunded Bonds, or in any proceedings taken in connection therewith, such recitals and statements being made solely by the City.

E. Nothing in this Escrow Agreement shall create any obligation or liabilities on the part of the Escrow Bank to anyone other than the City, the holders and registered owners of the Series 2007C Bonds and holders and registered owners of the Refunded Bonds.

**Section 16. Time of Essence.** Time is of the essence in the performance of the obligations from time to time imposed upon the Escrow Bank by this Escrow Agreement.

**Section 17. Successors.**

A. Whenever in this Escrow Agreement the City or the Escrow Bank is named or referred to, such provisions are deemed to include any successor of the City or the Escrow Bank, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the City or the Escrow Bank contained in this Escrow Agreement:

(1) Shall bind and inure to the benefit of any such successor, and

(2) Shall bind and inure to the benefit of any officer, board, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law any relevant right, power, or duty of the City or the Escrow Bank, respectively, or of its successor.

**Section 18. Counterparts.** This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 19. Prohibition Against Employment of Illegal Aliens to Perform Work Under this Escrow Agreement.** Neither the Escrow Bank nor any subcontractor or subconsultant shall knowingly employ or contract with an illegal alien to perform work under this Escrow Agreement. The provisions of Exhibits 5 and 6 attached to this Escrow Agreement are incorporated herein by reference.

[Signature pages to follow]

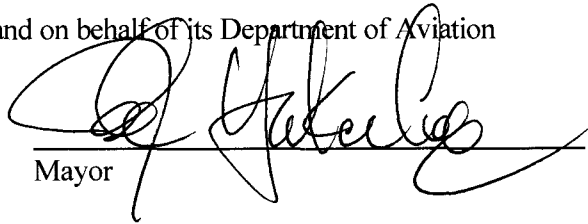
IN WITNESS WHEREOF, the CITY, for and on behalf of its Department of Aviation, has caused this Escrow Agreement to be signed by the Mayor and the Clerk and Recorder of the City and with the seal of the City hereunto affixed; and the Escrow Bank has caused this Escrow Agreement to be signed in its corporate name by an authorized officer, sealed with its corporate seal, and attested by an authorized officer, all as of the day and year first above written.

CITY AND COUNTY OF DENVER, COLORADO

For and on behalf of its Department of Aviation

By:

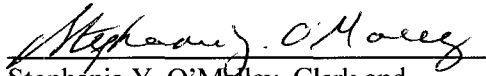
Mayor



(SEAL)

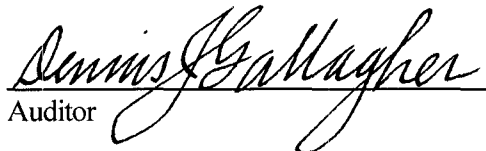
ATTEST:

By:

  
Stephanie Y. O'Malley, Clerk and Recorder, *ex officio* Clerk of the City and County of Denver

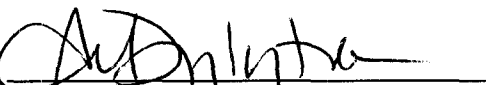
REGISTERED AND COUNTERSIGNED:

By:

  
Auditor


APPROVED AS TO FORM:

By:

  
City Attorney

RECOMMENDED AND APPROVED:

By:

  
Manager of the Department of Revenue,  
Chief Financial Officer, *ex officio* Treasurer

ZIONS FIRST NATIONAL BANK, as Escrow Bank

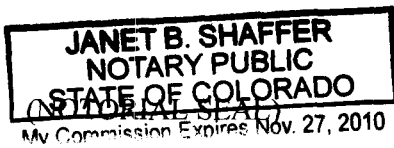
By:   
Authorized Officer

STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of August, by John Hickenlooper and Stephanie Y. O'Malley, as Mayor and Clerk and Recorder, *ex officio* Clerk, respectively, of the City and County of Denver, Colorado.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: 11-27-10



Janet B. Shaffer  
Notary Public

STATE OF COLORADO )  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of August by Bruce Lewis as \_\_\_\_\_ of Zions First National Bank, being first duly sworn by me, acknowledged that he signed the foregoing documentation in the respective capacity therein set forth.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

My commission expires: 11-27-10



Janet B. Shaffer  
Notary Public



## EXHIBIT 1

### REFUNDED BONDS

Issue	Maturity	Type	Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 05/01/2003	Delivered 05/01/2003						
Series 2003B (Non-AMT)	11/15/2016	Serial	Coupon	5.750%	\$ 3,730,000	11/15/2013	100.000%
Series 2003B (Non-AMT)	11/15/2017	Serial	Coupon	5.750%	4,810,000	11/15/2013	100.000%
Series 2003B (Non-AMT)	11/15/2033	Term 2	Coupon	5.500%	25,000,000	11/15/2013	100.000%
Total					\$ 33,540,000		

**EXHIBIT 2**

**REFUNDED DEBT SERVICE REQUIREMENTS**

Payment Date	Rate	Payment For		Total Debt Payment
		Principal	Interest	
15-Nov-07			\$ 933,025.00	\$ 933,025.00
15-May-08			933,025.00	933,025.00
15-Nov-08			933,025.00	933,025.00
15-May-09			933,025.00	933,025.00
15-Nov-09			933,025.00	933,025.00
15-May-10			933,025.00	933,025.00
15-Nov-10			933,025.00	933,025.00
15-May-11			933,025.00	933,025.00
15-Nov-11			933,025.00	933,025.00
15-May-12			933,025.00	933,025.00
15-Nov-12			933,025.00	933,025.00
15-May-13			933,025.00	933,025.00
15-Nov-13			933,025.00	933,025.00
15-May-14			933,025.00	933,025.00
15-Nov-14			933,025.00	933,025.00
15-May-15			933,025.00	933,025.00
15-Nov-15			933,025.00	933,025.00
15-May-16			933,025.00	933,025.00
15-Nov-16	5.750%	\$ 3,730,000.00	933,025.00	4,663,025.00
15-May-17			825,787.50	825,787.50
15-Nov-17	5.750%	4,810,000.00	825,787.50	5,635,787.50
15-May-18			687,500.00	687,500.00
15-Nov-18			687,500.00	687,500.00
15-May-19			687,500.00	687,500.00
15-Nov-19			687,500.00	687,500.00
15-May-20			687,500.00	687,500.00
15-Nov-20			687,500.00	687,500.00
15-May-21			687,500.00	687,500.00
15-Nov-21			687,500.00	687,500.00
15-May-22			687,500.00	687,500.00
15-Nov-22			687,500.00	687,500.00
15-May-23			687,500.00	687,500.00
15-Nov-23			687,500.00	687,500.00
15-May-24			687,500.00	687,500.00
15-Nov-24			687,500.00	687,500.00
15-May-25			687,500.00	687,500.00
15-Nov-25			687,500.00	687,500.00
15-May-26			687,500.00	687,500.00
15-Nov-26			687,500.00	687,500.00
15-May-27			687,500.00	687,500.00
15-Nov-27			687,500.00	687,500.00
15-May-28			687,500.00	687,500.00
15-Nov-28			687,500.00	687,500.00
15-May-29			687,500.00	687,500.00
15-Nov-29			687,500.00	687,500.00
15-May-30			687,500.00	687,500.00
15-Nov-30			687,500.00	687,500.00
15-May-31			687,500.00	687,500.00
15-Nov-31			687,500.00	687,500.00
15-May-32			687,500.00	687,500.00
15-Nov-32			687,500.00	687,500.00
15-May-33			687,500.00	687,500.00
15-Nov-33	5.500%	25,000,000.00	687,500.00	25,687,500.00
		\$ <u>33,540,000.00</u>	\$ <u>41,379,050.00</u>	\$ <u>74,919,050.00</u>

### EXHIBIT 3

#### INITIAL SECURITIES

Type	Settlement Date	Maturity Date	Par Amount	Coupon Rate	Price	Total Cost
Security purchased with the DSF Contribution:						
SLGS	29-Aug-07	15-Nov-07	\$ 466,512.00	4.980%	100.000000%	\$ 466,512.00
Securities purchased with the 2007C Bond Proceeds:						
SLGS	29-Aug-07	15-Nov-07	\$ 118,181.00	4.980%	100.000000%	\$ 118,181.00
SLGS	29-Aug-07	15-May-08	121,721.00	4.900%	100.000000%	121,721.00
SLGS	29-Aug-07	15-Nov-08	125,959.00	4.810%	100.000000%	125,959.00
SLGS	29-Aug-07	15-May-09	128,987.00	4.680%	100.000000%	128,987.00
SLGS	29-Aug-07	15-Nov-09	132,006.00	4.540%	100.000000%	132,006.00
SLGS	29-Aug-07	15-May-10	135,002.00	4.510%	100.000000%	135,002.00
SLGS	29-Aug-07	15-Nov-10	138,047.00	4.510%	100.000000%	138,047.00
SLGS	29-Aug-07	15-May-11	141,160.00	4.520%	100.000000%	141,160.00
SLGS	29-Aug-07	15-Nov-11	144,350.00	4.540%	100.000000%	144,350.00
SLGS	29-Aug-07	15-May-12	147,626.00	4.550%	100.000000%	147,626.00
SLGS	29-Aug-07	15-Nov-12	150,985.00	4.570%	100.000000%	150,985.00
SLGS	29-Aug-07	15-May-13	154,436.00	4.580%	100.000000%	154,436.00
SLGS	29-Aug-07	15-Nov-13	33,697,970.00	4.600%	100.000000%	33,697,970.00
			\$ 35,336,430.00			\$ 35,336,430.00
			\$ 35,802,942.00			\$ 35,802,942.00

**EXHIBIT 4**  
**VERIFICATION REPORT**

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

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**AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

# CAUSEY DEMGEN & MOORE INC.

Certified Public Accountants and Consultants

Suite 4650  
1801 California Street  
Denver, Colorado 80202-2681  
Telephone: (303) 296-2229  
Facsimile: (303) 296-3731  
www.cdmcpa.com

August 29, 2007

City and County of Denver  
Department of Revenue  
144 West Colfax  
Denver, Colorado 80202

Denver International Airport  
8500 Pena Boulevard  
Denver, Colorado 80249

First Albany Capital Inc.  
One Penn Plaza  
New York, New York 10119

Citigroup Global Markets Inc.  
1625 Broadway  
Denver, Colorado 80202

Hogan & Hartson LLP  
1200-17<sup>th</sup> Street  
Denver, Colorado 80202

Bookhardt & O'Toole  
1675 Broadway  
Denver, Colorado 80202

MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504

Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of cash plus U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Airport System Revenue Bonds, Series 2003B (only those bonds as described in Exhibit B-1) (herein referred to as the "Refunded Bonds") issued by the City and County of Denver, Colorado, for and on Behalf of its Department of Aviation (herein referred to as the "City"), (b) the computations supporting the conclusion of Bond Counsel that the following bonds (herein referred to as the "2007 Bonds") to be issued by the City:

- Airport System Revenue Bonds, Series 2007A (herein referred to as the 2007A Bonds")
- Airport System Revenue Bonds, Series 2007B (herein referred to as the 2007B Bonds")
- Airport System Revenue Bonds, Series 2007C (herein referred to as the 2007C Bonds")

are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, and (c) the present value savings associated with the refunding transaction. We express no opinion on the attainability of the assumptions underlying the computations or the tax-exempt status of the 2007 Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by First Albany Capital Inc. (herein referred to as the "Financial Advisor"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through E attached hereto and made a part hereof.

**CDM**

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

### **OUR UNDERSTANDING OF THE TRANSACTION**

The 2007 Bonds are to be issued on August 29, 2007 to advance refund the Refunded Bonds and to finance certain capital improvements. A portion of the proceeds of the 2007C Bonds will be used to purchase U.S. Treasury Securities and to provide cash which will be placed into an escrow account, together with cash and a U.S. Treasury Security to be purchased with certain funds to be contributed from the Debt Service Fund associated with the Refunded Bonds, to advance refund the Refunded Bonds.

The Escrow Agent will pay the debt service requirements of the Refunded Bonds on each scheduled payment date through and including November 15, 2013 and will redeem the Refunded Bonds at a redemption price equal to 100% of par, on November 15, 2013, which is the first optional redemption date for these bonds.

### **ESCROW ACCOUNT TRANSACTIONS**

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to advance refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-3) plus \$2.38 in cash. The securities and cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to principal amounts, interest rates, interest payment dates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Refunded Bonds to be current as of August 29, 2007. We compared the above information set forth in the document with the related information contained in the schedules provided to us and found the information to be consistent.

We compared the subscribed interest rates of the U.S. Treasury Securities (State and Local Government Series) to be purchased and placed in escrow with the maximum allowable interest rates as published in the SLGS Securities Daily Rate Table by the Bureau of the Public Debt for August 1, 2007 and found the subscribed rates to be less than or equal to the maximum allowable rates that were in effect on the subscription date for each respective maturity date.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the cash and securities proposed to be placed in escrow by the City will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

### **BLENDYIELD ON THE 2007 BONDS**

We verified the mathematical accuracy of the accompanying computations of the blended yield on the 2007 Bonds as of August 29, 2007. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the adjusted payments to be made on the 2007 Bonds to an amount equal to the target purchase price of the 2007 Bonds. The computations were made using a 360-day year with interest compounded semi-annually and treated, \$6,280,610.75 as the original issue premium (of which \$4,049,319.05 is allocable to the 2007A Bonds, \$821,590.00 is allocable to the 2007B Bonds, and \$1,409,701.70 is allocable to the 2007C Bonds) and \$1,816,966.00 as the bond insurance premium (of which \$1,327,237.24 is allocable to the 2007A Bonds, \$234,623.06 is allocable to the 2007B Bonds, and \$255,105.70 is allocable to the 2007C Bonds) (which results in a target purchase price of \$251,698,644.75).

In conducting our verification, we assumed that the re-offering prices of the 2007 Bonds are as described in Exhibits C-1 through C-3, that the 2007 Bonds stated to mature on or before November 15, 2017 are not optionally callable, and that the 2007 Bonds stated to mature on November 15, 2018 and thereafter are optionally callable at 100% of par on November 15, 2017 and thereafter. We tested to determine whether any combination of optional redemptions of the (a) 2007A Bonds stated to mature on November 15, 2023 and November 15, 2024, (b) the 2007B Bonds stated to mature on November 15, 2032, and (c) the 2007C Bonds stated to mature on November 15, 2033 (which represent the only callable maturities with reoffering prices in excess of the safe harbor limit of 102.500%) (herein referred to as the "Callable Premium Bonds") would result in a lower yield on the 2007 Bonds than that realized by assuming that such bonds are retired on their stated maturity dates. We assumed that all other maturities of the 2007 Bonds would be retired on the dates and in the amounts set forth in Exhibits C-1 through C-3.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibits C through C-3, which indicate that the blended yield on the 2007 Bonds, assuming the Callable Premium Bonds are redeemed at par on November 15, 2017, is 4.83697%, are mathematically correct. It is our opinion that computing the aforementioned yield on the 2007 Bonds by treating the Callable Premium Bonds as redeemed at par on November 15, 2017 results in the lowest yield on the 2007 Bonds of all possible payment permutations thereon.

### **YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED WITH 2007 BOND PROCEEDS**

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased with 2007 Bond proceeds based on an assumed settlement date of August 29, 2007 and a purchase price of \$35,336,430.00. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and



procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit D, which indicate that the yield on the escrowed securities purchased with 2007 Bond proceeds is 4.60118% (which is less than the yield on the 2007 Bonds), are mathematically correct.

### **PRESENT VALUE SAVINGS**

We verified the mathematical accuracy of the accompanying computation of the present value savings resulting from the advanced refunding of the Refunded Bonds based on an assumed settlement date of August 29, 2007. The computation was made using a 360-day year with interest compounded semi-annually. The computation was based on the assumptions that (1) the debt service requirements of the Refunded Bonds would have been paid on the regularly scheduled payment dates, without optional redemption prior to maturity, (2) the debt service requirements of the 2007A Bonds will be paid on the regularly scheduled payment dates, without optional redemption prior to maturity, (3) the Issuer will contribute cash on the settlement date in the amount of \$466,512.50 from the Debt Service Fund associated with the Refunded Bonds, and (4) the annual discount rate for purposes of this calculation is 4.83697%.

Based on the procedures and information set forth above, the computations in Exhibit E which indicate that the present value savings associated with this refunding transaction is \$1,287,530.99, are mathematically correct.

### **USE OF THIS REPORT**

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the 2007 Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in the Official Statement for the 2007 Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the report in the purchase contract or in any closing documents pertaining to the issuance of the 2007 Bonds, (iii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iv) the report may be included in the transcripts pertaining to the issuance of the 2007 Bonds, (v) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Refunded Bonds and the 2007 Bonds, (vi) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the 2007 Bonds, and (vii) the report may be relied upon by the Escrow Agent for the Refunded Bonds.

\* \* \* \* \*

City and County of Denver  
August 29, 2007  
Page 5

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

*Concey Dangen & Moore Inc.*

## EXHIBIT A

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

ESCROW ACCOUNT CASH FLOW  
 AS OF AUGUST 29, 2007

Date	Cash Receipts From U.S. Treasury Securities Purchased with		Total Cash Receipts From U.S. Treasury Securities	Cash Disbursements From Escrow (Exhibit B)	Cash Balance
	the DSF Contribution (Exhibit A-1)	2007 Bond Proceeds (Exhibit A-2)			
Beginning Balance:					\$2.38
15-Nov-07	\$471,463.13	\$461,561.26	\$933,024.39	\$933,025.00	1.77
15-May-08		933,024.58	933,024.58	933,025.00	1.35
15-Nov-08		933,025.64	933,025.64	933,025.00	1.99
15-May-09		933,024.34	933,024.34	933,025.00	1.33
15-Nov-09		933,025.06	933,025.06	933,025.00	1.39
15-May-10		933,024.54	933,024.54	933,025.00	0.93
15-Nov-10		933,025.25	933,025.25	933,025.00	1.18
15-May-11		933,025.30	933,025.30	933,025.00	1.48
15-Nov-11		933,025.09	933,025.09	933,025.00	1.57
15-May-12		933,024.36	933,024.36	933,025.00	0.93
15-Nov-12		933,024.88	933,024.88	933,025.00	0.81
15-May-13		933,025.88	933,025.88	933,025.00	1.69
15-Nov-13		34,473,023.31	34,473,023.31	34,473,025.00	0.00
	<u>\$471,463.13</u>	<u>\$45,197,859.49</u>	<u>\$45,669,322.62</u>	<u>\$45,669,325.00</u>	

**EXHIBIT A-1**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A, 2007B AND 2007C**

**CASH RECEIPT FROM THE ESCROWED SECURITY**  
**PURCHASED WITH THE DSF CONTRIBUTION**  
**AS OF AUGUST 29, 2007**

Payment Date	<b>\$466,512.00</b> 4.980000% SLGS (1) 15-Nov-07	Total Cash Receipts
15-Nov-07	\$471,463.13	\$471,463.13
	\$471,463.13	\$471,463.13

(1) U.S. Treasury Certificate of Indebtedness  
(State and Local Government Series).

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

CASH RECEIPTS FROM THE ESCROWED SECURITIES  
 PURCHASED WITH 2007 BOND PROCEEDS  
 AS OF AUGUST 29, 2007

Payment Date	\$118,181.00 4.980000% SLGS (1) 15-Nov-07	\$121,721.00 4.900000% SLGS (1) 15-May-08	\$125,959.00 4.810000% SLGS (2) 15-Nov-08	\$128,987.00 4.680000% SLGS (2) 15-May-09	\$132,006.00 4.540000% SLGS (2) 15-Nov-09	\$135,002.00 4.510000% SLGS (2) 15-May-10	\$138,047.00 4.510000% SLGS (2) 15-Nov-10	\$141,160.00 4.520000% SLGS (2) 15-May-11	\$144,350.00 4.540000% SLGS (2) 15-Nov-11	\$147,626.00 4.550000% SLGS (2) 15-May-12	\$150,985.00 4.570000% SLGS (2) 15-Nov-12	\$154,436.00 4.580000% SLGS (2) 15-May-13	\$33,697,970.00 4.600000% SLGS (2) 15-Nov-13	Total Cash Receipts
15-Nov-07	\$119,435.15		\$1,284.17	\$1,279.49	\$1,270.27	\$1,290.52	\$1,319.62	\$1,352.37	\$1,389.05	\$1,423.71	\$1,462.50	\$1,499.20	\$328,555.21	461,561.26
15-May-08		\$125,957.96	3,029.31	3,018.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.16	933,024.58
15-Nov-08			128,988.31	3,018.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.18	933,025.64
15-May-09				132,005.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.19	933,024.34
15-Nov-09					135,002.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.21	933,025.06
15-May-10						138,046.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.23	933,024.54
15-Nov-10							141,159.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.24	933,025.25
15-May-11								144,350.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.25	933,025.30
15-Nov-11									147,626.75	3,358.49	3,450.01	3,536.58	775,053.26	933,025.09
15-May-12										150,984.49	3,450.01	3,536.58	775,053.28	933,024.36
15-Nov-12											154,435.01	3,536.58	775,053.29	933,024.88
15-May-13												157,972.58	775,053.30	933,025.88
15-Nov-13													34,473,023.31	34,473,023.31
	\$119,435.15	\$125,957.96	\$133,301.79	\$139,321.39	\$145,262.43	\$151,514.02	\$158,044.38	\$164,843.91	\$171,953.05	\$179,276.12	\$186,947.60	\$194,837.58	\$43,327,164.11	\$45,197,859.49

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).  
 (2) U.S. Treasury Note or Bond (State and Local Government Series).

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

DESCRIPTION OF THE ESCROWED SECURITIES  
 AS OF AUGUST 29, 2007

Type	Settlement Date	Maturity Date	Par Amount	Coupon Rate	Price	Total Cost
<b>Security Purchased with the DSF Contribution:</b>						
SLGS	29-Aug-07	15-Nov-07	\$466,512.00	4.980%	100.000000%	\$466,512.00
<b>Securities Purchased with 2007 Bond Proceeds:</b>						
SLGS	29-Aug-07	15-Nov-07	\$118,181.00	4.980%	100.000000%	\$118,181.00
SLGS	29-Aug-07	15-May-08	121,721.00	4.900%	100.000000%	121,721.00
SLGS	29-Aug-07	15-Nov-08	125,959.00	4.810%	100.000000%	125,959.00
SLGS	29-Aug-07	15-May-09	128,987.00	4.680%	100.000000%	128,987.00
SLGS	29-Aug-07	15-Nov-09	132,006.00	4.540%	100.000000%	132,006.00
SLGS	29-Aug-07	15-May-10	135,002.00	4.510%	100.000000%	135,002.00
SLGS	29-Aug-07	15-Nov-10	138,047.00	4.510%	100.000000%	138,047.00
SLGS	29-Aug-07	15-May-11	141,160.00	4.520%	100.000000%	141,160.00
SLGS	29-Aug-07	15-Nov-11	144,350.00	4.540%	100.000000%	144,350.00
SLGS	29-Aug-07	15-May-12	147,626.00	4.550%	100.000000%	147,626.00
SLGS	29-Aug-07	15-Nov-12	150,985.00	4.570%	100.000000%	150,985.00
SLGS	29-Aug-07	15-May-13	154,436.00	4.580%	100.000000%	154,436.00
SLGS	29-Aug-07	15-Nov-13	33,697,970.00	4.600%	100.000000%	33,697,970.00
			<u>\$35,336,430.00</u>			<u>\$35,336,430.00</u>
			<u>\$35,802,942.00</u>			<u>\$35,802,942.00</u>

**EXHIBIT B**

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

**ESCROW ACCOUNT DISBURSEMENT  
REQUIREMENTS FOR THE REFUNDED BONDS  
AS OF AUGUST 29, 2007**

<b>Payment Date</b>	<b>Rate</b>	<b>Payment For</b>		<b>Total</b>
		<b>Principal Redeemed</b>	<b>Interest</b>	
15-Nov-07			\$933,025.00	\$933,025.00
15-May-08			933,025.00	933,025.00
15-Nov-08			933,025.00	933,025.00
15-May-09			933,025.00	933,025.00
15-Nov-09			933,025.00	933,025.00
15-May-10			933,025.00	933,025.00
15-Nov-10			933,025.00	933,025.00
15-May-11			933,025.00	933,025.00
15-Nov-11			933,025.00	933,025.00
15-May-12			933,025.00	933,025.00
15-Nov-12			933,025.00	933,025.00
15-May-13			933,025.00	933,025.00
15-Nov-13	Various	\$33,540,000.00	933,025.00	34,473,025.00
		<u>\$33,540,000.00</u>	<u>\$12,129,325.00</u>	<u>\$45,669,325.00</u>

EXHIBIT B-1

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS  
 ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY  
 AS OF AUGUST 29, 2007

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For		Total Debt
		Principal	Interest	Payment
15-Nov-07			\$933,025.00	\$933,025.00
15-May-08			933,025.00	933,025.00
15-Nov-08			933,025.00	933,025.00
15-May-09			933,025.00	933,025.00
15-Nov-09			933,025.00	933,025.00
15-May-10			933,025.00	933,025.00
15-Nov-10			933,025.00	933,025.00
15-May-11			933,025.00	933,025.00
15-Nov-11			933,025.00	933,025.00
15-May-12			933,025.00	933,025.00
15-Nov-12			933,025.00	933,025.00
15-May-13			933,025.00	933,025.00
15-Nov-13			933,025.00	933,025.00
15-May-14			933,025.00	933,025.00
15-Nov-14			933,025.00	933,025.00
15-May-15			933,025.00	933,025.00
15-Nov-15			933,025.00	933,025.00
15-May-16			933,025.00	933,025.00
15-Nov-16	5.750%	\$3,730,000.00	933,025.00	4,663,025.00
15-May-17			825,787.50	825,787.50
15-Nov-17	5.750%	4,810,000.00	825,787.50	5,635,787.50
15-May-18			687,500.00	687,500.00
15-Nov-18			687,500.00	687,500.00
15-May-19			687,500.00	687,500.00
15-Nov-19			687,500.00	687,500.00
15-May-20			687,500.00	687,500.00
15-Nov-20			687,500.00	687,500.00
15-May-21			687,500.00	687,500.00
15-Nov-21			687,500.00	687,500.00
15-May-22			687,500.00	687,500.00
15-Nov-22			687,500.00	687,500.00
15-May-23			687,500.00	687,500.00
15-Nov-23			687,500.00	687,500.00
15-May-24			687,500.00	687,500.00
15-Nov-24			687,500.00	687,500.00
15-May-25			687,500.00	687,500.00
15-Nov-25			687,500.00	687,500.00
15-May-26			687,500.00	687,500.00
15-Nov-26			687,500.00	687,500.00
15-May-27			687,500.00	687,500.00
15-Nov-27			687,500.00	687,500.00
15-May-28			687,500.00	687,500.00
15-Nov-28			687,500.00	687,500.00
15-May-29			687,500.00	687,500.00
15-Nov-29			687,500.00	687,500.00
15-May-30			687,500.00	687,500.00
15-Nov-30			687,500.00	687,500.00
15-May-31			687,500.00	687,500.00
15-Nov-31			687,500.00	687,500.00
15-May-32			687,500.00	687,500.00
15-Nov-32			687,500.00	687,500.00
15-May-33			687,500.00	687,500.00
15-Nov-33	5.500%	25,000,000.00	687,500.00	25,687,500.00
		<u>\$33,540,000.00</u>	<u>\$41,379,050.00</u>	<u>\$74,919,050.00</u>



EXHIBIT C

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

BLENDED YIELD ON THE 2007 BONDS  
 AS OF AUGUST 29, 2007

Payment Date	Adjusted Payment For			Total Adjusted Debt Payment	Present Value at August 29, 2007 Using a Semi-Annually Compounded Yield of 4.83697%
	2007C Bonds (Exhibit C-1)	2007A Bonds (Exhibit C-2)	2007B Bonds (Exhibit C-3)		
15-Nov-07	\$365,591.67	\$1,988,138.89	\$255,972.22	\$2,609,702.78	\$2,583,503.62
15-May-08	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,974,335.78
15-Nov-08	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,833,259.12
15-May-09	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,695,513.81
15-Nov-09	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,561,021.20
15-May-10	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,429,704.46
15-Nov-10	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,301,488.60
15-May-11	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,176,300.41
15-Nov-11	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,054,068.39
15-May-12	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,934,722.72
15-Nov-12	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,818,193.26
15-May-13	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,704,419.45
15-Nov-13	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,593,330.32
15-May-14	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,484,864.42
15-Nov-14	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,378,959.81
15-May-15	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,275,556.01
15-Nov-15	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,174,593.07
15-May-16	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,076,016.02
15-Nov-16	4,680,375.00	4,708,750.00	606,250.00	9,995,375.00	6,436,182.93
15-May-17	770,500.00	4,708,750.00	606,250.00	6,085,500.00	3,825,828.25
15-Nov-17	31,590,500.00	47,818,750.00	24,856,250.00	104,265,500.00	64,001,694.78
15-May-18		3,631,000.00		3,631,000.00	2,176,199.64
15-Nov-18		3,631,000.00		3,631,000.00	2,124,811.34
15-May-19		3,631,000.00		3,631,000.00	2,074,636.51
15-Nov-19		3,631,000.00		3,631,000.00	2,025,646.49
15-May-20		3,631,000.00		3,631,000.00	1,977,813.32
15-Nov-20		3,631,000.00		3,631,000.00	1,931,109.67
15-May-21		3,631,000.00		3,631,000.00	1,885,508.87
15-Nov-21		3,631,000.00		3,631,000.00	1,840,984.87
15-May-22		3,631,000.00		3,631,000.00	1,797,512.26
15-Nov-22		3,631,000.00		3,631,000.00	1,755,066.20
15-May-23		3,631,000.00		3,631,000.00	1,713,622.45
15-Nov-23		3,631,000.00		3,631,000.00	1,673,157.34
15-May-24		3,631,000.00		3,631,000.00	1,633,647.77
15-Nov-24		3,631,000.00		3,631,000.00	1,595,071.17
15-May-25		3,631,000.00		3,631,000.00	1,557,405.51
15-Nov-25		3,631,000.00		3,631,000.00	1,520,629.28
15-May-26		3,631,000.00		3,631,000.00	1,484,721.47
15-Nov-26		30,076,000.00		30,076,000.00	12,007,717.35
15-May-27		2,969,875.00		2,969,875.00	1,157,711.09
15-Nov-27		30,739,875.00		30,739,875.00	11,699,997.24
15-May-28		2,275,625.00		2,275,625.00	845,679.88
15-Nov-28		31,430,625.00		31,430,625.00	11,404,597.46
15-May-29		1,546,750.00		1,546,750.00	547,985.05
15-Nov-29		32,161,750.00		32,161,750.00	11,125,253.04
15-May-30		781,375.00		781,375.00	263,907.28
15-Nov-30		32,036,375.00		32,036,375.00	10,564,692.87
	\$52,127,341.67	\$365,018,388.89	\$36,630,972.22	\$453,776,702.78	\$251,698,644.75

Dated Date: 29-Aug-07  
 Delivery Date: 29-Aug-07

The above aggregate present value of the future payments equals the following:

	2007C Bonds	2007A Bonds	2007B Bonds	Total
Par Value of the Issue	\$34,635,000.00	\$188,350,000.00	\$24,250,000.00	\$247,235,000.00
Original Issue Premium	1,409,701.70	4,049,319.05	821,590.00	6,280,610.75
Bond Insurance Premium	(255,105.70)	(1,327,237.24)	(234,623.06)	(1,816,966.00)
Proceeds on Delivery Date	\$35,789,596.00	\$191,072,081.81	\$24,836,966.94	\$251,698,644.75

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007C BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$365,591.67	\$365,591.67			\$365,591.67			
15-May-08			865,875.00	865,875.00			865,875.00			
15-Nov-08			865,875.00	865,875.00			865,875.00			
15-May-09			865,875.00	865,875.00			865,875.00			
15-Nov-09			865,875.00	865,875.00			865,875.00			
15-May-10			865,875.00	865,875.00			865,875.00			
15-Nov-10			865,875.00	865,875.00			865,875.00			
15-May-11			865,875.00	865,875.00			865,875.00			
15-Nov-11			865,875.00	865,875.00			865,875.00			
15-May-12			865,875.00	865,875.00			865,875.00			
15-Nov-12			865,875.00	865,875.00			865,875.00			
15-May-13			865,875.00	865,875.00			865,875.00			
15-Nov-13			865,875.00	865,875.00			865,875.00			
15-May-14			865,875.00	865,875.00			865,875.00			
15-Nov-14			865,875.00	865,875.00			865,875.00			
15-May-15			865,875.00	865,875.00			865,875.00			
15-Nov-15			865,875.00	865,875.00			865,875.00			
15-May-16			865,875.00	865,875.00			865,875.00			
15-Nov-16	5.000%	\$3,815,000.00	865,875.00	4,680,875.00			4,680,875.00	106.288%	\$239,887.20	\$4,054,887.20
15-May-17			770,500.00	770,500.00			770,500.00			
15-Nov-17	5.000%	4,870,000.00	770,500.00	5,640,500.00	\$25,950,000.00		31,590,500.00	106.410%	312,167.00	5,182,167.00
15-May-18			648,750.00	648,750.00						
15-Nov-18			648,750.00	648,750.00						
15-May-19			648,750.00	648,750.00						
15-Nov-19			648,750.00	648,750.00						
15-May-20			648,750.00	648,750.00						
15-Nov-20			648,750.00	648,750.00						
15-May-21			648,750.00	648,750.00						
15-Nov-21			648,750.00	648,750.00						
15-May-22			648,750.00	648,750.00						
15-Nov-22			648,750.00	648,750.00						
15-May-23			648,750.00	648,750.00						
15-Nov-23			648,750.00	648,750.00						
15-May-24			648,750.00	648,750.00						
15-Nov-24			648,750.00	648,750.00						

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007C BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-May-25			648,750.00	648,750.00		(648,750.00)				
15-Nov-25			648,750.00	648,750.00		(648,750.00)				
15-May-26			648,750.00	648,750.00		(648,750.00)				
15-Nov-26			648,750.00	648,750.00		(648,750.00)				
15-May-27			648,750.00	648,750.00		(648,750.00)				
15-Nov-27			648,750.00	648,750.00		(648,750.00)				
15-May-28			648,750.00	648,750.00		(648,750.00)				
15-Nov-28			648,750.00	648,750.00		(648,750.00)				
15-May-29			648,750.00	648,750.00		(648,750.00)				
15-Nov-29			648,750.00	648,750.00		(648,750.00)				
15-May-30			648,750.00	648,750.00		(648,750.00)				
15-Nov-30			648,750.00	648,750.00		(648,750.00)				
15-May-31			648,750.00	648,750.00		(648,750.00)				
15-Nov-31			648,750.00	648,750.00		(648,750.00)				
15-May-32			648,750.00	648,750.00		(648,750.00)				
15-Nov-32			648,750.00	648,750.00		(648,750.00)				
15-May-33			648,750.00	648,750.00		(648,750.00)				
15-Nov-33	5.000%	25,950,000.00	648,750.00	26,598,750.00	(25,950,000.00)	(648,750.00)		103.305%	857,647.50	26,807,647.50
		<u>\$34,635,000.00</u>	<u>\$38,252,341.67</u>	<u>\$72,887,341.67</u>	<u>\$0.00</u>	<u>(\$20,760,000.00)</u>	<u>\$52,127,341.67</u>		<u>\$1,409,701.70</u>	<u>\$36,044,701.70</u>

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$1,988,138.89	\$1,988,138.89			\$1,988,138.89			
15-May-08			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-08			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-09			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-09			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-10			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-10			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-11			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-11			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-12			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-12			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-13			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-13			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-14			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-14			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-15			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-15			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-16			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-16			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-17			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-17			4,708,750.00	4,708,750.00	\$43,110,000.00		47,818,750.00			
15-May-18			4,708,750.00	4,708,750.00		(\$1,077,750.00)	3,631,000.00			
15-Nov-18			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-19			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-19			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-20			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-20			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-21			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-21			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-22			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-22			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-23	5.000%	\$17,925,000.00	4,708,750.00	22,633,750.00	(17,925,000.00)	(1,077,750.00)	3,631,000.00	102.730%	\$489,352.50	\$18,414,352.50
15-May-24			4,260,625.00	4,260,625.00		(629,625.00)	3,631,000.00			
15-Nov-24	5.000%	25,185,000.00	4,260,625.00	29,445,625.00	(25,185,000.00)	(629,625.00)	3,631,000.00	102.567%	646,498.95	25,831,498.95

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-May-25			3,631,000.00	3,631,000.00			3,631,000.00			
15-Nov-25			3,631,000.00	3,631,000.00			3,631,000.00			
15-May-26			3,631,000.00	3,631,000.00			3,631,000.00			
15-Nov-26	5.000%	26,445,000.00	3,631,000.00	30,076,000.00			30,076,000.00	102.240%	592,368.00	27,037,368.00
15-May-27			2,969,875.00	2,969,875.00			2,969,875.00			
15-Nov-27	5.000%	27,770,000.00	2,969,875.00	30,739,875.00			30,739,875.00	102.078%	577,060.60	28,347,060.60
15-May-28			2,275,625.00	2,275,625.00			2,275,625.00			
15-Nov-28	5.000%	29,155,000.00	2,275,625.00	31,430,625.00			31,430,625.00	101.916%	558,609.80	29,713,609.80
15-May-29			1,546,750.00	1,546,750.00			1,546,750.00			
15-Nov-29	5.000%	30,615,000.00	1,546,750.00	32,161,750.00			32,161,750.00	101.916%	586,583.40	31,201,583.40
15-May-30			781,375.00	781,375.00			781,375.00			
15-Nov-30	5.000%	31,255,000.00	781,375.00	32,036,375.00			32,036,375.00	101.916%	598,845.80	31,853,845.80
		<u>\$188,350,000.00</u>	<u>\$190,860,638.89</u>	<u>\$379,210,638.89</u>	<u>\$0.00</u>	<u>(\$14,192,250.00)</u>	<u>\$365,018,388.89</u>		<u>\$4,049,319.05</u>	<u>\$192,399,319.05</u>

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$255,972.22	\$255,972.22			\$255,972.22			
15-May-08			606,250.00	606,250.00			606,250.00			
15-Nov-08			606,250.00	606,250.00			606,250.00			
15-May-09			606,250.00	606,250.00			606,250.00			
15-Nov-09			606,250.00	606,250.00			606,250.00			
15-May-10			606,250.00	606,250.00			606,250.00			
15-Nov-10			606,250.00	606,250.00			606,250.00			
15-May-11			606,250.00	606,250.00			606,250.00			
15-Nov-11			606,250.00	606,250.00			606,250.00			
15-May-12			606,250.00	606,250.00			606,250.00			
15-Nov-12			606,250.00	606,250.00			606,250.00			
15-May-13			606,250.00	606,250.00			606,250.00			
15-Nov-13			606,250.00	606,250.00			606,250.00			
15-May-14			606,250.00	606,250.00			606,250.00			
15-Nov-14			606,250.00	606,250.00			606,250.00			
15-May-15			606,250.00	606,250.00			606,250.00			
15-Nov-15			606,250.00	606,250.00			606,250.00			
15-May-16			606,250.00	606,250.00			606,250.00			
15-Nov-16			606,250.00	606,250.00			606,250.00			
15-May-17			606,250.00	606,250.00			606,250.00			
15-Nov-17			606,250.00	606,250.00	\$24,250,000.00		24,856,250.00			
15-May-18			606,250.00	606,250.00		(\$606,250.00)				
15-Nov-18			606,250.00	606,250.00		(606,250.00)				
15-May-19			606,250.00	606,250.00		(606,250.00)				
15-Nov-19			606,250.00	606,250.00		(606,250.00)				
15-May-20			606,250.00	606,250.00		(606,250.00)				
15-Nov-20			606,250.00	606,250.00		(606,250.00)				
15-May-21			606,250.00	606,250.00		(606,250.00)				
15-Nov-21			606,250.00	606,250.00		(606,250.00)				
15-May-22			606,250.00	606,250.00		(606,250.00)				
15-Nov-22			606,250.00	606,250.00		(606,250.00)				
15-May-23			606,250.00	606,250.00		(606,250.00)				
15-Nov-23			606,250.00	606,250.00		(606,250.00)				
15-May-24			606,250.00	606,250.00		(606,250.00)				

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-24			606,250.00	606,250.00		(606,250.00)				
15-May-25			606,250.00	606,250.00		(606,250.00)				
15-Nov-25			606,250.00	606,250.00		(606,250.00)				
15-May-26			606,250.00	606,250.00		(606,250.00)				
15-Nov-26			606,250.00	606,250.00		(606,250.00)				
15-May-27			606,250.00	606,250.00		(606,250.00)				
15-Nov-27			606,250.00	606,250.00		(606,250.00)				
15-May-28			606,250.00	606,250.00		(606,250.00)				
15-Nov-28			606,250.00	606,250.00		(606,250.00)				
15-May-29			606,250.00	606,250.00		(606,250.00)				
15-Nov-29			606,250.00	606,250.00		(606,250.00)				
15-May-30			606,250.00	606,250.00		(606,250.00)				
15-Nov-30			606,250.00	606,250.00		(606,250.00)				
15-May-31			606,250.00	606,250.00		(606,250.00)				
15-Nov-31			606,250.00	606,250.00		(606,250.00)				
15-May-32			606,250.00	606,250.00		(606,250.00)				
15-Nov-32	5.000%	\$24,250,000.00	606,250.00	24,856,250.00	(24,250,000.00)	(606,250.00)		103.388%	\$821,590.00	\$25,071,590.00
		<u>\$24,250,000.00</u>	<u>\$30,568,472.22</u>	<u>\$54,818,472.22</u>	<u>\$0.00</u>	<u>(\$18,187,500.00)</u>	<u>\$36,630,972.22</u>		<u>\$821,590.00</u>	<u>\$25,071,590.00</u>

**EXHIBIT D**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A, 2007B AND 2007C**

**ESCROW YIELD CALCULATION**  
**AS OF AUGUST 29, 2007**

<b>Date</b>	<b>Total Cash Receipts From U.S. Treasury Securities Purchased with 2007 Bond Proceeds (Exhibit A)</b>	<b>Present Value at August 29, 2007 Using a Semi-Annually Compounded Yield of 4.60118%</b>
15-Nov-07	\$461,561.38	\$457,149.98
15-May-08	933,024.73	903,325.50
15-Nov-08	933,025.77	883,012.05
15-May-09	933,024.46	863,153.23
15-Nov-09	933,025.16	843,742.84
15-May-10	933,024.62	824,767.86
15-Nov-10	933,025.32	806,220.68
15-May-11	933,025.36	788,090.02
15-Nov-11	933,025.14	770,366.88
15-May-12	933,024.39	753,041.88
15-Nov-12	933,024.90	736,107.51
15-May-13	933,025.89	719,554.32
15-Nov-13	34,473,023.31	25,987,897.25
	<u>\$45,197,860.43</u>	<u>\$35,336,430.00</u>

Total Cost of Securities \$35,336,430.00



CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

PRESENT VALUE SAVINGS (COST)  
AS OF AUGUST 29, 2007

Date	2007C Bond Debt Service (Exhibit C-1)	Refunded Bond Debt Service (Exhibit B-1)	Savings (Cost)	Annual Savings (Cost)	Present Value of Savings (Cost) at August 29, 2007 4.83697%
15-Nov-07	\$365,591.67	\$933,025.00	\$567,433.33	\$567,433.33	\$561,736.79
15-May-08	865,875.00	933,025.00	67,150.00		64,906.13
15-Nov-08	865,875.00	933,025.00	67,150.00	134,300.00	63,373.45
15-May-09	865,875.00	933,025.00	67,150.00		61,876.96
15-Nov-09	865,875.00	933,025.00	67,150.00	134,300.00	60,415.81
15-May-10	865,875.00	933,025.00	67,150.00		58,989.16
15-Nov-10	865,875.00	933,025.00	67,150.00	134,300.00	57,596.21
15-May-11	865,875.00	933,025.00	67,150.00		56,236.14
15-Nov-11	865,875.00	933,025.00	67,150.00	134,300.00	54,908.20
15-May-12	865,875.00	933,025.00	67,150.00		53,611.61
15-Nov-12	865,875.00	933,025.00	67,150.00	134,300.00	52,345.63
15-May-13	865,875.00	933,025.00	67,150.00		51,109.55
15-Nov-13	865,875.00	933,025.00	67,150.00	134,300.00	49,902.66
15-May-14	865,875.00	933,025.00	67,150.00		48,724.27
15-Nov-14	865,875.00	933,025.00	67,150.00	134,300.00	47,573.71
15-May-15	865,875.00	933,025.00	67,150.00		46,450.31
15-Nov-15	865,875.00	933,025.00	67,150.00	134,300.00	45,353.45
15-May-16	865,875.00	933,025.00	67,150.00		44,282.48
15-Nov-16	4,680,875.00	4,663,025.00	(17,850.00)	49,300.00	(11,493.33)
15-May-17	770,500.00	825,787.50	55,287.50		34,758.11
15-Nov-17	5,640,500.00	5,635,787.50	(4,712.50)	50,575.00	(2,892.69)
15-May-18	648,750.00	687,500.00	38,750.00		23,224.38
15-Nov-18	648,750.00	687,500.00	38,750.00	77,500.00	22,675.97
15-May-19	648,750.00	687,500.00	38,750.00		22,140.50
15-Nov-19	648,750.00	687,500.00	38,750.00	77,500.00	21,617.68
15-May-20	648,750.00	687,500.00	38,750.00		21,107.21
15-Nov-20	648,750.00	687,500.00	38,750.00	77,500.00	20,608.79
15-May-21	648,750.00	687,500.00	38,750.00		20,122.13
15-Nov-21	648,750.00	687,500.00	38,750.00	77,500.00	19,646.97
15-May-22	648,750.00	687,500.00	38,750.00		19,183.03
15-Nov-22	648,750.00	687,500.00	38,750.00	77,500.00	18,730.05
15-May-23	648,750.00	687,500.00	38,750.00		18,287.76
15-Nov-23	648,750.00	687,500.00	38,750.00	77,500.00	17,855.92
15-May-24	648,750.00	687,500.00	38,750.00		17,434.27
15-Nov-24	648,750.00	687,500.00	38,750.00	77,500.00	17,022.59
15-May-25	648,750.00	687,500.00	38,750.00		16,620.62
15-Nov-25	648,750.00	687,500.00	38,750.00	77,500.00	16,228.14
15-May-26	648,750.00	687,500.00	38,750.00		15,844.93
15-Nov-26	648,750.00	687,500.00	38,750.00	77,500.00	15,470.78
15-May-27	648,750.00	687,500.00	38,750.00		15,105.45
15-Nov-27	648,750.00	687,500.00	38,750.00	77,500.00	14,748.76
15-May-28	648,750.00	687,500.00	38,750.00		14,400.48
15-Nov-28	648,750.00	687,500.00	38,750.00	77,500.00	14,060.43
15-May-29	648,750.00	687,500.00	38,750.00		13,728.41
15-Nov-29	648,750.00	687,500.00	38,750.00	77,500.00	13,404.23
15-May-30	648,750.00	687,500.00	38,750.00		13,087.71
15-Nov-30	648,750.00	687,500.00	38,750.00	77,500.00	12,778.66
15-May-31	648,750.00	687,500.00	38,750.00		12,476.90
15-Nov-31	648,750.00	687,500.00	38,750.00	77,500.00	12,182.28
15-May-32	648,750.00	687,500.00	38,750.00		11,894.61
15-Nov-32	648,750.00	687,500.00	38,750.00	77,500.00	11,613.73
15-May-33	648,750.00	687,500.00	38,750.00		11,339.49
15-Nov-33	26,598,750.00	25,687,500.00	(911,250.00)	(872,500.00)	(260,363.98)
Total	<u>\$72,887,341.67</u>	<u>\$74,919,050.00</u>	2,031,708.33	2,031,708.33	1,754,043.49
DSF Contribution			(\$466,512.50)	(\$466,512.50)	(\$466,512.50)
Net Total			<u>\$1,565,195.83</u>	<u>\$1,565,195.83</u>	<u>\$1,287,530.99</u>

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

**ESTIMATED SOURCES AND USES OF FUNDS  
AS OF AUGUST 29, 2007**

	<b>2007C Bonds</b>	<b>2007A Bonds</b>	<b>2007B Bonds</b>	<b>Total</b>
<b>Sources of Funds:</b>				
Par Value of Bonds	\$34,635,000.00	\$188,350,000.00	\$24,250,000.00	\$247,235,000.00
Original Issue Premium	1,409,701.70	4,049,319.05	821,590.00	6,280,610.75
DSF Contribution	466,512.50			466,512.50
Total Sources of Funds	<u>\$36,511,214.20</u>	<u>\$192,399,319.05</u>	<u>\$25,071,590.00</u>	<u>\$253,982,123.25</u>
<b>Uses of Funds:</b>				
Beginning Escrow Account Cash Balance	\$2.38			\$2.38
Cost of the Escrowed Securities Purchased with:				
the DSF Contribution	466,512.00			466,512.00
2007 Bond Proceeds	35,336,430.00			35,336,430.00
Bond Insurance Premium	255,105.70	\$1,327,237.24	\$234,623.06	1,816,966.00
Project Fund Deposit		170,386,774.65	21,189,631.50	191,576,406.15
DSRF Deposit		9,856,983.34	1,147,833.33	11,004,816.67
Capitalized Interest Fund Deposit		9,179,398.32	2,285,341.61	11,464,739.93
Underwriter's Discount	251,223.75	1,120,682.50	144,287.50	1,516,193.75
Issuance Costs	201,940.37	528,243.00	69,873.00	800,056.37
Total Uses of Funds	<u>\$36,511,214.20</u>	<u>\$192,399,319.05</u>	<u>\$25,071,590.00</u>	<u>\$253,982,123.25</u>

## EXHIBIT 5

### EMPLOYMENT OR CONTRACTING WITH ILLEGAL ALIENS TO PERFORM WORK IS PROHIBITED

A. This Escrow Agreement is subject to Article 17.5 of Title 8, Colorado Revised Statutes, as now existing or hereafter amended (the "Certification Statute"). Compliance by the Escrow Bank and its subcontractors with the Certification Statute is expressly made a contractual condition of this Escrow Agreement.

B. The Escrow Bank shall not knowingly employ or contract with an illegal alien to perform work under this Escrow Agreement. The Escrow Bank shall not enter into a contract with a subcontractor that knowingly employs or contracts with an illegal alien or that fails to certify to the Escrow Bank that it does not knowingly employ or contract with an illegal alien to perform work under this Escrow Agreement.

C. The Escrow Bank represents, warrants and agrees that:

- (a) It has confirmed or attempted to confirm the employment eligibility of all employees who are newly hired for employment in the United States, through participation in the Basic Pilot Employment Verification Program administered by the U.S. Social Security Administration and U.S. Department of Homeland Security ("Basic Pilot Program" or "BPP"), as defined in §8-17.5-101(1), C.R.S., or that if it is not accepted into the BPP prior to entering into this Escrow Agreement, it shall apply to participate in the BPP every three months until either it is accepted into the BPP or it has completed its obligations under this Escrow Agreement, whichever occurs first.
- (b) It will not use the BPP to undertake pre-employment screening of job applicants while performing its obligations under this Escrow Agreement.
- (c) If it obtains actual knowledge that a subcontractor performing work under this Escrow Agreement knowingly employs with or contracts with an illegal alien, it will notify such subcontractor and the City within three days, and terminate such subcontractor if within three days after such notice the subcontractor does not stop employing or contracting with the illegal alien, unless during such three day period the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.
- (d) It shall comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment under authority of § 8-17.5-102(5), C.R.S.

D. If the Escrow Bank fails to comply with any provision of this Exhibit 5, the City may terminate this Escrow Agreement for breach and the Escrow Bank shall be liable for actual and consequential damages to the City.

**EXHIBIT 6**

**CERTIFICATION UNDER § 8-17-.5-102, C.R.S.**

The Escrow Bank, in compliance with § 8-17.5-102, C.R.S., certifies that at the time of the execution of this Certification:

1. The Escrow Bank does not knowingly employ or contract with an illegal alien.
2. The Escrow Bank has participated or attempted to participate in the Basic Pilot Employment Verification Program in order to confirm the employment eligibility of all employees who are newly hired for employment in the United States.

ZIONS FIRST NATIONAL BANK

By: \_\_\_\_\_  
Title: \_\_\_\_\_

DATE: \_\_\_\_\_

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City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation

\$188,350,000  
Airport System Revenue Bonds, Series 2007A  
and  
\$24,250,000  
Airport System Revenue Bonds, Series 2007B

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BOND PURCHASE AGREEMENT

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August 1, 2007

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
City and County Building  
144 West Colfax  
Denver, Colorado 80202

Ladies and Gentlemen:

Goldman, Sachs & Co. (the "Representative"), on its own behalf and on behalf of the underwriters listed on Schedule 1 hereto (collectively, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement with you (the "City") for the sale by the City, for and on behalf of its Department of Aviation, and purchase by the Underwriters of (a) \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and (b) \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds" and together with the Series 2007A Bonds, the "Series 2007A-B Bonds"), dated their date of delivery, maturing on the dates and bearing interest at the rates described in the Official Statement (as hereinafter defined), and being subject to such other terms as are reflected in the Official Statement. All capitalized terms used herein and not otherwise defined shall have the meanings given them in the Official Statement.

This offer is made subject to acceptance by you prior to 4:00 p.m., Denver time, on the date hereof, and upon such acceptance this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriters, subject to Section 7 hereof.

1. Underwriting. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby agree to purchase from the City, for and on behalf of its Department of Aviation, for offering to the public, and the City, for and on behalf of its Department of Aviation, hereby agrees to sell to the Underwriters, except as hereinafter provided, all, but not less than all, of the Series 2007A Bonds at the purchase price of

\$191,278,636.55 (the "Series 2007A Purchase Price"), representing the par amount of the Series 2007A Bonds of \$188,350,000.00, plus an original issue premium of \$4,049,319.05, less an underwriting discount of \$1,120,682.50, and all, but not less than all, of the Series 2007B Bonds at the purchase price of \$24,927,302.50 (the "Series 2007B Purchase Price"), representing the par amount of the Series 2007B Bonds of \$24,250,000.00, plus an original issue premium of \$821,590.00, less an underwriting discount of \$144,287.50. The combined purchase price for both the Series 2007A Bonds and the Series 2007B Bonds shall be \$216,205,939.05 and shall hereafter be referred to as the "Series 2007A-B Purchase Price."

The Series 2007A-B Bonds shall be as described in and shall be issued and secured under and pursuant to the City's General Bond Ordinance, Ordinance No. 626, Series of 1984, as heretofore supplemented and amended and as to be further supplemented by the Series 2007A-B Airport System Supplemental Bond Ordinance authorizing the issuance of the Series 2007A-B Bonds (the "Series 2007A-B Supplemental Ordinance") passed by the City Council (collectively, the "Ordinance"), and the Pricing Certificates executed in accordance therewith (the "Pricing Certificates") and pursuant to the Manager's Resolution relating to the Series 2007A-B Bonds (the "Series 2007A-B Manager's Resolution"), with only such changes therein as shall be mutually agreed upon between us. Payment of the principal of and interest on the Series 2007A Bonds shall be secured by a financial guaranty insurance policy (the "2007A Policy") issued by MBIA Insurance Corporation ("MBIA") and the Series 2007B Bonds shall be secured by a financial guaranty insurance policy (the "2007B Policy") issued by Ambac Assurance Corporation ("Ambac"). The 2007A Policy and the 2007B Policy shall be referred to collectively herein as the "Bond Insurance Policy," and MBIA and Ambac shall be referred to collectively herein as the "Bond Insurer." The Series 2007A-B Bonds shall be delivered in the form and manner provided in Section 4 hereof. The Series 2007A-B Bonds are to be issued contemporaneously with the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C (the "Series 2007C Bonds"). The net proceeds of the Series 2007A-B Bonds will be used to fund capital improvements for Denver International Airport (the "Airport"). The City shall also execute a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") for the benefit of the owners of the Series 2007A-B Bonds.

2. Official Statement; Offering.

(a) The City consents to the prior use by the Underwriters of the Preliminary Official Statement (in printed or electronic form) relating to the Series 2007A-B Bonds and represents that such Preliminary Official Statement was deemed final by the City as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), except for the omission of such information as is specified under the Rule. Within seven business days of the date hereof and, in any event, at least three business days prior to Closing (as hereinafter defined), the City will deliver to the Underwriters copies of the Official Statement of the City relating to the Series 2007A-B Bonds, in sufficient quantities to enable the Underwriters to comply with the Rule and other applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. By execution thereof by the Manager of the Department of Aviation and the Manager of the Department of Revenue, the City shall deem the Official Statement complete as of its date within the meaning of the Rule (such Official

Statement, including the cover page and all appendices and statements included therein, incorporated by reference therein or attached thereto, together with any supplements thereto, being herein called the “Official Statement”).

(b) The City authorizes the use of the Official Statement (in printed or electronic form) in connection with the public offering and sale of the Series 2007A-B Bonds. The City also authorizes the references in the Official Statement to the Report of Jacobs Consultancy Inc. (the “Airport Consultant”); the use and lease agreements, including any and all amendments or supplements thereto (collectively, the “Basic Airport Leases”); the Intergovernmental Agreement on a New Airport (the “Intergovernmental Agreement”); the Plan of Financing; other contracts regarding the Airport; and the Ordinance and the use by the Underwriters of copies of such documents in connection with the public offering and sale of the Series 2007A-B Bonds.

(c) The City agrees to notify the Underwriters pursuant to Section 9 of this Agreement promptly of any material change in the affairs or financial condition of the Airport System that may occur prior to the Closing. The City further agrees to notify the Underwriters of any material developments affecting the Airport System or the Series 2007A-B Bonds of which the City becomes aware between the date of this Bond Purchase Agreement and a date that is 25 days after the later of the date of Closing or the end of the underwriting period for purposes of the Rule, notice of which date the Representative shall deliver to the City if later than the Closing date. After such notification, if, in the opinion of the City and the Underwriters, a change would be required in the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, then such change will be made by amendment or supplement, and the Official Statement as so amended or supplemented will be supplied to the Underwriters in reasonable quantity for distribution.

(d) The City agrees to cooperate with the Underwriters and counsel to the Underwriters in taking all necessary action to qualify the Series 2007A-B Bonds for offer and sale under the securities or “blue sky” laws of such states and territories of the United States as the Underwriters may request; provided that the City will not be required to consent to service of process in jurisdictions other than Colorado.

(e) The Representative shall send, by first-class mail or equally prompt means, a copy of the Official Statement to both the Municipal Securities Rulemaking Board and to the Municipal Advisory Council of Texas Central Post Office ([www.DisclosureUSA.org](http://www.DisclosureUSA.org)) or each of the nationally recognized municipal securities information repositories designated as such by the Securities and Exchange Commission.

(f) In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, the City will undertake pursuant to the Continuing Disclosure Undertaking to provide annual reports and notices of certain enumerated events. The form of the Continuing Disclosure Undertaking is set forth in Appendix G to the Official Statement.



3. City's Representations and Warranties. The City represents and warrants to the Underwriters that:

(a) with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, and actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE," and in Appendices F and I), are, as of the date hereof, complete and accurate, and such remaining portions of the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein for the purposes for which they are to be used or to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) the City is, and will be at the date of the Closing, duly organized and existing as a home-rule city of the State of Colorado with the powers and authority, among others, set forth in Article XX of the Colorado Constitution (the "Home Rule Article") except as limited by the City Charter (the "Charter"), having full power and authority to carry out and consummate all transactions contemplated by this Bond Purchase Agreement, the Official Statement, the Ordinance, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental Agreement and the Continuing Disclosure Undertaking;

(c) the City has adopted the Ordinance and has duly authorized: (A) the execution and delivery of the Bond Purchase Agreement, the Pricing Certificates and the Continuing Disclosure Undertaking; and (B) the issuance and sale of the Series 2007A-B Bonds; the adoption of the Ordinance and the execution and delivery of this Bond Purchase Agreement, the Pricing Certificates and the Continuing Disclosure Undertaking and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby, will not conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, administrative regulation, court order or consent decree to which the City is subject;

(d) the Ordinance, this Bond Purchase Agreement and the Continuing Disclosure Undertaking constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Series 2007A-B Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the City, for and on behalf of its Department of Aviation, of the character authorized in the Home Rule Article and not in contravention of the Charter, in conformity with, and entitled to the benefit and security of, the Ordinance;

(e) the Ordinance creates in favor of the Series 2007A-B Bonds an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenues of the

Airport System, on a parity with the lien thereon, after the issuance of the Series 2007A-B Bonds and Series 2007C Bonds, of the Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F-G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Refunding Bonds, Series 2000A-C, Airport System Revenue Refunding Bonds, Series 2001A-B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2004A-B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport System Revenue Bonds, Series 2006A-B and Series 2007C Bonds.

(f) the Ordinance includes a valid covenant on the part of the City to fix, revise, charge and collect rentals, rates, fees and other charges for the Airport System, and, except as disclosed in the Official Statement, the City has full power and authority to impose and collect fees and charges from airlines and other tenants of the Airport System, as evidenced by the Basic Airport Leases and agreements with various Airport System tenants (collectively, the “Concession Agreements”);

(g) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or, to the City’s knowledge, threatened: (1) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007A-B Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007A-B Bonds; (2) contesting or affecting the operation of the Airport System or the validity or enforceability of the Ordinance, the Pricing Certificates, the Series 2007A-B Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (3) contesting or affecting the validity of the Concession Agreements; (4) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance which, if determined adversely to the City, would have a material adverse effect on the City’s collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (5) contesting the completeness or accuracy of the Official Statement; or (6) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificates, the Series 2007A-B Manager’s Resolution, the Series 2007A-B Bonds, the Official Statement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking;

(h) with respect to the section entitled “LITIGATION” in the Official Statement, all information therein is complete and accurate;

(i) the financial statements of and other financial information regarding the Airport System included in the Official Statement have been prepared in all material respects on a consistent basis in accordance with generally accepted accounting principles applicable to the financial reporting of governmental entities and present fairly

the financial position of the Airport System and the results of operations of the Airport System at the dates and for the periods indicated;

(j) except as disclosed in the Official Statement, the Ordinance, the Pricing Certificates, the Series 2007A-B Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements are and at the Closing will be in full force and effect in accordance with their terms and, as of the Closing, will not have been amended, modified or supplemented by the City, except as may have been agreed to in writing by the Representative, and there shall have been duly adopted and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby;

(k) except as disclosed in the Official Statement, the City is not in default in the payment of principal or interest by the City on any bond, note or other general or special obligation for borrowed money nor is it in default under any agreement or instrument under which any obligation for borrowed money has been issued, and no event of which the City has notice or knowledge has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default thereunder;

(l) except as disclosed in the Official Statement, the Airport has been designed in accordance with, and the use of the Airport complies with, all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality;

(m) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations, under the Ordinance, the Pricing Certificates, the Bond Purchase Agreement and the Continuing Disclosure Undertaking, the Series 2007A-B Bonds or any other document relating thereto, have been duly obtained, except for such approvals, consents and orders as may be required under the "Blue Sky" or other securities laws of any jurisdiction in connection with the offering and sale of the Series 2007A-B Bonds; and all permits, licenses or other approvals necessary for the operation of the Airport have been obtained and are in full force and effect;

(n) the City has in force all insurance with respect to the Airport System as required by the Ordinance;

(o) the City has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule.

4. The Closing. At 8:30 a.m., Denver time, on August 29, 2007 or at such other time or on such earlier or later date as the Representative and the City mutually agree upon (herein called the "Closing"), the City, for and on behalf of its Department of Aviation, will issue the Series 2007A-B Bonds and cause them to be delivered to the Underwriters at The Depository

Trust Company (“DTC”), in typewritten form, duly executed by the City, for and on behalf of its Department of Aviation. At the Closing the City will deliver or cause to be delivered to the Underwriters, at the offices of Hogan & Hartson L.L.P. in Denver, Colorado, or at such other place as the Representative and the City may mutually agree upon, the documents mentioned in Paragraph 5(d) hereof, and the Representative will accept such delivery and pay the Series 2007A-B Purchase Price by wire transfer or by certified or official bank check or checks payable in federal or other immediately available funds, or by such other funds as may be mutually agreed upon, to the order of the City. The Series 2007A-B Bonds are initially to be registered in the name of Cede & Co., as partnership nominee for DTC, as securities depository for the Series 2007A-B Bonds. The Series 2007A-B Bonds will be in such authorized denominations as DTC and the Representative shall specify. CUSIP identification numbers will be obtained by the Underwriters and will be printed on the Series 2007A-B Bonds in accordance with the requirements of DTC; provided neither the printing of a wrong number on any Series 2007A-B Bond nor the failure to print a number thereon shall constitute cause to refuse acceptance or delivery of any Series 2007A-B Bond.

5. Conditions Precedent to the Underwriters’ Obligations. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the City’s representations and warranties and the City’s performance of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters’ obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of the Closing, the Ordinance, the Pricing Certificates, the Series 2007A-B Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, this Bond Purchase Agreement and the Continuing Disclosure Undertaking shall be in full force and effect, and such Ordinance, the Pricing Certificates, the Series 2007A-B Manager’s Resolution, leases, letters and agreements, together with the Official Statement and the Report of the Airport Consultant, shall not have been amended, modified or supplemented except as described in the Official Statement or as may have been agreed to in writing by the Representative, and the City shall have duly adopted and published and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby and thereby;

(b) the Series 2007A-B Bonds shall be rated not less than “Aaa” by Moody’s Investors Service, Inc., “AAA” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and “AAA” by Fitch Ratings, Inc., and all such ratings shall be in effect and shall not have been lowered on or prior to the Closing;

(c) at the Closing there shall not have been any material adverse change in the properties or financial condition of the Airport System as described in the Official Statement, except as set forth in or contemplated by the Official Statement;

(d) at the Closing, the Underwriters shall receive the following documents:

(1) (i) the approving legal opinions of Hogan & Hartson L.L.P. and Bookhardt & O’Toole (collectively, “Bond Counsel”) dated the date of the Closing, substantially in the form of Appendix H to the Official Statement; and

(ii) the supplemental opinions of Bond Counsel dated the date of the Closing, substantially in the forms of Exhibit A-1 and A-2 hereto.

(2) the opinion of the City Attorney of the City, dated the date of the Closing, in the form of Exhibit B hereto;

(3) an opinion of counsel to MBIA as to the validity and enforceability of the 2007A Policy and an opinion of counsel to Ambac as to the validity and enforceability of the 2007B Policy;

(4) the opinion of Peck, Shaffer & Williams LLP, special counsel to the City, dated the date of the Closing, substantially in the form of Exhibit C hereto;

(5) the opinions of Sherman & Howard L.L.C. and Greenberg Traurig, LLP, counsel to the Underwriters, dated the date of the Closing, substantially in the form of Exhibit D hereto;

(6) a certificate, dated the date of the Closing, duly executed by appropriate officials of the City satisfactory to the Representative and in form and substance satisfactory to counsel to the Underwriters, to the effect that (i) the representations and agreements of the City herein are true and correct as of the date of the Closing; and (ii) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (A) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007A-B Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007A-B Bonds; (B) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificates, the Series 2007A-B Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (C) contesting or affecting the validity of the Concession Agreements; (D) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (E) contesting the completeness or accuracy of the Official Statement; or (F) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificates, the Series 2007A-B Manager's Resolution, the Series 2007A-B Bonds, the Official Statement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (iii) the financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period; (iv) since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in or contemplated by the

Official Statement; and (v) no default has occurred and is continuing under the Ordinance;

(7) executed or certified copies of the Ordinance (including the Series 2007A Supplemental Ordinance and Series 2007B Supplemental Ordinance), the Pricing Certificates, the Series 2007A-B Manager's Resolution and the Consent to Proposed Amendments relating to the proposed amendments to the Ordinance and the appointment of a consent agent;

(8) the Report of the Airport Consultant, together with the consent of the Airport Consultant to its use in the Official Statement, including a certificate duly executed by appropriate officials of the Airport Consultant satisfactory to the Representative and in form and substance satisfactory to counsel to the Underwriters, to the effect that (i) the contents of such Report were accurate as of the date of such Report and reflected events occurring through that date; and (ii) to the best of their knowledge, the information in such Report does not contain any untrue statements of a material fact, or omit to state any material facts which were known as of the date of such Report, and would have been necessary to be stated therein for the purposes of which they were used or to make the statements therein, in light of the circumstances under which they were made, not misleading;

(9) a certificate, dated the date of Closing and signed by the City's Manager of the Department of Aviation and the City's Manager of the Department of Revenue to the effect that (i) at the time of the adoption of the Series 2007A Supplemental Ordinance and the Series 2007B Supplemental Ordinance, the City is not in default in making any payments required by Art. V of the Ordinance and (ii) the Official Statement is complete as of its date of delivery to the Underwriters and, with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE," and in Appendices F and I) do not, as of the Closing date, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) certificates, dated the date of the Closing from First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (collectively, the "Financial Advisors") to the effect that the Financial Advisors (i) assisted and advised the City in preparing the Plan of Financing in anticipation of the issuance of the Series 2007A-B Bonds, (ii) participated in the preparation of the Official Statement, and (iii) certify that the information in the Official Statement with respect to the Plan of Financing is accurate and that, although the Financial Advisors have not independently verified any of the data contained in the Official Statement (other than as referenced in (iii) above) or conducted a detailed

investigation of the affairs of the City to determine the accuracy or completeness of the Official Statement or retained counsel to do the same, the Financial Advisors have not become aware of facts, as of the date of delivery of the Series 2007A-B Bonds, that lead them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement, in light of the circumstances under which it was made, not misleading (except for the Appendices to such documents, the other financial and statistical information included therein and the sections entitled "BOND INSURANCE," "LITIGATION" and "TAX MATTERS," as to which no view need be expressed);

(11) executed or certified copies of the 2007A Policy, the 2007B Policy and the Continuing Disclosure Undertaking;

(12) a certificate or opinion of an Independent Accountant (as defined in the Ordinance) setting forth the information required in Section 704A of the Ordinance; and

(13) such additional legal opinions, certificates, proceedings, instruments and other documents, as the Representative, bond counsel, special counsel to the City or counsel to the Underwriters may reasonably request to evidence compliance by you with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007A-B Bonds and the due performance or satisfaction by the City at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement.

If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted hereby, this Bond Purchase Agreement shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder.

6. Conditions to the Obligations of the City. The City's obligations under this Bond Purchase Agreement to deliver the Series 2007A-B Bonds shall be subject to the City's receipt of the documents, certificates and opinions described in Section 5(d)(1), (3), (4), (8), (10), (11) and (12) hereof and to the receipt of such additional legal opinions, certificates, proceedings, instruments and other documents as the City may reasonably request to evidence compliance by the Underwriters with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007A-B Bonds and the due performance or satisfaction by the Underwriters at or prior to such date of all agreements then to be performed and all conditions then to be satisfied by them as contemplated under this Bond Purchase Agreement.

If the conditions to the City's obligations contained in this Bond Purchase Agreement shall not be satisfied or if the City's obligations shall be terminated for any reason

permitted hereby, this Bond Purchase Agreement shall terminate, and neither the City nor the Underwriters shall have any further obligation hereunder.

7. Events Permitting the Underwriters to Terminate. The Underwriters may terminate its obligations to purchase the Series 2007A-B Bonds by written notification to the City if, between the date hereof and the Closing, (a) legislation shall be enacted by the Congress of the United States or adopted by either House thereof or shall have been recommended to the Congress by the President of the United States or shall have been introduced and favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision shall have been rendered by or adopted by either House thereof or a decision by a court of the United States or the Tax Court of the United States or an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to federal income taxation of revenues or other income of the general character to be derived by the City or upon interest received on obligations of the general character of the Series 2007A-B Bonds that, in the Representative's reasonable judgment, materially adversely affects the market price of the Series 2007A-B Bonds; or (b) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Series 2007A-B Bonds, or any other obligations of any similar public body of the general character of the City is in violation of the Securities Act of 1933, as amended, or the enactment of the Ordinance is in violation of the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the offering, issuance, sale or delivery of the Series 2007A-B Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Series 2007A-B Bonds; or (c) there shall exist any event as a result of which the Official Statement in the Representative's reasonable opinion either (1) contains any untrue statement of a material fact or (2) omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, which event has not been reflected to the satisfaction of the Representative and the City in an amendment or supplement to the Official Statement pursuant to Section 2(c) of this Bond Purchase Agreement; or (d) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis or the escalation of any thereof, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the Representative's judgment, would make it impracticable for the Underwriters to sell or deliver the Series 2007A-B Bonds; or (e) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission, or any other governmental authority having jurisdiction; or (f) a general banking moratorium shall have been declared by federal, Colorado or New York authorities having jurisdiction and shall be in force; or (g) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency in the State of Colorado, or a decision by any court of competent jurisdiction within the State of Colorado shall be rendered that, in the Representative's judgment, would have a material adverse effect on the market price of the



Series 2007A-B Bonds; or (h) there shall have been any downgrading, suspension or withdrawal of any unenhanced rating assigned to any of the City's outstanding debt obligations secured on a parity with the Series 2007A-B Bonds by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Fitch Ratings, Inc.

8. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder, including but not limited to: (a) the cost of the preparation and printing or other reproduction of the Ordinance, the Series 2007A-B Manager's Resolution, the Pricing Certificates, the Official Statement, the Report of the Airport Consultant and the Continuing Disclosure Undertaking, as well as the cost of printing, posting and shipping the Official Statement; (b) the cost of the preparation of the Series 2007A-B Bonds; (c) the fees and disbursements of Bond Counsel, Special Counsel to the City and the City Attorney; (d) the fees and disbursements of the Financial Advisors, the Airport Consultant, and any other experts, advisors, engineers, auditors or consultants retained by the City; (e) the fees of the bond rating agencies and the Bond Insurer; and (f) on behalf of the Underwriters, in lieu of additional compensation, the fees and disbursements of counsel to the Underwriters and the cost of preparation and printing or other reproduction of this Bond Purchase Agreement, the blue sky and legal investment surveys and any agreement among underwriters or selling group agreement. The City shall pay for expenses (included in the expense component of the spread) incurred on behalf of the City's employees which are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees.

The City shall be under no obligation to pay and the Underwriters shall pay: (a) all advertising expenses incurred by the Underwriters in connection with the offering of the Series 2007A-B Bonds; and (b) all other expenses incurred by the Underwriters in connection with its offering and distribution of the Series 2007A-B Bonds.

9. Notices. Any notice or other communication to you under this Bond Purchase Agreement shall be given by delivering the same in writing at your address set forth above, Attention: Director of Financial Management, and any such notice or other communication to be given to the Underwriters shall be given by delivering the same in writing to Goldman, Sachs & Co., 85 Broad Street, 24<sup>th</sup> Floor, New York, New York 10004, Attention: Ellen Jewett.

10. Exclusive Benefit; Survival. This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants and agreements by you in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Series 2007A-B Bonds.

11. Governing Law. The rights and obligations of the parties to this Bond Purchase Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Colorado.

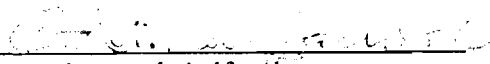
12. Periodic Reports. The City shall supply to the Underwriters, from time to time upon request, the annual reports and other information required to be provided to Bondholders under Sections 1027 to 1031, inclusive, of the General Bond Ordinance.

13. Default by the Underwriters. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2007A-B Bonds upon the proper tender thereof by the City at the Closing as herein provided, the maximum liability of the Underwriters to the City shall be limited to 1% of the principal amount of the Series 2007A-B Bonds (the "Maximum Amount"). When paid to the City, the Maximum Amount shall serve as full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and such Maximum Amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the City nor any other person shall have any further action for damages, specific performance or any other legal or equitable relief against the Underwriters.

14. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

Very truly yours,

GOLDMAN, SACHS & CO.

By:   
on its own behalf and as  
representative of the Underwriters

Accepted as of the date first above written  
at the following time: \_\_\_\_\_

(SEAL)

Attest:

By: Stephanie O'Malley  
City Clerk

Approved as to Form:

By: [Signature]  
City Attorney

Accepted by the City and County of Denver,  
Colorado, for and on behalf of its  
Department of Aviation

By: [Signature]  
Mayor

Recommended and Approved:

By: [Signature]  
Manager of the Department of Revenue

By: [Signature]  
Manager of the Department of  
Aviation

Countersigned and Registered:

By: [Signature]  
Auditor

SCHEDULE 1  
LIST OF UNDERWRITERS

Goldman, Sachs & Co.  
Harvestons Securities Inc.  
JP Morgan  
RBC Capital Markets

SCHEDULE 2

\$188,350,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 15, 2023	\$17,925,000	5.00%
November 15, 2024	25,185,000	5.00%
November 15, 2026	26,445,000	5.00%
November 15, 2027	27,770,000	5.00%
November 15, 2030	91,025,000	5.00%

The Series 2007A Bonds maturing on November 15, 2030 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the following years in the following principal amounts:

<u>Year</u>	<u>Principal</u>
2028	\$29,155,000
2029	30,615,000
2030*	31,255,000

\*Final maturity, not a sinking fund redemption.

\$24,250,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 15, 2032	\$24,250,000	5.00%

EXHIBIT A-1

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A - \$188,350,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B - \$24,250,000

Ladies and Gentlemen:

Under even date herewith we are rendering an opinion as bond counsel to the City and County of Denver (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively, the "Series 2007A-B Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007 between the City, for and on behalf of its Department of Aviation, and Goldman, Sachs & Co., as Representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August \_\_\_, 2007, relating to the Series 2007A-B Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council, the Series 2007A-B Manager's Resolution taken preliminary to and in authorization of the Series 2007A-B Bonds, the Continuing Disclosure Undertaking, the Pricing Certificates, and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the

representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007A-B Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-B Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007A-B Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007A-B Bonds and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007A-B Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based on our opinion of even date herewith (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007A-B Bonds (the "Bond Counsel Opinion").

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007A-B Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,



EXHIBIT A-2

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, New York 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A - \$188,350,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B - \$24,250,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively, the "Series 2007A-B Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007A-B Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007A-B Bonds have been fulfilled.

Respectfully submitted,

EXHIBIT B

FORM OF CITY ATTORNEY'S OPINION

\_\_\_\_\_, 2007

Goldman, Sachs & Co.  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively, the "Series 2007A-B Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 1, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:

1. The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental

Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007A-B Bonds under the Ordinance.

2. The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

3. The Ordinance, which authorizes the issuance of the Series 2007A-B Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificates, the Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

4. To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

5. All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificates, the Series 2007A-B Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

6. To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

7. The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

8. Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007A-B Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007A-B Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing

Certificates, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificates, the Series 2007A-B Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking.

9. With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

10. Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

EXHIBIT C

FORM OF OPINION OF SPECIAL COUNSEL

\_\_\_\_\_, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Underwriters  
for Series 2007A-B Bonds  
85 Broad Street, 24th Floor  
New York, NY 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation, in connection with an Official Statement dated August \_\_\_, 2007 (the "Official Statement"), relating to "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively, the "Series 2007A-B Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 between the City and the Underwriters, as described above. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007A-B Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and

related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Airport System, the City's independent Airport Consultant, Bond Counsel, the City Attorney and the Financial Consultants, at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein and in the Appendices thereto and except for the material described in the next paragraph, as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding the information in the Official Statement under the captions "BOND INSURANCE," and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007A-B Bonds from federal or state income taxation, or on the qualification of the Series 2007A-B Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

EXHIBIT D

FORM OF UNDERWRITERS' COUNSEL OPINION

\_\_\_\_\_, 2007

Goldman, Sachs & Co.  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Goldman, Sachs & Co., acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August \_\_, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its

Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,







City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation

\$34,635,000  
Airport System Revenue Bonds, Series 2007C

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BOND PURCHASE AGREEMENT

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August 1, 2007

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
City and County Building  
144 West Colfax  
Denver, Colorado 80202

Ladies and Gentlemen:

Citi (the "Representative"), on its own behalf and on behalf of the underwriters listed on Schedule 1 hereto (collectively, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement with you (the "City") for the sale by the City, for and on behalf of its Department of Aviation, and purchase by the Underwriters of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"), dated their date of delivery, maturing on the dates and bearing interest at the rates described in the Official Statement (as hereinafter defined), and being subject to such other terms as are reflected in the Official Statement. All capitalized terms used herein and not otherwise defined shall have the meanings given them in the Official Statement.

This offer is made subject to acceptance by you prior to 4:00 p.m., Denver time, on the date hereof, and upon such acceptance this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriters, subject to Section 7 hereof.

1. Underwriting. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby agree to purchase from the City, for and on behalf of its Department of Aviation, for offering to the public, and the City, for and on behalf of its Department of Aviation, hereby agrees to sell to the Underwriters, except as hereinafter provided, all, but not less than all, of the Series 2007C Bonds at the purchase price of \$35,793,477.95 (the "Series 2007C Purchase Price"), representing the par amount of the Series 2007C Bonds of \$34,635,000.00, plus an original issue premium of \$1,409,701.70, less an underwriting discount of \$251,223.75. The Series 2007C Bonds shall be as described in and shall be issued and secured under and pursuant to the City's General Bond Ordinance, Ordinance

No. 626, Series of 1984, as heretofore supplemented and amended and as to be further supplemented by the Series 2007C Airport System Supplemental Bond Ordinance authorizing the issuance of the Series 2007C Bonds (the "Series 2007C Supplemental Ordinance") passed by the City Council (collectively, the "Ordinance"), and the Pricing Certificate executed in accordance therewith (the "Pricing Certificate") and pursuant to the Manager's Resolution relating to the Series 2007C Bonds (the "Series 2007C Manager's Resolution"), with only such changes therein as shall be mutually agreed upon between us. Payment of the principal of and interest on the Series 2007C Bonds shall also be secured by a financial guaranty insurance policy (the "Bond Insurance Policy"), issued by MBIA Insurance Corporation (the "Bond Insurer"). The Series 2007C Bonds shall be delivered in the form and manner provided in Section 4 hereof. A portion of the Series 2007C Bonds shall be deposited in escrow under the Escrow Agreement (the "Escrow Agreement"), between the City, for and on behalf of its Department of Aviation and Zions First National Bank. The Series 2007C Bonds are to be issued contemporaneously with the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A-B (the "Series 2007A-B Bonds"). The net proceeds of the Series 2007C Bonds are to be used to advance refund, redeem and defease a portion of the City's outstanding Airport System Revenue Bonds, Series 2003B (the "Refunded Bonds"). The City shall also execute a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") for the benefit of the owners of the Series 2007C Bonds.

2. Official Statement; Offering.

(a) The City consents to the prior use by the Underwriters of the Preliminary Official Statement (in printed or electronic form) relating to the Series 2007C Bonds and represents that such Preliminary Official Statement was deemed final by the City as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), except for the omission of such information as is specified under the Rule. Within seven business days of the date hereof and, in any event, at least three business days prior to Closing (as hereinafter defined), the City will deliver to the Underwriters copies of the Official Statement of the City relating to the Series 2007C Bonds, in sufficient quantities to enable the Underwriters to comply with the Rule and other applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. By execution thereof by the Manager of the Department of Aviation and the Manager of the Department of Revenue, the City shall deem the Official Statement complete as of its date within the meaning of the Rule (such Official Statement, including the cover page and all appendices and statements included therein, incorporated by reference therein or attached thereto, together with any supplements thereto, being herein called the "Official Statement").

(b) The City authorizes the use of the Official Statement (in printed or electronic form) in connection with the public offering and sale of the Series 2007C Bonds. The City also authorizes the references in the Official Statement to the Report of Jacobs Consultancy Inc. (the "Airport Consultant"); the use and lease agreements, including any and all amendments or supplements thereto (collectively, the "Basic Airport Leases"); the Intergovernmental Agreement on a New Airport (the "Intergovernmental Agreement"); the Plan of Financing; other contracts regarding the Airport; and the Ordinance and the

use by the Underwriters of copies of such documents in connection with the public offering and sale of the Series 2007C Bonds.

(c) The City agrees to notify the Underwriters pursuant to Section 9 of this Agreement promptly of any material change in the affairs or financial condition of the Airport System that may occur prior to the Closing. The City further agrees to notify the Underwriters of any material developments affecting the Airport System or the Series 2007C Bonds of which the City becomes aware between the date of this Bond Purchase Agreement and a date that is 25 days after the later of the date of Closing or the end of the underwriting period for purposes of the Rule, notice of which date the Representative shall deliver to the City if later than the Closing date. After such notification, if, in the opinion of the City and the Underwriters, a change would be required in the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, then such change will be made by amendment or supplement, and the Official Statement as so amended or supplemented will be supplied to the Underwriters in reasonable quantity for distribution.

(d) The City agrees to cooperate with the Underwriters and counsel to the Underwriters in taking all necessary action to qualify the Series 2007C Bonds for offer and sale under the securities or “blue sky” laws of such states and territories of the United States as the Underwriters may request; provided that the City will not be required to consent to service of process in jurisdictions other than Colorado.

(e) The Representative shall send, by first-class mail or equally prompt means, a copy of the Official Statement to both the Municipal Securities Rulemaking Board and to the Municipal Advisory Council of Texas Central Post Office ([www.DisclosureUSA.org](http://www.DisclosureUSA.org)) or each of the nationally recognized municipal securities information repositories designated as such by the Securities and Exchange Commission.

(f) In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, the City will undertake pursuant to the Continuing Disclosure Undertaking to provide annual reports and notices of certain enumerated events. The form of the Continuing Disclosure Undertaking is set forth in Appendix G to the Official Statement.

3. City’s Representations and Warranties. The City represents and warrants to the Underwriters that:

(a) with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, and actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled “BOND INSURANCE,” and in Appendices F and I), are, as of the date hereof, complete and accurate, and such remaining portions of the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein for the purposes

for which they are to be used or to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) the City is, and will be at the date of the Closing, duly organized and existing as a home-rule city of the State of Colorado with the powers and authority, among others, set forth in Article XX of the Colorado Constitution (the "Home Rule Article") except as limited by the City Charter (the "Charter"), having full power and authority to carry out and consummate all transactions contemplated by this Bond Purchase Agreement, the Official Statement, the Ordinance, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking;

(c) the City has adopted the Ordinance and has duly authorized: (A) the execution and delivery of the Bond Purchase Agreement, the Escrow Agreement, the Pricing Certificate and the Continuing Disclosure Undertaking; and (B) the issuance and sale of the Series 2007C Bonds; the adoption of the Ordinance and the execution and delivery of this Bond Purchase Agreement, the Escrow Agreement, the Pricing Certificate and the Continuing Disclosure Undertaking and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby, will not conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, administrative regulation, court order or consent decree to which the City is subject;

(d) the Ordinance, this Bond Purchase Agreement and the Continuing Disclosure Undertaking constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Series 2007C Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the City, for and on behalf of its Department of Aviation, of the character authorized in the Home Rule Article and not in contravention of the Charter, in conformity with, and entitled to the benefit and security of, the Ordinance;

(e) the Ordinance creates in favor of the Series 2007C Bonds an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenues of the Airport System, on a parity with the lien thereon, after the issuance of the Series 2007C Bonds and Series 2007A-B Bonds, of the Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F-G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Refunding Bonds, Series 2000A-C, Airport System Revenue Refunding Bonds, Series 2001A-B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C,

Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2004A-B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport System Revenue Bonds, Series 2006A-B and Series 2007A-B Bonds.

(f) the Ordinance includes a valid covenant on the part of the City to fix, revise, charge and collect rentals, rates, fees and other charges for the Airport System, and, except as disclosed in the Official Statement, the City has full power and authority to impose and collect fees and charges from airlines and other tenants of the Airport System, as evidenced by the Basic Airport Leases and agreements with various Airport System tenants (collectively, the “Concession Agreements”);

(g) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or, to the City’s knowledge, threatened: (1) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007C Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007C Bonds; (2) contesting or affecting the operation of the Airport System or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007C Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking; (3) contesting or affecting the validity of the Concession Agreements; (4) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance which, if determined adversely to the City, would have a material adverse effect on the City’s collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (5) contesting the completeness or accuracy of the Official Statement; or (6) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007C Manager’s Resolution, the Series 2007C Bonds, the Official Statement, this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking;

(h) with respect to the section entitled “LITIGATION” in the Official Statement, all information therein is complete and accurate;

(i) the financial statements of and other financial information regarding the Airport System included in the Official Statement have been prepared in all material respects on a consistent basis in accordance with generally accepted accounting principles applicable to the financial reporting of governmental entities and present fairly the financial position of the Airport System and the results of operations of the Airport System at the dates and for the periods indicated;

(j) except as disclosed in the Official Statement, the Ordinance, the Pricing Certificate, the Series 2007C Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Escrow Agreement and the Concession Agreements are and at the Closing will be in full force and effect in accordance with their terms and, as of the Closing, will not have been amended, modified or supplemented by the City, except as may have been agreed to in writing by the Representative, and there shall have

been duly adopted and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby;

(k) except as disclosed in the Official Statement, the City is not in default in the payment of principal or interest by the City on any bond, note or other general or special obligation for borrowed money nor is it in default under any agreement or instrument under which any obligation for borrowed money has been issued, and no event of which the City has notice or knowledge has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default thereunder;

(l) except as disclosed in the Official Statement, the Airport has been designed in accordance with, and the use of the Airport complies with, all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality;

(m) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations, under the Ordinance, the Pricing Certificate, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking, the Series 2007C Bonds or any other document relating thereto, have been duly obtained, except for such approvals, consents and orders as may be required under the "Blue Sky" or other securities laws of any jurisdiction in connection with the offering and sale of the Series 2007C Bonds; and all permits, licenses or other approvals necessary for the operation of the Airport have been obtained and are in full force and effect;

(n) the City has in force all insurance with respect to the Airport System as required by the Ordinance;

(o) the City has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule.

4. The Closing. At 8:30 a.m., Denver time, on August 29, 2007 or at such other time or on such earlier or later date as the Representative and the City mutually agree upon (herein called the "Closing"), the City, for and on behalf of its Department of Aviation, will issue the Series 2007C Bonds and cause them to be delivered to the Underwriters at The Depository Trust Company ("DTC"), in typewritten form, duly executed by the City, for and on behalf of its Department of Aviation. At the Closing the City will deliver or cause to be delivered to the Underwriters, at the offices of Hogan & Hartson L.L.P. in Denver, Colorado, or at such other place as the Representative and the City may mutually agree upon, the documents mentioned in Paragraph 5(d) hereof, and the Representative will accept such delivery and pay the Series 2007C Purchase Price by wire transfer or by certified or official bank check or checks payable in federal or other immediately available funds, or by such other funds as may be mutually agreed



upon, to the order of the City. The Series 2007C Bonds are initially to be registered in the name of Cede & Co., as partnership nominee for DTC, as securities depository for the Series 2007C Bonds. The Series 2007C Bonds will be in such authorized denominations as DTC and the Representative shall specify. CUSIP identification numbers will be obtained by the Underwriters and will be printed on the Series 2007C Bonds in accordance with the requirements of DTC; provided neither the printing of a wrong number on any Series 2007C Bond nor the failure to print a number thereon shall constitute cause to refuse acceptance or delivery of any Series 2007C Bond.

5. Conditions Precedent to the Underwriters' Obligations. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the City's representations and warranties and the City's performance of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of the Closing, the Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, this Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking shall be in full force and effect, and such Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, leases, letters and agreements, together with the Official Statement and the Report of the Airport Consultant, shall not have been amended, modified or supplemented except as described in the Official Statement or as may have been agreed to in writing by the Representative, and the City shall have duly adopted and published and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby and thereby;

(b) the Series 2007C Bonds shall be rated not less than "Aaa" by Moody's Investors Service, Inc., "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and "AAA" by Fitch Ratings, Inc., and all such ratings shall be in effect and shall not have been lowered on or prior to the Closing;

(c) at the Closing there shall not have been any material adverse change in the properties or financial condition of the Airport System as described in the Official Statement, except as set forth in or contemplated by the Official Statement;

(d) at the Closing, the Underwriters shall receive the following documents:

(1) (i) the approving legal opinions of Hogan & Hartson L.L.P. and Bookhardt & O'Toole (collectively, "Bond Counsel") dated the date of the Closing, substantially in the form of Appendix H to the Official Statement; and (ii) the supplemental opinions of Bond Counsel dated the date of the Closing, substantially in the forms of Exhibit A-1 and A-2 hereto; and (iii) a defeasance opinion of Bond Counsel relating to the Refunded Bonds;

(2) the opinion of the City Attorney of the City, dated the date of the Closing, in the form of Exhibit B hereto;

(3) an opinion of counsel to the Bond Insurer as to the validity and enforceability of the Bond Insurance Policy;

(4) the opinion of Peck, Shaffer & Williams LLP, special counsel to the City, dated the date of the Closing, substantially in the form of Exhibit C hereto;

(5) the opinions of Sherman & Howard L.L.C. and Greenberg Traurig, LLP, counsel to the Underwriters, dated the date of the Closing, substantially in the form of Exhibit D hereto;

(6) a certificate, dated the date of the Closing, duly executed by appropriate officials of the City satisfactory to the Representative and in form and substance satisfactory to counsel to the Underwriters, to the effect that (i) the representations and agreements of the City herein are true and correct as of the date of the Closing; and (ii) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (A) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007C Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007C Bonds; (B) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking; (C) contesting or affecting the validity of the Concession Agreements; (D) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (E) contesting the completeness or accuracy of the Official Statement; or (F) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007C Manager's Resolution, the Series 2007C Bonds, the Official Statement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (iii) the financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period; (iv) since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in or contemplated by the Official Statement; and (v) no default has occurred and is continuing under the Ordinance;

(7) executed or certified copies of the Ordinance (including the Series 2007C Supplemental Ordinance), the Pricing Certificate, the Series 2007C

Manager's Resolution and the Consent to Proposed Amendments relating to the proposed amendments to the Ordinance and the appointment of a consent agent;

(8) the Report of the Airport Consultant, together with the consent of the Airport Consultant to its use in the Official Statement, including a certificate duly executed by appropriate officials of the Airport Consultant satisfactory to the Representative and in form and substance satisfactory to counsel to the Underwriters, to the effect that (i) the contents of such Report were accurate as of the date of such Report and reflected events occurring through that date; and (ii) to the best of their knowledge, the information in such Report does not contain any untrue statements of a material fact, or omit to state any material facts which were known as of the date of such Report, and would have been necessary to be stated therein for the purposes of which they were used or to make the statements therein, in light of the circumstances under which they were made, not misleading;

(9) a certificate, dated the date of Closing and signed by the City's Manager of the Department of Aviation and the City's Manager of the Department of Revenue to the effect that the Official Statement is complete as of its date of delivery to the Underwriters and, with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE," and in Appendices F and I) do not, as of the Closing date, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) certificates, dated the date of the Closing from First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (collectively, the "Financial Advisors") to the effect that the Financial Advisors (i) assisted and advised the City in preparing the Plan of Financing in anticipation of the issuance of the Series 2007C Bonds, (ii) participated in the preparation of the Official Statement, and (iii) certify that the information in the Official Statement with respect to the Plan of Financing is accurate and that, although the Financial Advisors have not independently verified any of the data contained in the Official Statement (other than as referenced in (iii) above) or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of the Official Statement or retained counsel to do the same, the Financial Advisors have not become aware of facts, as of the date of delivery of the Series 2007C Bonds, that lead them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement, in light of the circumstances under which it was made, not misleading (except for the Appendices to such documents, the other financial and statistical information included therein and the sections entitled "BOND INSURANCE,"

“LITIGATION” and “TAX MATTERS,” as to which no view need be expressed);

(11) executed or certified copies of the Bond Insurance Policy, the Escrow Agreement (with any verification reports prepared by certified public accountants licensed to practice in the State of Colorado and required by Bond Counsel relating to the sufficiency of the cash balance and the investments held under the Escrow Agreement to defease the obligations refunded with the proceeds of the Series 2007C Bonds) and the Continuing Disclosure Undertaking;

(12) such additional legal opinions, certificates, proceedings, instruments and other documents, as the Representative, bond counsel, special counsel to the City or counsel to the Underwriters may reasonably request to evidence compliance by you with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007C Bonds and the due performance or satisfaction by the City at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement.

If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted hereby, this Bond Purchase Agreement shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder.

6. Conditions to the Obligations of the City. The City's obligations under this Bond Purchase Agreement to deliver the Series 2007C Bonds shall be subject to the City's receipt of the documents, certificates and opinions described in Section 5(d)(1), (3), (4), (8), (10), (11) and (12) hereof and to the receipt of such additional legal opinions, certificates, proceedings, instruments and other documents as the City may reasonably request to evidence compliance by the Underwriters with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007C Bonds and the due performance or satisfaction by the Underwriters at or prior to such date of all agreements then to be performed and all conditions then to be satisfied by them as contemplated under this Bond Purchase Agreement.

If the conditions to the City's obligations contained in this Bond Purchase Agreement shall not be satisfied or if the City's obligations shall be terminated for any reason permitted hereby, this Bond Purchase Agreement shall terminate, and neither the City nor the Underwriters shall have any further obligation hereunder.

7. Events Permitting the Underwriters to Terminate. The Underwriters may terminate its obligations to purchase the Series 2007C Bonds by written notification to the City if, between the date hereof and the Closing, (a) legislation shall be enacted by the Congress of the United States or adopted by either House thereof or shall have been recommended to the

Congress by the President of the United States or shall have been introduced and favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision shall have been rendered by or adopted by either House thereof or a decision by a court of the United States or the Tax Court of the United States or an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to federal income taxation of revenues or other income of the general character to be derived by the City or upon interest received on obligations of the general character of the Series 2007C Bonds that, in the Representative's reasonable judgment, materially adversely affects the market price of the Series 2007C Bonds; or (b) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Series 2007C Bonds, or any other obligations of any similar public body of the general character of the City is in violation of the Securities Act of 1933, as amended, or the enactment of the Ordinance is in violation of the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the offering, issuance, sale or delivery of the Series 2007C Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Series 2007C Bonds; or (c) there shall exist any event as a result of which the Official Statement in the Representative's reasonable opinion either (1) contains any untrue statement of a material fact or (2) omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, which event has not been reflected to the satisfaction of the Representative and the City in an amendment or supplement to the Official Statement pursuant to Section 2(c) of this Bond Purchase Agreement; or (d) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis or the escalation of any thereof, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the Representative's judgment, would make it impracticable for the Underwriters to sell or deliver the Series 2007C Bonds; or (e) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission, or any other governmental authority having jurisdiction; or (f) a general banking moratorium shall have been declared by federal, Colorado or New York authorities having jurisdiction and shall be in force; or (g) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency in the State of Colorado, or a decision by any court of competent jurisdiction within the State of Colorado shall be rendered that, in the Representative's judgment, would have a material adverse effect on the market price of the Series 2007C Bonds; or (h) there shall have been any downgrading, suspension or withdrawal of any unenhanced rating assigned to any of the City's outstanding debt obligations secured on a parity with the Series 2007C Bonds by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Fitch Ratings, Inc.

8. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder,

including but not limited to: (a) the cost of the preparation and printing or other reproduction of the Ordinance, the Series 2007C Manager's Resolution, the Pricing Certificate, the Official Statement, the Report of the Airport Consultant and the Continuing Disclosure Undertaking, as well as the cost of printing, posting and shipping the Official Statement; (b) the cost of the preparation of the Series 2007C Bonds; (c) the fees and disbursements of Bond Counsel, Special Counsel to the City and the City Attorney; (d) the fees and disbursements of the Financial Advisors, the Airport Consultant, and any other experts, advisors, engineers, auditors or consultants retained by the City; (e) the fees of the bond rating agencies and the Bond Insurer; and (f) on behalf of the Underwriters, in lieu of additional compensation, the fees and disbursements of counsel to the Underwriters and the cost of preparation and printing or other reproduction of this Bond Purchase Agreement, the blue sky and legal investment surveys and any agreement among underwriters or selling group agreement. The City shall pay for expenses (included in the expense component of the spread) incurred on behalf of the City's employees which are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees.

The City shall be under no obligation to pay and the Underwriters shall pay: (a) all advertising expenses incurred by the Underwriters in connection with the offering of the Series 2007C Bonds; and (b) all other expenses incurred by the Underwriters in connection with its offering and distribution of the Series 2007C Bonds.

9. Notices. Any notice or other communication to you under this Bond Purchase Agreement shall be given by delivering the same in writing at your address set forth above, Attention: Director of Financial Management, and any such notice or other communication to be given to the Underwriters shall be given by delivering the same in writing to Citi, 390 Greenwich Street, 2<sup>nd</sup> Floor, New York, New York 10013, Attention: Neal Attermann.

10. Exclusive Benefit; Survival. This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants and agreements by you in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Series 2007C Bonds.

11. Governing Law. The rights and obligations of the parties to this Bond Purchase Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Colorado.

12. Periodic Reports. The City shall supply to the Underwriters, from time to time upon request, the annual reports and other information required to be provided to Bondholders under Sections 1027 to 1031, inclusive, of the General Bond Ordinance.

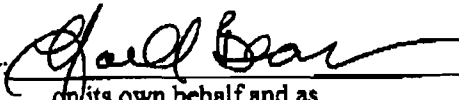
13. Default by the Underwriters. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2007C Bonds upon the proper tender thereof by the City at the Closing as herein provided, the maximum liability of the

Underwriters to the City shall be limited to 1% of the principal amount of the Series 2007C Bonds (the "Maximum Amount"). When paid to the City, the Maximum Amount shall serve as full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and such Maximum Amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the City nor any other person shall have any further action for damages, specific performance or any other legal or equitable relief against the Underwriters.

14. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

Very truly yours,

CITI

By   
on its own behalf and as  
representative of the Underwriters

Accepted as of the date first above written  
at the following time: \_\_\_\_\_

(SEAL)

Attest:

By: Stephanie Macey  
City Clerk

Approved as to Form:

By: [Signature]  
City Attorney

Accepted by the City and County of Denver,  
Colorado, for and on behalf of its  
Department of Aviation

By: [Signature]  
Mayor

Recommended and Approved:

By: [Signature]  
Manager of the Department of Revenue

By: [Signature]  
Manager of the Department of  
Aviation

Countersigned and Registered:

By: [Signature]  
Auditor



SCHEDULE 1  
LIST OF UNDERWRITERS

Citi  
JP Morgan  
Ramirez & Co., Inc.

SCHEDULE 2

\$34,635,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 15, 2016	3,815,000	5.00%
November 15, 2017	4,870,000	5.00%
November 15, 2033	25,950,000	5.00%

EXHIBIT A-1

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Citi  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C - \$34,635,000

Ladies and Gentlemen:

Under even date herewith we are rendering an opinion as bond counsel to the City and County of Denver (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007 between the City, for and on behalf of its Department of Aviation, and Citi, as Representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August \_\_\_, 2007, relating to the Series 2007C Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council, the Series 2007C Manager's Resolution taken preliminary to and in authorization of the Series 2007C Bonds, the Escrow Agreement, the Continuing Disclosure Undertaking, the Pricing Certificate, and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion, as of the date hereof and under existing law:

1. The Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007C Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007C Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007C Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007C Bonds and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007C Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based on our opinion of even date herewith (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007C Bonds (the "Bond Counsel Opinion").

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007C Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

EXHIBIT A-2

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Citi  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C - \$34,635,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007C Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007C Bonds have been fulfilled.

Respectfully submitted,

EXHIBIT B

FORM OF CITY ATTORNEY'S OPINION

\_\_\_\_\_, 2007

Citi  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 1, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:

1. The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Undertaking, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007C Bonds under the Ordinance.

2. The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

3. The Ordinance, which authorizes the issuance of the Series 2007C Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificate, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

4. To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

5. All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificate, the Series 2007C Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

6. To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

7. The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

8. Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007C Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007C Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the



Ordinance, the Pricing Certificate, the Series 2007C Bonds, the Official Statement, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking.

9. With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

10. Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

EXHIBIT C

FORM OF OPINION OF SPECIAL COUNSEL

\_\_\_\_\_, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Citi  
as Representative of the Underwriters  
for Series 2007C Bonds  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation, in connection with an Official Statement dated August \_\_\_, 2007 (the "Official Statement"), relating to "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 between the City and the Underwriters, as described above. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007C Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Airport System, the City's independent Airport Consultant, Bond Counsel, the City Attorney and the Financial Consultants, at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained

therein and in the Appendices thereto and except for the material described in the next paragraph, as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding the information in the Official Statement under the captions "BOND INSURANCE," and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007C Bonds from federal or state income taxation, or on the qualification of the Series 2007C Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

EXHIBIT D

FORM OF UNDERWRITERS' COUNSEL OPINION

\_\_\_\_\_, 2007

Citi  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Citi, acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August \_\_\_, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in

connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,



City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation

\$147,815,000  
Airport System Revenue Bonds, Series 2007D

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BOND PURCHASE AGREEMENT

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August 16, 2007

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
City and County Building  
144 West Colfax  
Denver, Colorado 80202

Ladies and Gentlemen:

Lehman Brothers (the “Representative”), on its own behalf and on behalf of the underwriters listed on Schedule 1 hereto (collectively, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement with you (the “City”) for the sale by the City, for and on behalf of its Department of Aviation, and purchase by the Underwriters of \$147,815,000 aggregate principal amount of “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D” (the “Series 2007D Bonds”), dated their date of delivery, maturing on the dates and bearing interest at the rates described in the Official Statement (as hereinafter defined), and being subject to such other terms as are reflected in the Official Statement. All capitalized terms used herein and not otherwise defined shall have the meanings given them in the Official Statement.

This offer is made subject to acceptance by you prior to 4:00 p.m., Denver time, on the date hereof, and upon such acceptance this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriters, subject to Section 7 hereof.

1. Underwriting. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby agree to purchase from the City, for and on behalf of its Department of Aviation, for offering to the public, and the City, for and on behalf of its Department of Aviation, hereby agrees to sell to the Underwriters, except as hereinafter provided, all, but not less than all, of the Series 2007D Bonds at the purchase price of \$153,755,951.07 (the “Series 2007D Purchase Price”), representing the par amount of the Series

2007D Bonds of \$147,815,000.00, plus an original issue premium of \$6,786,366.65, less an underwriting discount of \$845,415.58. The Series 2007D Bonds shall be as described in and shall be issued and secured under and pursuant to the City's General Bond Ordinance, Ordinance No. 626, Series of 1984, as heretofore supplemented and amended and as to be further supplemented by the Series 2007D Airport System Supplemental Bond Ordinance authorizing the issuance of the Series 2007D Bonds (the "Series 2007D Supplemental Ordinance") passed by the City Council (collectively, the "Ordinance"), and the Pricing Certificate executed in accordance therewith (the "Pricing Certificate") and pursuant to the Manager's Resolution relating to the Series 2007D Bonds (the "Series 2007D Manager's Resolution"), with only such changes therein as shall be mutually agreed upon between us. Payment of the principal of and interest on the Series 2007D Bonds shall also be secured by a financial guaranty insurance policy (the "Bond Insurance Policy") issued by MBIA Insurance Corporation (the "Bond Insurer"). The Series 2007D Bonds shall be delivered in the form and manner provided in Section 4 hereof. The net proceeds of the Series 2007D Bonds will be used to fund capital improvements for Denver International Airport (the "Airport"). The City shall also execute a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") for the benefit of the owners of the Series 2007D Bonds.

2. Official Statement; Offering.

(a) The City consents to the prior use by the Underwriters of the Preliminary Official Statement (in printed or electronic form) relating to the Series 2007D Bonds and represents that such Preliminary Official Statement was deemed final by the City as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), except for the omission of such information as is specified under the Rule. Within seven business days of the date hereof and, in any event, at least three business days prior to Closing (as hereinafter defined), the City will deliver to the Underwriters copies of the Official Statement of the City relating to the Series 2007D Bonds, in sufficient quantities to enable the Underwriters to comply with the Rule and other applicable rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. By execution thereof by the Manager of the Department of Aviation and the Manager of the Department of Revenue, the City shall deem the Official Statement complete as of its date within the meaning of the Rule (such Official Statement, including the cover page and all appendices and statements included therein, incorporated by reference therein or attached thereto, together with any supplements thereto, being herein called the "Official Statement").

(b) The City authorizes the use of the Official Statement (in printed or electronic form) in connection with the public offering and sale of the Series 2007D Bonds. The City also authorizes the references in the Official Statement to the Report of Jacobs Consultancy Inc. (the "Airport Consultant"); the use and lease agreements, including any and all amendments or supplements thereto (collectively, the "Basic Airport Leases"); the Intergovernmental Agreement on a New Airport (the "Intergovernmental Agreement"); the Plan of Financing; other contracts regarding the Airport; and the Ordinance and the use by the Underwriters of copies of such documents in connection with the public offering and sale of the Series 2007D Bonds.



(c) The City agrees to notify the Underwriters pursuant to Section 9 of this Agreement promptly of any material change in the affairs or financial condition of the Airport System that may occur prior to the Closing. The City further agrees to notify the Underwriters of any material developments affecting the Airport System or the Series 2007D Bonds of which the City becomes aware between the date of this Bond Purchase Agreement and a date that is 25 days after the later of the date of Closing or the end of the underwriting period for purposes of the Rule, notice of which date the Representative shall deliver to the City if later than the Closing date. After such notification, if, in the opinion of the City and the Underwriters, a change would be required in the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, then such change will be made by amendment or supplement, and the Official Statement as so amended or supplemented will be supplied to the Underwriters in reasonable quantity for distribution.

(d) The City agrees to cooperate with the Underwriters and counsel to the Underwriters in taking all necessary action to qualify the Series 2007D Bonds for offer and sale under the securities or “blue sky” laws of such states and territories of the United States as the Underwriters may request; provided that the City will not be required to consent to service of process in jurisdictions other than Colorado.

(e) The Representative shall send, by first-class mail or equally prompt means, a copy of the Official Statement to both the Municipal Securities Rulemaking Board and to the Municipal Advisory Council of Texas Central Post Office ([www.DisclosureUSA.org](http://www.DisclosureUSA.org)) or each of the nationally recognized municipal securities information repositories designated as such by the Securities and Exchange Commission.

(f) In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, the City will undertake pursuant to the Continuing Disclosure Undertaking to provide annual reports and notices of certain enumerated events. The form of the Continuing Disclosure Undertaking is set forth in Appendix G to the Official Statement.

3. City’s Representations and Warranties. The City represents and warrants to the Underwriters that:

(a) with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, and actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled “BOND INSURANCE,” and in Appendices F and I), are, as of the date hereof, complete and accurate, and such remaining portions of the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein for the purposes for which they are to be used or to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) the City is, and will be at the date of the Closing, duly organized and existing as a home-rule city of the State of Colorado with the powers and authority, among others, set forth in Article XX of the Colorado Constitution (the “Home Rule Article”) except as limited by the City Charter (the “Charter”), having full power and authority to carry out and consummate all transactions contemplated by this Bond Purchase Agreement, the Official Statement, the Ordinance, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement and the Continuing Disclosure Undertaking;

(c) the City has adopted the Ordinance and has duly authorized: (A) the execution and delivery of the Bond Purchase Agreement, the Pricing Certificate and the Continuing Disclosure Undertaking; and (B) the issuance and sale of the Series 2007D Bonds; the adoption of the Ordinance and the execution and delivery of this Bond Purchase Agreement, the Pricing Certificate and the Continuing Disclosure Undertaking and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby, will not conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, administrative regulation, court order or consent decree to which the City is subject;

(d) the Ordinance, this Bond Purchase Agreement and the Continuing Disclosure Undertaking constitute the legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights and when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Series 2007D Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the City, for and on behalf of its Department of Aviation, of the character authorized in the Home Rule Article and not in contravention of the Charter, in conformity with, and entitled to the benefit and security of, the Ordinance;

(e) the Ordinance creates in favor of the Series 2007D Bonds an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenues of the Airport System, on a parity with the lien thereon, after the issuance of the Series 2007D Bonds, of the Airport System Revenue Bonds, Series 1991A, Airport System Revenue Bonds, Series 1991D, Airport System Revenue Bonds, Series 1992C, Airport System Revenue Bonds, Series 1992F-G, Airport System Revenue Bonds, Series 1995C, Airport System Revenue Bonds, Series 1997E, Airport System Revenue Bonds, Series 1998A, Airport System Revenue Refunding Bonds, Series 2000A-C, Airport System Revenue Refunding Bonds, Series 2001A-B, Airport System Revenue Refunding Bonds, Series 2001D, Airport System Revenue Refunding Bonds, Series 2002A1-A3, Airport System Revenue Refunding Bonds, Series 2002C, Airport System Revenue Refunding Bonds, Series 2002E, Airport System Revenue Bonds, Series 2003A, Airport System Revenue Bonds, Series 2004A-B, Airport System Revenue Bonds, Series 2005A, Airport System Revenue Bonds, Series 2005B1-B2, Airport System Revenue Bonds, Series 2005C1-C2, Airport

System Revenue Bonds, Series 2006A-B and Airport System Revenue Bonds, Series 2007A-C Bonds;

(f) the Ordinance includes a valid covenant on the part of the City to fix, revise, charge and collect rentals, rates, fees and other charges for the Airport System, and, except as disclosed in the Official Statement, the City has full power and authority to impose and collect fees and charges from airlines and other tenants of the Airport System, as evidenced by the Basic Airport Leases and agreements with various Airport System tenants (collectively, the “Concession Agreements”);

(g) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or, to the City’s knowledge, threatened: (1) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007D Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007D Bonds; (2) contesting or affecting the operation of the Airport System or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007D Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (3) contesting or affecting the validity of the Concession Agreements; (4) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance which, if determined adversely to the City, would have a material adverse effect on the City’s collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (5) contesting the completeness or accuracy of the Official Statement; or (6) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007D Manager’s Resolution, the Official Statement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking;

(h) with respect to the section entitled “LITIGATION” in the Official Statement, all information therein is complete and accurate;

(i) the financial statements of and other financial information regarding the Airport System included in the Official Statement have been prepared in all material respects on a consistent basis in accordance with generally accepted accounting principles applicable to the financial reporting of governmental entities and present fairly the financial position of the Airport System and the results of operations of the Airport System at the dates and for the periods indicated;

(j) except as disclosed in the Official Statement, the Ordinance, the Pricing Certificate, the Series 2007D Manager’s Resolution, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements are and at the Closing will be in full force and effect in accordance with their terms and, as of the Closing, will not have been amended, modified or supplemented by the City, except as may have been agreed to in writing by the Representative, and there shall have been duly adopted and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby;

(k) except as disclosed in the Official Statement, the City is not in default in the payment of principal or interest by the City on any bond, note or other general or special obligation for borrowed money nor is it in default under any agreement or instrument under which any obligation for borrowed money has been issued, and no event of which the City has notice or knowledge has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default thereunder;

(l) except as disclosed in the Official Statement, the Airport has been designed in accordance with, and the use of the Airport complies with, all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality;

(m) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations, under the Ordinance, the Pricing Certificate, the Bond Purchase Agreement and the Continuing Disclosure Undertaking, the Series 2007D Bonds or any other document relating thereto, have been duly obtained, except for such approvals, consents and orders as may be required under the "Blue Sky" or other securities laws of any jurisdiction in connection with the offering and sale of the Series 2007D Bonds; and all permits, licenses or other approvals necessary for the operation of the Airport have been obtained and are in full force and effect;

(n) the City has in force all insurance with respect to the Airport System as required by the Ordinance;

(o) the City has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule.

4. The Closing. At 8:30 a.m., Denver time, on August 29, 2007 or at such other time or on such earlier or later date as the Representative and the City mutually agree upon (herein called the "Closing"), the City, for and on behalf of its Department of Aviation, will issue the Series 2007D Bonds and cause them to be delivered to the Underwriters at The Depository Trust Company ("DTC"), in typewritten form, duly executed by the City, for and on behalf of its Department of Aviation. At the Closing the City will deliver or cause to be delivered to the Underwriters, at the offices of Hogan & Hartson L.L.P. in Denver, Colorado, or at such other place as the Representative and the City may mutually agree upon, the documents mentioned in Paragraph 5(d) hereof, and the Representative will accept such delivery and pay the Series 2007D Purchase Price by wire transfer or by certified or official bank check or checks payable in federal or other immediately available funds, or by such other funds as may be mutually agreed upon, to the order of the City. The Series 2007D Bonds are initially to be registered in the name of Cede & Co., as partnership nominee for DTC, as securities depository for the Series 2007D Bonds. The Series 2007D Bonds will be in such authorized denominations as DTC and the Representative shall specify. CUSIP identification numbers will be obtained by the

Underwriters and will be printed on the Series 2007D Bonds in accordance with the requirements of DTC; provided neither the printing of a wrong number on any Series 2007D Bond nor the failure to print a number thereon shall constitute cause to refuse acceptance or delivery of any Series 2007D Bond.

5. Conditions Precedent to the Underwriters' Obligations. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the City's representations and warranties and the City's performance of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of the Closing, the Ordinance, the Pricing Certificate, the Series 2007D Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, this Bond Purchase Agreement and the Continuing Disclosure Undertaking shall be in full force and effect, and such Ordinance, the Pricing Certificate, the Series 2007D Manager's Resolution, leases, letters and agreements, together with the Official Statement and the Report of the Airport Consultant, shall not have been amended, modified or supplemented except as described in the Official Statement or as may have been agreed to in writing by the Representative, and the City shall have duly adopted and published and there shall be in full force and effect such ordinances as shall be necessary in connection with the transactions contemplated hereby and thereby;

(b) the Series 2007D Bonds shall be rated not less than "Aaa" by Moody's Investors Service, Inc., "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and "AAA" by Fitch Ratings, Inc., and all such ratings shall be in effect and shall not have been lowered on or prior to the Closing; .

(c) at the Closing there shall not have been any material adverse change in the properties or financial condition of the Airport System as described in the Official Statement, except as set forth in or contemplated by the Official Statement;

(d) at the Closing, the Underwriters shall receive the following documents:

(1) (i) the approving legal opinions of Hogan & Hartson L.L.P. and Bookhardt & O'Toole (collectively, "Bond Counsel") dated the date of the Closing, substantially in the form of Appendix H to the Official Statement; and (ii) the supplemental opinions of Bond Counsel dated the date of the Closing, substantially in the forms of Exhibit A-1 and A-2 hereto.

(2) the opinion of the City Attorney of the City, dated the date of the Closing, in the form of Exhibit B hereto;

(3) an opinion of counsel to the Bond Insurer as to the validity and enforceability of the Bond Insurance Policy;

(4) the opinion of Peck, Shaffer & Williams LLP, special counsel to the City, dated the date of the Closing, substantially in the form of Exhibit C hereto;

(5) the opinions of Sherman & Howard L.L.C. and Greenberg Traurig, LLP, counsel to the Underwriters, dated the date of the Closing, substantially in the form of Exhibit D hereto;

(6) a certificate, dated the date of the Closing, duly executed by appropriate officials of the City satisfactory to the Representative and in form and substance satisfactory to counsel to the Underwriters, to the effect that (i) the representations and agreements of the City herein are true and correct as of the date of the Closing; and (ii) except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (A) contesting or affecting the validity or authority for the issuance or delivery of the Series 2007D Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007D Bonds; (B) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Series 2007D Manager's Resolution, the Basic Airport Leases, the Intergovernmental Agreement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (C) contesting or affecting the validity of the Concession Agreements; (D) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material adverse effect on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (E) contesting the completeness or accuracy of the Official Statement; or (F) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007D Manager's Resolution, the Series 2007D Bonds, the Official Statement, this Bond Purchase Agreement or the Continuing Disclosure Undertaking; (iii) the financial statements and other financial information of the Airport System contained in the Official Statement present fairly the financial position of the Airport System as of the dates indicated and the results of its operations for the periods specified therein, and such financial statements and other financial information have been prepared in conformity with generally accepted accounting principles for governmental entities applied in all material respects on a consistent basis (except as described in the Official Statement) with respect to such period; (iv) since December 31, 2006, there has not been any material adverse change in the properties or financial condition of the Airport System, except as set forth in or contemplated by the Official Statement; and (v) no default has occurred and is continuing under the Ordinance;

(7) executed or certified copies of the Ordinance (including the Series 2007A Supplemental Ordinance and Series 2007B Supplemental Ordinance), the Pricing Certificate, the Series 2007D Manager's Resolution and the Consent to Proposed Amendments relating to the proposed amendments to the Ordinance and the appointment of a consent agent;

(8) the Report of the Airport Consultant, together with the consent of the Airport Consultant to its use in the Official Statement, including a certificate duly executed by appropriate officials of the Airport Consultant satisfactory to the Representative and in form and substance satisfactory to counsel to the

Underwriters, to the effect that (i) the contents of such Report were accurate as of the date of such Report and reflected events occurring through that date; and (ii) to the best of their knowledge, the information in such Report does not contain any untrue statements of a material fact, or omit to state any material facts which were known as of the date of such Report, and would have been necessary to be stated therein for the purposes of which they were used or to make the statements therein, in light of the circumstances under which they were made, not misleading;

(9) a certificate, dated the date of Closing and signed by the City's Manager of the Department of Aviation and the City's Manager of the Department of Revenue to the effect that (i) at the time of the adoption of the Series 2007A Supplemental Ordinance and the Series 2007B Supplemental Ordinance, the City is not in default in making any payments required by Art. V of the Ordinance and (ii) the Official Statement is complete as of its date of delivery to the Underwriters and, with respect to the Report of the Airport Consultant included as Appendix A to the Official Statement, all information (except forecasts) in Appendix A relating to the Airport, the Airport System, Stapleton and the actions of the City relating thereto is true, correct and complete in all material respects, and the remaining portions of the Official Statement (except for the information contained in the section entitled "BOND INSURANCE," and in Appendices F and I) do not, as of the Closing date, contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) certificates, dated the date of the Closing from First Albany Capital Inc. and Estrada Hinojosa & Company, Inc. (collectively, the "Financial Advisors") to the effect that the Financial Advisors (i) assisted and advised the City in preparing the Plan of Financing in anticipation of the issuance of the Series 2007D Bonds, (ii) participated in the preparation of the Official Statement, and (iii) certify that the information in the Official Statement with respect to the Plan of Financing is accurate and that, although the Financial Advisors have not independently verified any of the data contained in the Official Statement (other than as referenced in (iii) above) or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of the Official Statement or retained counsel to do the same, the Financial Advisors have not become aware of facts, as of the date of delivery of the Series 2007D Bonds, that lead them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement, in light of the circumstances under which it was made, not misleading (except for the Appendices to such documents, the other financial and statistical information included therein and the sections entitled "BOND INSURANCE," "LITIGATION" and "TAX MATTERS," as to which no view need be expressed);

(11) executed or certified copies of the Bond Insurance Policy and the Continuing Disclosure Undertaking;

(12) a certificate or opinion of an Independent Accountant (as defined in the Ordinance) setting forth the information required in Section 704A of the Ordinance; and

(13) such additional legal opinions, certificates, proceedings, instruments and other documents, as the Representative, bond counsel, special counsel to the City or counsel to the Underwriters may reasonably request to evidence compliance by you with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007D Bonds and the due performance or satisfaction by the City at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement.

If the City shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted hereby, this Bond Purchase Agreement shall terminate and neither the City nor the Underwriters shall have any further obligation hereunder.

6. Conditions to the Obligations of the City. The City's obligations under this Bond Purchase Agreement to deliver the Series 2007D Bonds shall be subject to the City's receipt of the documents, certificates and opinions described in Section 5(d)(1), (3), (4), (8), (10), (11) and (12) hereof and to the receipt of such additional legal opinions, certificates, proceedings, instruments and other documents as the City may reasonably request to evidence compliance by the Underwriters with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the excludability from gross income for federal and State income tax purposes of amounts received as interest by owners of the Series 2007D Bonds and the due performance or satisfaction by the Underwriters at or prior to such date of all agreements then to be performed and all conditions then to be satisfied by them as contemplated under this Bond Purchase Agreement.

If the conditions to the City's obligations contained in this Bond Purchase Agreement shall not be satisfied or if the City's obligations shall be terminated for any reason permitted hereby, this Bond Purchase Agreement shall terminate, and neither the City nor the Underwriters shall have any further obligation hereunder.

7. Events Permitting the Underwriters to Terminate. The Underwriters may terminate its obligations to purchase the Series 2007D Bonds by written notification to the City if, between the date hereof and the Closing, (a) legislation shall be enacted by the Congress of the United States or adopted by either House thereof or shall have been recommended to the Congress by the President of the United States or shall have been introduced and favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision shall have been rendered by or



adopted by either House thereof or a decision by a court of the United States or the Tax Court of the United States or an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to federal income taxation of revenues or other income of the general character to be derived by the City or upon interest received on obligations of the general character of the Series 2007D Bonds that, in the Representative's reasonable judgment, materially adversely affects the market price of the Series 2007D Bonds; or (b) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Series 2007D Bonds, or any other obligations of any similar public body of the general character of the City is in violation of the Securities Act of 1933, as amended, or the enactment of the Ordinance is in violation of the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the offering, issuance, sale or delivery of the Series 2007D Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Series 2007D Bonds; or (c) there shall exist any event as a result of which the Official Statement in the Representative's reasonable opinion either (1) contains any untrue statement of a material fact or (2) omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, which event has not been reflected to the satisfaction of the Representative and the City in an amendment or supplement to the Official Statement pursuant to Section 2(c) of this Bond Purchase Agreement; or (d) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis or the escalation of any thereof, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the Representative's judgment, would make it impracticable for the Underwriters to sell or deliver the Series 2007D Bonds; or (e) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission, or any other governmental authority having jurisdiction; or (f) a general banking moratorium shall have been declared by federal, Colorado or New York authorities having jurisdiction and shall be in force; or (g) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency in the State of Colorado, or a decision by any court of competent jurisdiction within the State of Colorado shall be rendered that, in the Representative's judgment, would have a material adverse effect on the market price of the Series 2007D Bonds; or (h) there shall have been any downgrading, suspension or withdrawal of any unenhanced rating assigned to any of the City's outstanding debt obligations secured on a parity with the Series 2007D Bonds by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Fitch Ratings, Inc.

8. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder, including but not limited to: (a) the cost of the preparation and printing or other reproduction of the Ordinance, the Series 2007D Manager's Resolution, the Pricing Certificate, the Official Statement, the Report of the Airport Consultant and the Continuing Disclosure Undertaking, as

well as the cost of printing, posting and shipping the Official Statement; (b) the cost of the preparation of the Series 2007D Bonds; (c) the fees and disbursements of Bond Counsel, Special Counsel to the City and the City Attorney; (d) the fees and disbursements of the Financial Advisors, the Airport Consultant, and any other experts, advisors, engineers, auditors or consultants retained by the City; (e) the fees of the bond rating agencies and the Bond Insurer; and (f) on behalf of the Underwriters, in lieu of additional compensation, the fees and disbursements of counsel to the Underwriters and the cost of preparation and printing or other reproduction of this Bond Purchase Agreement, the blue sky and legal investment surveys and any agreement among underwriters or selling group agreement. The City shall pay for expenses (included in the expense component of the spread) incurred on behalf of the City's employees which are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation and lodging of those employees.

The City shall be under no obligation to pay and the Underwriters shall pay: (a) all advertising expenses incurred by the Underwriters in connection with the offering of the Series 2007D Bonds; and (b) all other expenses incurred by the Underwriters in connection with its offering and distribution of the Series 2007D Bonds.

9. Notices. Any notice or other communication to you under this Bond Purchase Agreement shall be given by delivering the same in writing at your address set forth above, Attention: Director of Financial Management, and any such notice or other communication to be given to the Underwriters shall be given by delivering the same in writing to Lehman Brothers, 399 Park Avenue, 16<sup>th</sup> Floor, New York, New York 10022, Attention: James Henn.

10. Exclusive Benefit; Survival. This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, covenants and agreements by you in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Series 2007D Bonds.

11. Governing Law. The rights and obligations of the parties to this Bond Purchase Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Colorado.

12. Periodic Reports. The City shall supply to the Underwriters, from time to time upon request, the annual reports and other information required to be provided to Bondholders under Sections 1027 to 1031, inclusive, of the General Bond Ordinance.

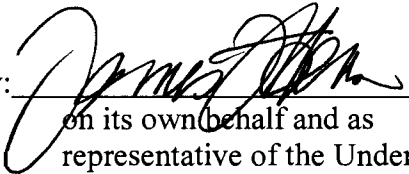
13. Default by the Underwriters. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2007D Bonds upon the proper tender thereof by the City at the Closing as herein provided, the maximum liability of the

Underwriters to the City shall be limited to 1% of the principal amount of the Series 2007D Bonds (the "Maximum Amount"). When paid to the City, the Maximum Amount shall serve as full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and such Maximum Amount shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults, and neither the City nor any other person shall have any further action for damages, specific performance or any other legal or equitable relief against the Underwriters.

14. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

Very truly yours,

LEHMAN BROTHERS

By:  on its own behalf and as representative of the Underwriters

Accepted as of the date first above written  
at the following time: \_\_\_\_\_

(SEAL)

Attest:



By: *M. M. O'Malley*  
City Clerk

Approved as to Form:

By: *[Signature]*  
City Attorney

Accepted by the City and County of Denver,  
Colorado, for and on behalf of its  
Department of Aviation

By: *[Signature]*  
Mayor

Recommended and Approved:

By: *[Signature]*  
Manager of the Department of Revenue

By: *[Signature]*  
Manager of the Department of  
Aviation

Countersigned and Registered:

By: *[Signature]*  
Auditor

SCHEDULE 1  
LIST OF UNDERWRITERS

Lehman Brothers  
Piper Jaffray & Co.  
RBC Capital Markets  
Citi

SCHEDULE 2

\$147,815,000

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 15, 2016	\$17,240,000	5.500%
November 15, 2017	18,100,000	5.500
November 15, 2018	19,050,000	5.250
November 15, 2019	20,050,000	5.250
November 15, 2020	21,105,000	5.250
November 15, 2021	22,210,000	5.250
November 15, 2022	23,380,000	5.250
November 15, 2023	6,680,000	5.250

EXHIBIT A-1

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Lehman Brothers  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D - \$147,815,000

Ladies and Gentlemen:

Under even date herewith we are rendering an opinion as bond counsel to the City and County of Denver (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" ( the "Series 2007D Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 16, 2007 between the City, for and on behalf of its Department of Aviation, and Lehman Brothers, as Representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August \_\_\_, 2007, relating to the Series 2007D Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council, the Series 2007D Manager's Resolution taken preliminary to and in authorization of the Series 2007D Bonds, the Continuing Disclosure Undertaking, the Pricing Certificate, and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007D Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007D BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007D Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007D Bonds and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007D Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based on our opinion of even date herewith (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007D Bonds (the "Bond Counsel Opinion").

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007D Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,



EXHIBIT A-2

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

\_\_\_\_\_, 2007

City and County of Denver, Colorado  
City and County Building  
Denver, Colorado 80202

Lehman Brothers  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, New York 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D - \$147,815,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007D Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007D Bonds have been fulfilled.

Respectfully submitted,

EXHIBIT B

FORM OF CITY ATTORNEY'S OPINION

\_\_\_\_\_, 2007

Lehman Brothers  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 16, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:

1. The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007D Bonds under the Ordinance.

2. The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

3. The Ordinance, which authorizes the issuance of the Series 2007D Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificate, the Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

4. To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

5. All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificate, the Series 2007D Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

6. To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

7. The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

8. Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007D Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007D Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate,

the Series 2007D Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking.

9. With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

10. Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

EXHIBIT C

FORM OF OPINION OF SPECIAL COUNSEL

\_\_\_\_\_, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Lehman Brothers  
as Representative of the Underwriters  
for Series 2007D Bonds  
399 Park Avenue, 16th Floor  
New York, NY 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation, in connection with an Official Statement dated August \_\_\_, 2007 (the "Official Statement"), relating to "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to a Bond Purchase Agreement dated August 16, 2007 between the City and the Underwriters, as described above. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007D Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Airport System, the City's independent Airport Consultant, Bond Counsel, the City Attorney and the Financial Consultants, at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official

Statement (except for the financial statements and other financial and statistical data contained therein and in the Appendices thereto and except for the material described in the next paragraph, as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding the information in the Official Statement under the captions "BOND INSURANCE," and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007D Bonds from federal or state income taxation, or on the qualification of the Series 2007D Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

EXHIBIT D

FORM OF UNDERWRITERS' COUNSEL OPINION

\_\_\_\_\_, 2007

Lehman Brothers  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Lehman Brothers, acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 16, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August \_\_, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in

connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,



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**CONSENT OF  
THE UNDERWRITERS  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended  
in the form of an  
Amended and Restated Airport System General Bond Ordinance**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:

Goldman, Sachs & Co., Harvestons Securities, Inc., J. P. Morgan Securities Inc., and RBC Capital Markets (collectively, the "**Underwriters**"), as underwriters with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "**Department**"), Airport System Revenue Bonds, Series 2007A-B (the "**Series 2007A-B Bonds**"), respectively, and on behalf of the owners of the Series 2007A-B Bonds, hereby:

- (i) irrevocably consent to and approve the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the "**General Bond Ordinance**") by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 6, 2007, relating to the Series 2007A-B Bonds and the Department's Airport System Revenue Bonds, Series 2007C (the "**General Bond Ordinance Proposed Amendments**"); provided that the Underwriters acknowledge that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and

- (ii) irrevocably consent to and approve the appointment of American National Bank, and its successors, as agent of the Underwriters (the "**Consent Agent**"), and irrevocably instruct the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledge that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney's Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.

WITNESS my hand, as authorized representative of the Underwriters, this 29th day of August, 2007.

GOLDMAN, SACHS & CO.,  
as representative of the Underwriters

By: Goldman, Sachs + Co  
Title: \_\_\_\_\_

**CONSENT OF  
THE UNDERWRITERS  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended  
in the form of an  
Amended and Restated Airport System General Bond Ordinance**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:

Citigroup Global Markets Inc., J. P. Morgan Securities Inc., and Ramirez & Co., Inc. (collectively, the "**Underwriters**"), as underwriters with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "**Department**"), Airport System Revenue Bonds, Series 2007C (the "**Series 2007C Bonds**"), respectively, and on behalf of the owners of the Series 2007C Bonds, hereby:

- (i) irrevocably consent to and approve the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the "**General Bond Ordinance**") by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 6, 2007, relating to the Department's Airport System Revenue Bonds, Series 2007A-B and the Series 2007C Bonds (the "**General Bond Ordinance Proposed Amendments**"); provided that the Underwriters acknowledge that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and

- (ii) irrevocably consent to and approve the appointment of American National Bank, and its successors, as agent of the Underwriters (the "**Consent Agent**"), and irrevocably instruct the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledge that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney's Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.

WITNESS my hand, as authorized representative of the Underwriters, this 29th day of August, 2007.

CITIGROUP GLOBAL MARKETS INC.,  
as representative of the Underwriters

By: 

Title: Director

**CONSENT OF  
THE UNDERWRITERS  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended  
in the form of an  
Amended and Restated Airport System General Bond Ordinance**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:

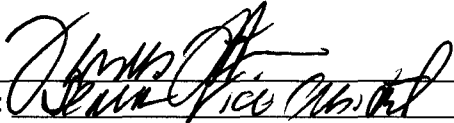
Lehman Brothers Inc., Piper Jaffray & Co., Citigroup Global Markets Inc. and RBC Capital Markets (collectively, the "**Underwriters**"), as underwriters with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D (the "**Series 2007D Bonds**"), respectively, and on behalf of the owners of the Series 2007D Bonds, hereby:

- (i) irrevocably consent to and approve the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the "**General Bond Ordinance**") by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 20, 2007, relating to the Series 2007D Bonds (the "**General Bond Ordinance Proposed Amendments**"); provided that the Underwriters acknowledge that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and

- (ii) irrevocably consent to and approve the appointment of American National Bank, and its successors, as agent of the Underwriters (the "**Consent Agent**"), and irrevocably instruct the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledge that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney's Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.

WITNESS my hand, as authorized representative of the Underwriters, this 29th day of August, 2007.

LEHMAN BROTHERS INC.,  
as representative of the Underwriters

By:   
Title: Senior Vice President

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**Sherman & Howard L.L.C.**

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS**

**\$188,350,000 SERIES 2007A  
(AMT)**

**\$24,250,000 SERIES 2007B  
(NON-AMT)**

**\$34,635,000 SERIES 2007C  
(NON-AMT)**

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**FINAL BLUE SKY SURVEY**

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August 29, 2007

GOLDMAN, SACHS & CO.

AS REPRESENTATIVE OF THE UNDERWRITERS OF THE SERIES 2007A BONDS AND  
SERIES 2007B BONDS

CITIGROUP GLOBAL MARKETS INC.,

AS REPRESENTATIVE OF THE UNDERWRITERS OF THE SERIES 2007C BONDS

Ladies and Gentlemen:

This Memorandum supplements and completes our Preliminary Blue Sky Survey dated July 25, 2007 (the "Preliminary Survey") prepared in connection with the issuance of the captioned Bonds. This is written to inform you that the Bonds remain exempt as stated in Part I of the Preliminary Survey and that the Bonds may be sold in such jurisdictions in any amount.

Reference is hereby made to the provisions of Part III - Sales to Dealers and Part IV - Sales to Certain Institutions of the Preliminary Survey.

This Memorandum is subject to the assumptions, limitations, qualifications and exceptions contained in the Preliminary Survey, including our cover letter thereto, and should be read in conjunction therewith .

Very truly yours,

GREENBERG TRAURIG, LLP

SHERMAN & HOWARD L.L.C.



**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**

**\$188,780,000\* SERIES 2007A**  
**(AMT)**

**\$25,215,000 SERIES\* 2007B**  
**(NON-AMT)**

**\$34,080,000\* SERIES 2007C**  
**(NON-AMT)**

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**PRELIMINARY BLUE SKY SURVEY**

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July 25, 2007

GOLDMAN, SACHS & CO.,

AS REPRESENTATIVE OF THE UNDERWRITERS OF THE SERIES 2007A BONDS AND  
SERIES 2007B BONDS.

CITIGROUP GLOBAL MARKETS INC.,

AS REPRESENTATIVE OF THE UNDERWRITERS OF THE SERIES 2007C BONDS

Ladies and Gentlemen:

This Preliminary Survey summarizes our comments relating to the requirements of the securities or "blue sky" laws of the jurisdictions listed herein with respect to the proposed offering and sale to the public of the captioned Bonds (the "Bonds"). It is based upon an examination of the statutes and the related rules and regulations, if any, of the various jurisdictions as reported in standard compilations customarily relied upon in this connection, upon interpretive advice obtained from representatives of certain securities commissions and upon statements contained in the Preliminary Official Statement prepared in connection with the issuance of the Bonds.

This Preliminary Survey also incorporates the responses of the state securities commissions, to the extent that they are available, to the National Securities Markets Improvement Act of 1996, Public Law 104-290 (the "1996 Act"). Consequently, this Preliminary Survey addresses certain filing requirements imposed by the securities administrators of the various jurisdictions in response to and in compliance with the 1996 Act. The 1996 Act provides for preemption of registration and merit review provisions of state

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\* Preliminary, subject to change.

securities laws with regard to specific type of securities (described in the 1996 Act as "Covered Securities"). However, the 1996 Act also provides that the state regulators are permitted to collect the same fees at the same time they would have prior to the enactment of the 1996 Act. Therefore, even though a full registration or exemption filing would be preempted, the fee for that filing and a cover letter explaining that such a fee would have been due to the state for a registration or exemption filing preempted by the 1996 Act should be sent to the state. If the fee is not sent, then the state securities regulators could require registration of the offering or suspend the offer and sale of the municipal securities in the state. It should also be noted that although certain states have revised their current statutes, rules and regulations to comply with the 1996 Act, others are still in the process of reviewing the 1996 Act and have not yet published their positions, with regard thereto. Accordingly, as these various states clarify their positions and revise their statutes, rules and regulations, new requirements may be imposed by such states during the course of the proposed securities offering.

In preparing this Preliminary Survey, we have obtained neither opinions from members of the Bar of any jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials thereof. The statements made or conclusions expressed herein are subject to change upon the exercise of broad discretionary powers vested in securities commissioners or other authorized officials, enabling them, among other things, to withdraw or deny the exempt status accorded by statute to particular classes of securities, to impose additional requirements, or to suspend offerings for non-payment of applicable fees.

This Preliminary Survey does not purport to cover the requirements of the laws of the various jurisdictions with respect to the registration or licensing of dealers, brokers or salesmen, or the restrictions, if any, pertaining to the form or substance of advertising. In addition, any statement made herein concerning sales to banks, savings institutions, trust companies, insurance companies or any other institutional investor refers only to the requirements of the securities laws relating to such sales and does not purport to address the question of whether the Bonds will be legal for investment by such institution.

Very truly yours,

GREENBERG TRAURIG, LLP

I

**JURISDICTIONS IN WHICH SALES  
TO THE PUBLIC MAY BE MADE WITHOUT FILING OR FEES**

Offers and sales of the Bonds may be made to the public in any amount in the following jurisdictions without registration of the Bonds, filings, or payment of applicable fees being made, subject to the specific requirement that the sellers must be dealers or brokers registered or licensed in the respective jurisdictions:

Alabama	Hawaii (2)	Missouri	Puerto Rico
Alaska	Idaho	Montana	Rhode Island
Arizona	Illinois	Nebraska	South Carolina
Arkansas	Indiana	Nevada	South Dakota
California	Iowa	New Hampshire	Tennessee
Colorado	Kansas	New Jersey	Texas
Connecticut	Kentucky	New Mexico	Utah
Delaware	Louisiana	New York	Vermont
District of Columbia	Maine	North Carolina	Virginia
Florida (1)	Maryland	North Dakota	Washington
Georgia	Massachusetts	Ohio (3)	West Virginia
Guam	Michigan	Oklahoma	Wisconsin
	Minnesota	Oregon	Wyoming
	Mississippi	Pennsylvania (4)	

- 
- (1) Provided the Issuer is not in default and has not been in default any time after December 31, 1975 in the payment of principal or interest.
  - (2) All offering material must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
  - (3) Provided at the time of first sale of the Bonds in Ohio there is no default in the payment of any of the interest or principal of the security and there are no adjudications or pending suits adversely affecting the validity of the Bonds.
  - (4) All offering material and advertisements, including the Preliminary Official Statement must indicate in bold print on the front cover that the Bonds are less than general obligations of the issuer.

## II

### JURISDICTION IN WHICH SALES TO THE PUBLIC MAY BE MADE WITH FEES AND/OR FILING

#### A. Jurisdiction Where Filings and Payment of Applicable Fee is Required

Offers and sales of the Bonds may be made to the public in the jurisdiction listed below only after certain requirements as to filing and payment of applicable fees to obtain an exempt status have been completed, but only if made by dealers or brokers registered or licensed in the jurisdiction. In the jurisdiction listed below, we have been advised by the Underwriters to take the action necessary to qualify for an exemption so that the Bonds may be offered and sold to the public in such jurisdiction.

None

#### B. Jurisdictions Where Sales to the Public May Not Be Made

Offers and sales of the Bonds may be made to the public in the jurisdictions listed below only if certain requirements are met. **No action is being taken to qualify any of the Bonds for sale in the jurisdictions listed below. Offers and sales of the Bonds to the public in these jurisdictions without such qualification are prohibited.**

None

### SALES TO DEALERS

In addition to the **offers** and **sales** of the Bonds which may be made as indicated in Part I herein, **offers** and **sales** of the Bonds may be made **in any amount** to dealers or brokers registered or licensed in the following jurisdictions, subject to the qualifications indicated in the Bonds, without registration of the Bonds or any filings being made to qualify the Bonds in the respective jurisdictions. Subject to the qualifications indicated below, such **offers** and **sales** may be made by dealers or brokers registered or licensed in the respective jurisdictions and by persons not so registered or licensed.

Alabama	Idaho	Montana	Rhode Island (14)
Alaska (1)	Illinois	Nebraska	South Carolina (1)
Arizona	Indiana (5)	Nevada (9)	South Dakota (15)
Arkansas (2)	Iowa (7)	New Hampshire (5)	Tennessee (16)
California (3)	Kansas	New Jersey (10)	Texas (17)
Colorado (4)	Kentucky	New Mexico (11)	Utah (18)
Connecticut (5)	Louisiana	New York	Vermont
Delaware (5)	Maine (8)	North Carolina (12)	Virginia
District of Columbia (5)	Maryland (2)	North Dakota	Washington (19)
Florida	Massachusetts (2)	Ohio	West Virginia (2)
Georgia	Michigan (2)	Oklahoma (1)	Wisconsin (20)
Guam (2)	Minnesota (5)	Oregon	Wyoming (2)
Hawaii (2)(6)	Mississippi (2)	Pennsylvania (13)	
	Missouri (2)	Puerto Rico (1)	

- 
- (1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV.
  - (2) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV, whether or not the offerors or offerees are then present in this jurisdiction.
  - (3) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner (a) to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in Part IV or (b) to more than fifteen customers (whether or not self-employed individual retirement plans) having an existing account with such

broker-dealer prior to any offer made to them in this jurisdiction, during any twelve consecutive months, whether or not the offeror or any of the offerees is then present in the jurisdiction.

- (4) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in this jurisdiction and the business transacted in this jurisdiction is exclusively with broker-dealers licensed or exempt from license requirements, financial or institutional investors, existing customers of the broker-dealer whose principal place of residence is not in the jurisdiction and during any twelve consecutive months, not more than five persons in this jurisdiction excluding persons otherwise described herein.
- (5) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV.
- (6) All offering material must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
- (7) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) during any period of twelve consecutive months, the broker-dealer does not effect transactions in this jurisdiction in any manner with more than three persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (8) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this state if its only transactions effected in this state are with: (1) the issuer of the securities involved in the transactions, (2) a broker-dealer licensed as such under the Maine Uniform Securities Act or not required to be so licensed (except when the person is acting as a clearing broker-dealer), (3) an institutional investor as defined in Part IV, (4) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record, (5) a bona fide preexisting customer who principal place of residence is not in the State of Maine and the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be so registered and is registered or licensed under the securities act of the state in which the customer maintains a principal place of residence, and (6) a bona fide preexisting customer whose principal place of residence is in this

any other person exempted by rule adopted or order issued under the Maine Uniform Securities Act.

- (9) Provided the offeror or seller (i) is licensed as a broker dealer in this jurisdiction, (ii) is a broker dealer registered or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV, (b) is licensed under the securities laws of a state in which the broker dealer maintains a place of business and such broker dealer offers and sells in this jurisdiction to a person who is an existing customer and whose principal place of residence is not in this jurisdiction, or (c) is licensed under the securities laws of a state in which the broker dealer maintains a place of business and during any twelve consecutive months does not effect transactions with more than five persons in this jurisdiction, in addition to the transactions with institutions enumerated with respect to this jurisdiction in Part IV or other broker-dealers, whether or not the offeror or offeree is then present in this jurisdiction.
- (10) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction or (ii) effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in Part IV.
- (11) Provided the offeror or seller (i) is licensed as a broker dealer in this jurisdiction, (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with other broker dealers licensed in this jurisdiction or exempt from licensing or with institutions enumerated with respect to this jurisdiction in Part IV, (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and is licensed under the securities act of the state in which the broker dealer maintains a place of business, if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of the broker-dealer and whose principal place of residence is not in this jurisdiction, or (iv) is a depository institution (as defined in Part IV) engaged in its regular course of business.
- (12) Provided that the offeror or seller (i) is registered or licensed in the jurisdiction, or (ii) has no place of business in the jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in the jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV or (b) is registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and in one or more states and during any period of twelve consecutive months does not effect more than fifteen purchases or sales in this jurisdiction in any manner with persons other than those specified with respect to this



jurisdiction in Part IV hereof, whether or not the dealer or any of the purchasers or sellers is then present in the jurisdiction.

- (13) Provided the offeror or seller (i) is registered as a broker dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the Pennsylvania Securities Act of 1972 or any predecessor statute, has no place of business in this jurisdiction and, during any period of twelve consecutive months, does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in Part IV, or governmental agencies and other instrumentalities designated by regulation of the Pennsylvania Securities Commission, or to more than five other customers in this jurisdiction, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (14) Provided the offeror or seller (i) is licensed as a dealer or broker in this jurisdiction, (ii) is a broker-dealer registered, or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV, or (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer of such broker dealer and whose principal place of residence is not in this jurisdiction.
- (15) Provided the offeror or seller (i) is registered in this jurisdiction or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV or (b) is licensed under the securities laws of the state in which the broker-dealer maintains a place of business if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of such broker-dealer and who represent that they have no principal place of residence in this jurisdiction.
- (16) Provided the offeror or seller (i) is registered or licensed as a broker dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and is registered as a broker dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. who effects transactions in this jurisdiction exclusively with or through registered or licensed broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV and during any period of twelve consecutive months does not effect more than fifteen transactions is securities from, in, or into this jurisdiction other than to persons described herein.

- (17) Provided the offeree or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.
- (18) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in Part IV, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (19) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction, and during any period of twelve consecutive months, does not direct more than fifteen offers to sell or to buy in this jurisdiction in any manner to persons other than those specified in Part IV.
- (20) Provided the offeror or seller (i) is registered as a broker dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV.

## IV

### SALES TO CERTAIN INSTITUTIONS

In addition to the offers and sales of the Bonds which may be made as indicated in Part I herein, offers and sales of the Bonds may be made in any amount to the specified institutions in the following jurisdictions, subject to the qualifications indicated in the Bonds, without registration of the Bonds or any filings being made to qualify the Bonds in the respective jurisdictions. Subject to the qualifications indicated in the Bonds, such offers and sales may be made by dealers or brokers registered or licensed in the respective jurisdictions and by persons not so registered or licensed. The status of the Bonds with respect to eligibility for investment by the institutions mentioned herein is not covered in this Preliminary Survey.

Alabama .....	Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Alaska(1).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Arizona.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Arkansas(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
California(3)(4).....	Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), or such other institutional investor or governmental agency or

instrumentality designated by rule of the California Commissioner of Corporations, whether the purchaser is acting for itself or as trustee or to any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934, or any wholly owned subsidiary of such a corporation which after the offer and sale will own directly or indirectly 100 percent of the outstanding capital stock of the issuer; provided the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security.

Colorado(5)(6) .....	Any financial institution or institutional investor.
Connecticut(7).....	Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Delaware(7).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
District of Columbia(7) .....	Any bank, savings institution, trust company, insurance company, or investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether acting for themselves or in some fiduciary capacity.

Florida.....	Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension or profit-sharing trust, or qualified institutional buyer as defined by rule of the Florida Department of Banking and Finance in accordance with Securities and Exchange Commission Rule 144A, whether any of such entities is acting in its individual or fiduciary capacity, provided that such offer or sale of the securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act.
Georgia.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940 as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.
Guam(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether, the purchaser is acting for itself or in some fiduciary capacity.
Hawaii(2)(8).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Idaho(9).....	Any institutional investor, federal covered investment adviser or other person exempted by rule or order issued under the Idaho Uniform Securities Act.
Illinois(10).....	Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund, pension trust, or employees' profit-sharing trust, other financial institution or institutional investor, government

or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities; any trust in respect of which a bank or trust company is trustee or co-trustee; any entity in which at least 90% of the equity is owned by persons described under subsection C, D, H, or S of Section 4 of the Illinois Securities Law of 1953; or any employee benefit plan within the meaning of Title I of the Federal ERISA if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of the Federal ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Federal 1940 Investment Advisers Act, or (ii) the plan has total assets in excess of \$5,000,000, or (iii) in the case of a self-directed plan, investment decisions are made solely by persons that are described under subsection C, D, H or S of Section 4 of the Illinois Securities Law, or to any plan established and maintained by, and for the benefit of the employees of any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000, or to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust, or partnership has total assets in excess of \$5,000,000.

Indiana(7)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in a fiduciary capacity.

Iowa(11)(12) ..... An institutional investor, federal covered investment adviser or any other person exempted by rule or order issued under the Iowa Uniform Securities Act. The Iowa Administrator, by rule or order, may grant this exemption to a person or class of persons based upon the factors of financial sophistication, net worth, and the amount of assets under investment.

Kansas(9) .....	Any institutional investor, a federal covered investment adviser or any other person exempted by rule under the Kansas Uniform Securities Act.
Kentucky .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Louisiana.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.
Maine(13)(14).....	Any institutional investor, federal covered investment adviser or any other person exempted by routine technical rule adopted or order issued under the Maine Uniform Securities Act.
Maryland(2) .....	Any investment company as defined in the Investment Company Act of 1940; an investment advisor with assets under management of not less than \$1,000,000; a bank; trust company; savings and loan association; insurance company; employee benefit plan with assets of not less than \$1,000,000; governmental agency or instrumentality, whether acting for itself or as a trustee or as a fiduciary with investment control or other institutional investor as designated by rule or order of the Maryland Securities Commissioner.
Massachusetts(2)(15).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Michigan(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the

Investment Company Act of 1940; the Federal National Mortgage Association, the Federal Home Loan Mortgage Association or the Government National Mortgage Association; pension or profit-sharing trust, the assets of which are managed by an institutional manager; the Treasurer of the State of Michigan, other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity, or a lender approved by the Federal Housing Administration and who has satisfied any additional requirements established by the Michigan Securities Administrator by rule or order.

Minnesota(7)(16) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Mississippi(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Missouri(2)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the Missouri Uniform Securities Act..
Montana .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Nebraska(17).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to an accredited investor, whether the purchaser is acting for itself or in some fiduciary capacity.
Nevada(18)(19).....	Any financial or institutional investor.



New Hampshire(7).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Jersey(2) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Mexico(20)(21) .....	Any financial or institutional investor.
New York.....	Any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, corporation, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
North Carolina(22).....	Any corporation which has a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles; bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
North Dakota.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer.
Ohio.....	Any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit-sharing fund or employees' profit-sharing trust, or any association

engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee, whether the purchaser is acting for itself or in some fiduciary capacity.

Oklahoma(1)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the Oklahoma Uniform Securities Act.
Oregon.....	Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including but not limited to (i) the Federal National Mortgage Association; (ii) the Federal Home Loan Mortgage Corporation; (iii) the Federal Housing Administration; (iv) the United States Veterans Administration; (v) the Government National Mortgage Association or (iv) a mortgage broker or mortgage banker), whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions.
Pennsylvania(23)(24).....	Any institutional investor, whether the buyer is acting for itself or in some fiduciary capacity.
Puerto Rico(1).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional purchaser whether the purchaser is acting for itself or in some fiduciary capacity.
Rhode Island (25).....	Any financial or institutional investor.
South Carolina(1)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the South Carolina Uniform Securities Act.
South Dakota(9)(26).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the South Dakota Uniform Securities Act.

Tennessee(27) .....	Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, or a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or a pension or profit-sharing plan, an institutional buyer (as may be further defined by rule of the Tennessee Commissioner of Commerce and Insurance, or any other person engaged as a substantial part of its business in investing in securities, provided such purchaser has a net worth in excess of \$1,000,000.
Texas (28) .....	Any bank, trust company, building and loan association, insurance company surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, or small business investment company as defined in the Small Business Investment Act of 1958, as amended.
Utah (29) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether the purchaser is acting for itself or in some fiduciary capacity.
Vermont (30).....	Any financial or institutional investor whether acting for itself or others in a fiduciary capacity.
Virginia .....	Any corporation, investment company or pension or profit-sharing trust.
Washington (31).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether the purchaser is acting for itself or in some fiduciary capacity.
West Virginia (2) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional

buyer whether the purchaser is acting for itself or in some fiduciary capacity.

Wisconsin (32)(33) .....

Any bank, savings institution, savings bank, credit union, trust company, insurer, investment advisor, federal covered adviser or savings and loan association, if the purchaser is acting for itself or as trustee with investment control; investment company as defined in the Investment Company Act of 1940; pension or profit sharing trust; or to an individual retirement plan, including a self-employed individual retirement plan if it is administered by one of the foregoing that has investment control; the State of Wisconsin or any agency or political subdivision thereof; the Federal government or any of its agencies or instrumentalities; any other financial institution or institutional investor designated by rule or order of the Wisconsin Securities Commissioner, an individual accredited investor, as defined by rule of the Division of Securities, if the issuer reasonably believes immediately before the sale that the individual accredited investor, either alone or with the individual accredited investor's representative, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment.

Wyoming(2).....

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940; pension or profit-sharing trust, or other financial institution or institutional buyer.

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- (1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part.

- (2) Provided the offeror or seller (i) is registered as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part, whether or not the offerors or offerees are then present in this jurisdiction.
- (3) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner to (a) persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in this Part or (b) to more than fifteen customers (whether or not self-employed individual retirement plans) having an existing account with such broker-dealer prior to any offer made to them in this jurisdiction, during any twelve consecutive months, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (4) The institutional investors, governmental agencies and instrumentalities designated by rule of the Commissioner of Corporations are: (a) any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets, (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (b) any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000; (c) any wholly-owned subsidiary of any institutional investor designated by the institutions enumerated with respect to this jurisdiction in this Part.
- (5) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in this jurisdiction and the business transacted in this jurisdiction is exclusively with broker-dealers licensed or exempt from license requirements, financial or institutional investors, existing customers of the broker-dealer whose principal place of residence is not in the jurisdiction and during any twelve consecutive months, not more than five persons in this jurisdiction excluding persons otherwise described herein.
- (6) The Colorado Department of Regulatory Agencies Division of Securities has defined "financial or institutional investor" to mean any of the following, whether acting for itself or others in a fiduciary capacity: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company registered under the federal Investment Company Act of 1940; (e) a business

development company as defined in the federal Investment Company Act of 1940; (f) any private business development company as defined in the federal Investment Advisers Act of 1940; (g) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, a depository institution, or an insurance company; (h) an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; (i) a small business investment company licensed by the Federal small business administration under the federal Small Business Investment Act of 1958; and (j) any other institutional buyer.

- (7) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part.
- (8) The term "institutional buyer" includes any organization within the scope of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. In addition, all offering materials must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
- (9) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution, or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the state's Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment

adviser registered under the state's Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$10,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$10,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the state's Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the state's Uniform Securities Act. With respect to offers made in the State of Idaho or the State of Missouri, the term "institutional investor" also includes a trust company organized or chartered under the laws of that state.

The term "depository institution" means a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include an insurance company or other organization primarily engaged in the business of insurance, a Morris Plan bank or an industrial loan company. The term "federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940. The term "insurance company" means a company organized as an insurer whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and that are subject to supervision by the insurance commissioner or a similar official or agency of a state.

- (10) The Illinois Securities Department has, by regulation, defined "institutional investor" to include, but not be limited to: (i) investment companies, universities, and other organizations whose primary purpose is to invest its own assets or those held in trust by it for others; (ii) trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and (iii) foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund. The Illinois Securities Department has also defined "financial institution" to include, but not be limited to, a manager of investment accounts on behalf of other than natural persons who, with affiliates, exercises sole investment discretion with respect to such accounts, provided such accounts exceed ten (10) in number and have a fair market value of not less than \$10,000,000 at the end of the calendar month preceding the month during which the transaction occurred for which the exemption is utilized.
- (11) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) during any period of twelve consecutive months, the broker-dealer does not effect transactions in this jurisdiction in any manner with more than three persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (12) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$5,000,000, its trustee is



a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$5,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$5,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$5,000,000 not organized for the specific purpose of evading the Iowa Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the Iowa Uniform Securities Act.

- (13) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this state if its only transactions effected in this state are with: (1) the issuer of the securities involved in the transactions, (2) a broker-dealer licensed as such under the Maine Uniform Securities Act or not required to be so licensed (except when the person is acting as a clearing broker-dealer), (3) an institutional investor as defined in this Part, (4) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record, (5) a bona fide preexisting customer whose principal place of residence is not in the State of Maine and the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be so registered and is registered or licensed under the securities act of the state in which the customer maintains a principal place of residence, and (6) a bona fide preexisting customer whose principal place of residence is in this any other person exempted by rule adopted or order issued under the Maine Uniform Securities Act.
- (14) The term “institutional investor” means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of

1940, an investment adviser registered under the Maine Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Maine Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$5,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$5,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Maine Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the Maine Uniform Securities Act.

- (15) The term "institutional buyer" includes, but is not limited to, (i) any Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (ii) any private business development company as defined in Section 202 (a)(22) of the Investment Advisers Act of 1940, as amended; (iii) any Business Development Company as defined in Section 2(a)(48) of the Investment Advisers Act of 1940, as amended; (iv) any entity with total assets in excess of \$5,000,000 and which is either (a) a company (whether a corporation, a Massachusetts or similar business trust or partnership) not formed for the specific purpose of acquiring the securities offered, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment or (b) an

organization described in Section 501 (c)(3) of the Internal Revenue Code and (v) a “qualified institutional buyer” as defined in 17 CFR 230.144A (a).

- (16) The term "financial institution or institutional buyer" includes but is not limited to (i) a corporation with a class of equity securities registered under Section 12(b) or Section 12(g) of the Securities and Exchange Act of 1934, as amended, (ii) a “qualified institutional buyer” within the meaning of Rule 144A, and (iii) a person who is an "accredited investor" within the meaning of rule 501(a) of Regulation D, adopted by the Securities and Exchange Commission.
- (17) The Nebraska Department of Banking and Finance, Bureau of Securities has, by interpretative opinion, defined "financial institution or institutional buyer" to include: (i) any bank as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; (ii) any insurance company as defined in Section 2(13) of the Securities Act of 1933; (iii) any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; and (iv) any small business investment company licensed by the United States Small Business Administration pursuant to Section 301(c) or (d) of the Small Business Investment Company Act of 1958. "Pension or profit-sharing trust" has been defined by the Nebraska Department of Banking and Finance, Bureau of Securities to mean: (i) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decisions are made by a "plan fiduciary" (as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974) which is either a bank, insurance company, or registered investment advisor; or (ii) an employee benefit plan that has total assets in excess of \$5,000,000. "Individual accredited investor" means (a) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer, (b) any manager of a limited liability company that is the issuer of the securities being offered or sold, (c) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds \$1,000,000, or (d) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- (18) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction; (ii) is a broker-dealer registered or, except with respect to subsection (b) hereof, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part, (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer and whose principal place of residence is not in this jurisdiction, or (c) is

licensed under the securities laws of a state in which the broker-dealer maintains a place of business and during any twelve consecutive months does not effect more than transactions with more than five persons in this jurisdiction, in addition to the transactions with institutions enumerated with respect to this jurisdiction in this Part or other broker-dealers; or (iii) is a depository institution. The term "depository institution" means: (i) a person, other than an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company or a similar bank or company, unless its deposits are insured by a Federal agency, which is: (a) organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, and (b) supervised and examined for the protection of depositors by an official or agency of a state or the United States; or (ii) any trust company or other institution which is authorized by Federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the United States Comptroller of the Currency, and is supervised and examined by an official or agency of a state or the United States.

- (19) The term "financial institution or institutional buyer" means: (i) a depository institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) an employee pension, profit-sharing or benefit plan if: (a) its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company, or (b) the plan has total assets in excess of five million dollars (\$5,000,000); and (vi) any other institutional buyer.
- (20) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with other broker-dealers licensed in this jurisdiction or exempt from licensing or with institutions enumerated with respect to this jurisdiction in this Part, (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and is licensed under the securities act of the state in which the broker-dealer maintains a place of business, if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of the broker-dealer and whose principal place of residence is not in this jurisdiction, or (iv) is a depository institution engaged in its regular course of business. The term "depository institution" means: (i) a person, other than an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company or a similar bank or company, which is: (a) organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive

deposits including a savings, share certificate or deposit account, and (b) regulated, supervised and examined for the protection of depositors by an official or agency of a state or the United States and is insured by the Federal Depository Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the national credit union share insurance fund; or (ii) any trust company or other institution which is authorized by Federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the United States Comptroller of the Currency, and is regulated, supervised and examined by an official or agency of a state or the United States.

- (21) The term "financial or institutional investor" means, but is not limited to: (i) a depository institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) an employee pension, profit sharing or benefit plan: (a) if the plan has total assets in excess of five million dollars (\$5,000,000) or (b) if investment decisions are made by a plan fiduciary as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company; (vi) a business development company as defined by the Investment Company Act of 1940; (vii) a small business investment company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) an entity, other than a natural person, which is directly engaged in the business of and derives at least eighty percent of its annual gross income from investing, purchasing, selling or trading in securities of more than one issuer, and not of its own issue, and which has gross assets in excess of five million dollars (\$5,000,000) at the end of its latest fiscal year; (ix) an entity organized and operated not for private profit as described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of five million dollars (\$5,000,000); (x) a state, political subdivision of a state or an agency, corporate or other instrumentality of a state or political subdivision of a state; (xi) an employee pension, profit-sharing or benefit plan, if the investment decisions are made by one or more plan fiduciaries as defined in the Employee Retirement Income Security Act of 1974, so long as at least one of such plan fiduciaries is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; or (xii) any other financial or institutional investor as the New Mexico Director of the Securities Division by rule or order designates.
- (22) Provided the offeror or seller (i) is registered or licensed in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in the jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part or (b) is registered as a dealer with the Securities and Exchange Commission under the

Securities Exchange Act of 1934 and in one or more states and during any period of twelve consecutive months does not effect more than fifteen purchases or sales in this jurisdiction in any manner with persons other than those specified with respect to this jurisdiction in this Part, whether or not the dealer or any of the purchasers or sellers is then present in the jurisdiction.

(23) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the Pennsylvania Securities Act of 1972 or any predecessor statute, has no place of business in this jurisdiction and, during any period of twelve consecutive months, does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in this Part, or governmental agencies and other instrumentalities designated by regulation of the Pennsylvania Securities Commission, or to more than five other customers in this jurisdiction, whether the offeror or any of the offerees is then present in this jurisdiction.

(24) The Pennsylvania Securities Commission has, by regulation, defined "institutional investor" to include: (a) a corporation or business trust or a wholly-owned subsidiary of such person which has been in existence for eighteen (18) months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of \$10,000,000 or more; (b) a college, university or other public or private institution which has received exempt status under §501(c)(3) of the Internal Revenue Code of 1954 and which has a total endowment or trust funds (including annuity and life income funds) of \$5,000,000 or more according to its most recent audited financial statements provided that the aggregate dollar amount of securities being sold to the person under the exemption contained in Section 203(c) of the Pennsylvania Securities Act of 1972 and Title 64 of the Pennsylvania Code, as amended, may not exceed 5% of the endowment or trust funds; (c) a wholly-owned subsidiary of a bank (as defined in the Pennsylvania Securities Act of 1972); (d) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in non-public offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (i) has purchased \$5,000,000 or more of the securities excluding both of the following: (A) a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, but securities purchased under a leveraged buy-out financing in which the person does not intend to provide direct management to the issuer, is not excluded and (B) a dollar amount of purchase of securities of a corporation which investment represents more than 20% of the person's net worth; (ii) is capitalized at \$2,500,000 or

more and is controlled by an individual controlling a person which meets the criteria contained in subparagraph (i); (iii) is capitalized at \$10,000,000 or more and has purchased \$500,000 or more of the securities, excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities; or (iv) is capitalized at \$250,000 or more and is a side by side fund as defined in the Pennsylvania Code, as amended; (e) a Small Business Investment Company as defined in the Small Business Investment Act of 1958, which either has a total capital of \$1,000,000 or more, or is controlled by institutional investors (as defined in the Pennsylvania Securities Act of 1972); (f) a Seed Capital Fund as defined and authorized in the Small Business Incubators Act; (g) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law; (h) a person whose security holders consist solely of institutional investors or broker-dealers; or (i) a person as to which the issuer reasonably believes qualifies as an institutional investor under Section 102.111 of the Pennsylvania Code at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser.

- (25) Provided the offeror or seller (i) is licensed as a dealer or broker in this jurisdiction, (ii) is a broker-dealer registered, or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part, or (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer of such broker dealer and whose principal place of residence is not in this jurisdiction. The General Laws of Rhode Island, 1956, as amended defines the term "financial or institutional investor" to include: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars (\$5,000,000), or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company; and (f) any other institutional buyer, whether acting for itself or another in a fiduciary capacity.
- (26) Provided the offeror or seller (i) is registered in this jurisdiction or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part or (b) is licensed under the securities laws of the state in which the broker-dealer maintains a place of business if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of such broker-dealer and who represent that they have no principal

place of residence in this jurisdiction. The term "financial institution or institutional buyer" includes: (i) an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code; (ii) an issuer which has a class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary of such an issuer; and (iii) any other corporation, partnership, or association which has been in existence for 10 years or whose net assets exceed \$500,000 and whose principal purpose, as stated in its articles, by-laws, or other organizational instrument, is investing in securities. Nothing in this rule shall be construed to exempt any offer or sale to a natural person or the individual retirement account or self-directed Keogh plan of a natural person.

- (27) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. who effects transactions in this jurisdiction exclusively with or through registered or licensed broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part and during any period of twelve consecutive months does not effect more than fifteen transactions in securities from, in, or into this jurisdiction other than to persons described herein.
- (28) The term "savings institution" includes any federally chartered credit union or savings and loan association, or federal savings bank, and any credit union or savings and loan association chartered under the laws of any state of the United States.
- (29) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (30) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction. The term "financial or institutional investor" means any of the following: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) an employee pension, profit sharing or benefit plan if the plan has total assets



in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company; or (f) any other financial institutional buyer which qualifies as an accredited investor by the Securities and Exchange Commission under the Securities Act of 1933, as such provision may be amended from time to time and such other institutional buyers as the Vermont Commissioner of Banking, Insurance and Securities may add by rule or order.

- (31) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction, and during any period of twelve consecutive months, does not direct more than fifteen offers to sell or to buy in this jurisdiction in any manner to persons other than those specified in this Part.
- (32) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part.
- (33) The Commissioner of Securities has, by rule, defined "financial institution" or "institutional investor" to include: (a) any endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code; (b) any issuer which has any class of securities registered under section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary thereof; and (c) a venture capital company as a result of 1. operating a small business investment company licensed under the Small Business Investment Act of 1958, as amended or 2. being a corporation, partnership or association which has been in existence for five years or whose net assets exceed \$1,000,000, and either: a. whose principal purpose as stated in its articles, by-laws, or other organizational instruments is investing in securities; or b. whose primary business is investing in developmental state companies or eligible small business companies as defined in the regulations of the Small Business Administration; (d) any of the following "qualified institutional buyer" entities, whether acting for their own account or the accounts of other qualified institutional buyers listed in Section 230.144A under the Securities Act of 1933, that in the aggregate owns and invests on a discretionary basis at least \$100,000,000 in securities of issuers that are not affiliated with the entity: (i) any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; (ii) any employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974; (iii) any business development company as defined in Section 202(1)(22) of the Investment Advisers Act

of 1940 or in Section 2(a)(48) of the Investment Company Act of 1940; (iv) any organization described in Section 501(c)(3) of the Internal Revenue Code, or any corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act of 1933 or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of 1933, or a foreign bank or savings and loan association or equivalent institution); (v) any partnership or Massachusetts or similar business trust; or (e) any entity, all of the equity owners of which are persons designated in this Part or in the rules of the Wisconsin Commissioner of Securities, acting for their own account or the accounts of other persons designated therein; or (f) any other person whom the Wisconsin Commissioner of Securities by order designates.





**Sherman & Howard L.L.C.**

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS**

**\$147,815,000 SERIES 2007D  
(AMT)**

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**FINAL BLUE SKY SURVEY**

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August 29, 2007

LEHMAN BROTHERS

AS REPRESENTATIVE OF THE UNDERWRITERS OF THE CAPTIONED BONDS

Ladies and Gentlemen:

This Memorandum supplements and completes our Preliminary Blue Sky Survey dated August 7, 2007 (the "Preliminary Survey") prepared in connection with the issuance of the captioned Bonds. This is written to inform you that the Bonds remain exempt as stated in Part I of the Preliminary Survey and that the Bonds may be sold in such jurisdictions in any amount.

Reference is hereby made to the provisions of Part III - Sales to Dealers and Part IV - Sales to Certain Institutions of the Preliminary Survey.

This Memorandum is subject to the assumptions, limitations, qualifications and exceptions contained in the Preliminary Survey, including our cover letter thereto, and should be read in conjunction therewith .

Very truly yours,

GREENBERG TRAUIG, LLP

SHERMAN & HOWARD L.L.C.



**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**

**\$177,500,000\* SERIES 2007D**      **\$46,500,000\* SERIES 2007E**  
**(AMT)**                                      **(NON-AMT)**

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**PRELIMINARY BLUE SKY SURVEY**

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August 7, 2007

LEHMAN BROTHERS  
AS REPRESENTATIVE OF THE UNDERWRITERS OF THE CAPTIONED BONDS

Ladies and Gentlemen:

This Preliminary Survey summarizes our comments relating to the requirements of the securities or "blue sky" laws of the jurisdictions listed herein with respect to the proposed offering and sale to the public of the captioned Bonds (the "Bonds"). It is based upon an examination of the statutes and the related rules and regulations, if any, of the various jurisdictions as reported in standard compilations customarily relied upon in this connection, upon interpretive advice obtained from representatives of certain securities commissions and upon statements contained in the Preliminary Official Statement prepared in connection with the issuance of the Bonds.

This Preliminary Survey also incorporates the responses of the state securities commissions, to the extent that they are available, to the National Securities Markets Improvement Act of 1996, Public Law 104-290 (the "1996 Act"). Consequently, this Preliminary Survey addresses certain filing requirements imposed by the securities administrators of the various jurisdictions in response to and in compliance with the 1996 Act. The 1996 Act provides for preemption of registration and merit review provisions of state securities laws with regard to specific type of securities (described in the 1996 Act as "Covered Securities"). However, the 1996 Act also provides that the state regulators are permitted to collect the same fees at the same time they would have prior to the enactment of the 1996 Act. Therefore, even though a full registration or exemption filing would be preempted, the fee for that filing and a cover letter explaining that such a fee would have been due to the state for a registration or exemption filing preempted by the 1996 Act should be sent to the state. If the fee

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\* Preliminary, subject to change.

is not sent, then the state securities regulators could require registration of the offering or suspend the offer and sale of the municipal securities in the state. It should also be noted that although certain states have revised their current statutes, rules and regulations to comply with the 1996 Act, others are still in the process of reviewing the 1996 Act and have not yet published their positions, with regard thereto. Accordingly, as these various states clarify their positions and revise their statutes, rules and regulations, new requirements may be imposed by such states during the course of the proposed securities offering.

In preparing this Preliminary Survey, we have obtained neither opinions from members of the Bar of any jurisdiction nor formal rulings from regulatory commissions or other administrative bodies or officials thereof. The statements made or conclusions expressed herein are subject to change upon the exercise of broad discretionary powers vested in securities commissioners or other authorized officials, enabling them, among other things, to withdraw or deny the exempt status accorded by statute to particular classes of securities, to impose additional requirements, or to suspend offerings for non-payment of applicable fees.

This Preliminary Survey does not purport to cover the requirements of the laws of the various jurisdictions with respect to the registration or licensing of dealers, brokers or salesmen, or the restrictions, if any, pertaining to the form or substance of advertising. In addition, any statement made herein concerning sales to banks, savings institutions, trust companies, insurance companies or any other institutional investor refers only to the requirements of the securities laws relating to such sales and does not purport to address the question of whether the Bonds will be legal for investment by such institution.

Very truly yours,

GREENBERG TRAURIG, LLP

I

**JURISDICTIONS IN WHICH SALES  
TO THE PUBLIC MAY BE MADE WITHOUT FILING OR FEES**

Offers and sales of the Bonds may be made to the public in any amount in the following jurisdictions without registration of the Bonds, filings, or payment of applicable fees being made, subject to the specific requirement that the sellers must be dealers or brokers registered or licensed in the respective jurisdictions:

Alabama	Hawaii (2)	Missouri	Puerto Rico
Alaska	Idaho	Montana	Rhode Island
Arizona	Illinois	Nebraska	South Carolina
Arkansas	Indiana	Nevada	South Dakota
California	Iowa	New Hampshire	Tennessee
Colorado	Kansas	New Jersey	Texas
Connecticut	Kentucky	New Mexico	Utah
Delaware	Louisiana	New York	Vermont
District of Columbia	Maine	North Carolina	Virginia
Florida (1)	Maryland	North Dakota	Washington
Georgia	Massachusetts	Ohio (3)	West Virginia
Guam	Michigan	Oklahoma	Wisconsin
	Minnesota	Oregon	Wyoming
	Mississippi	Pennsylvania (4)	

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- (1) Provided the Issuer is not in default and has not been in default any time after December 31, 1975 in the payment of principal or interest.
  - (2) All offering material must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
  - (3) Provided at the time of first sale of the Bonds in Ohio there is no default in the payment of any of the interest or principal of the security and there are no adjudications or pending suits adversely affecting the validity of the Bonds.
  - (4) All offering material and advertisements, including the Preliminary Official Statement must indicate in bold print on the front cover that the Bonds are less than general obligations of the issuer.

## II

### **JURISDICTION IN WHICH SALES TO THE PUBLIC MAY BE MADE WITH FEES AND/OR FILING**

#### **A. Jurisdiction Where Filings and Payment of Applicable Fee is Required**

Offers and sales of the Bonds may be made to the public in the jurisdiction listed below only after certain requirements as to filing and payment of applicable fees to obtain an exempt status have been completed, but only if made by dealers or brokers registered or licensed in the jurisdiction. In the jurisdiction listed below, we have been advised by the Underwriters to take the action necessary to qualify for an exemption so that the Bonds may be offered and sold to the public in such jurisdiction.

None

#### **B. Jurisdictions Where Sales to the Public May Not Be Made**

Offers and sales of the Bonds may be made to the public in the jurisdictions listed below only if certain requirements are met. **No action is being taken to qualify any of the Bonds for sale in the jurisdictions listed below. Offers and sales of the Bonds to the public in these jurisdictions without such qualification are prohibited.**

None



### III

#### SALES TO DEALERS

In addition to the **offers** and **sales** of the Bonds which may be made as indicated in Part I herein, **offers** and **sales** of the Bonds may be made **in any amount** to dealers or brokers registered or licensed in the following jurisdictions, subject to the qualifications indicated in the Bonds, without registration of the Bonds or any filings being made to qualify the Bonds in the respective jurisdictions. Subject to the qualifications indicated below, such **offers** and **sales** may be made by dealers or brokers registered or licensed in the respective jurisdictions and by persons not so registered or licensed.

Alabama	Idaho	Montana	Rhode Island (14)
Alaska (1)	Illinois	Nebraska	South Carolina (1)
Arizona	Indiana (5)	Nevada (9)	South Dakota (15)
Arkansas (2)	Iowa (7)	New Hampshire (5)	Tennessee (16)
California (3)	Kansas	New Jersey (10)	Texas (17)
Colorado (4)	Kentucky	New Mexico (11)	Utah (18)
Connecticut (5)	Louisiana	New York	Vermont
Delaware (5)	Maine (8)	North Carolina (12)	Virginia
District of Columbia (5)	Maryland (2)	North Dakota	Washington (19)
Florida	Massachusetts (2)	Ohio	West Virginia (2)
Georgia	Michigan (2)	Oklahoma (1)	Wisconsin (20)
Guam (2)	Minnesota (5)	Oregon	Wyoming (2)
Hawaii (2)(6)	Mississippi (2)	Pennsylvania (13)	
	Missouri (2)	Puerto Rico (1)	

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- (1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV.
  - (2) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period

does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV, whether or not the offerors or offerees are then present in this jurisdiction.

- (3) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner (a) to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in Part IV or (b) to more than fifteen customers (whether or not self-employed individual retirement plans) having an existing account with such broker-dealer prior to any offer made to them in this jurisdiction, during any twelve consecutive months, whether or not the offeror or any of the offerees is then present in the jurisdiction.
- (4) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in this jurisdiction and the business transacted in this jurisdiction is exclusively with broker-dealers licensed or exempt from license requirements, financial or institutional investors, existing customers of the broker-dealer whose principal place of residence is not in the jurisdiction and during any twelve consecutive months, not more than five persons in this jurisdiction excluding persons otherwise described herein.
- (5) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV.
- (6) All offering material must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
- (7) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) during any period of twelve consecutive months, the broker-dealer does not effect transactions in this jurisdiction in any manner with more than three persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in Part IV, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (8) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this state if its only transactions effected in this state are

with: (1) the issuer of the securities involved in the transactions, (2) a broker-dealer licensed as such under the Maine Uniform Securities Act or not required to be so licensed (except when the person is acting as a clearing broker-dealer), (3) an institutional investor as defined in Part IV, (4) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record, (5) a bona fide preexisting customer whose principal place of residence is not in the State of Maine and the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be so registered and is registered or licensed under the securities act of the state in which the customer maintains a principal place of residence, and (6) a bona fide preexisting customer whose principal place of residence is in this any other person exempted by rule adopted or order issued under the Maine Uniform Securities Act.

- (9) Provided the offeror or seller (i) is licensed as a broker dealer in this jurisdiction, (ii) is a broker dealer registered or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV, (b) is licensed under the securities laws of a state in which the broker dealer maintains a place of business and such broker dealer offers and sells in this jurisdiction to a person who is an existing customer and whose principal place of residence is not in this jurisdiction, or (c) is licensed under the securities laws of a state in which the broker dealer maintains a place of business and during any twelve consecutive months does not effect transactions with more than five persons in this jurisdiction, in addition to the transactions with institutions enumerated with respect to this jurisdiction in Part IV or other broker-dealers, whether or not the offeror or offeree is then present in this jurisdiction.
- (10) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction or (ii) effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in Part IV.
- (11) Provided the offeror or seller (i) is licensed as a broker dealer in this jurisdiction, (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with other broker dealers licensed in this jurisdiction or exempt from licensing or with institutions enumerated with respect to this jurisdiction in Part IV, (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and is licensed under the securities act of the state in which the broker dealer maintains a place of business, if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of the broker-dealer and whose

principal place of residence is not in this jurisdiction, or (iv) is a depository institution (as defined in Part IV) engaged in its regular course of business.

- (12) Provided that the offeror or seller (i) is registered or licensed in the jurisdiction, or (ii) has no place of business in the jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in the jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV or (b) is registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and in one or more states and during any period of twelve consecutive months does not effect more than fifteen purchases or sales in this jurisdiction in any manner with persons other than those specified with respect to this jurisdiction in Part IV hereof, whether or not the dealer or any of the purchasers or sellers is then present in the jurisdiction.
- (13) Provided the offeror or seller (i) is registered as a broker dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the Pennsylvania Securities Act of 1972 or any predecessor statute, has no place of business in this jurisdiction and, during any period of twelve consecutive months, does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in Part IV, or governmental agencies and other instrumentalities designated by regulation of the Pennsylvania Securities Commission, or to more than five other customers in this jurisdiction, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (14) Provided the offeror or seller (i) is licensed as a dealer or broker in this jurisdiction, (ii) is a broker-dealer registered, or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV, or (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer of such broker dealer and whose principal place of residence is not in this jurisdiction.
- (15) Provided the offeror or seller (i) is registered in this jurisdiction or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in this jurisdiction or with institutions enumerated with respect to this jurisdiction in Part IV or (b) is licensed under the securities laws of the state in which the broker-dealer maintains a place of business if the broker-dealer offers and sells in this jurisdiction to persons who are

existing customers of such broker-dealer and who represent that they have no principal place of residence in this jurisdiction.

- (16) Provided the offeror or seller (i) is registered or licensed as a broker dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and is registered as a broker dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. who effects transactions in this jurisdiction exclusively with or through registered or licensed broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV and during any period of twelve consecutive months does not effect more than fifteen transactions is securities from, in, or into this jurisdiction other than to persons described herein.
- (17) Provided the offeree or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.
- (18) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in Part IV, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (19) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in Part IV, or (iii) has no place of business in this jurisdiction, and during any period of twelve consecutive months, does not direct more than fifteen offers to sell or to buy in this jurisdiction in any manner to persons other than those specified in Part IV.
- (20) Provided the offeror or seller (i) is registered as a broker dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker dealers or with institutions enumerated with respect to this jurisdiction in Part IV.

## IV

### SALES TO CERTAIN INSTITUTIONS

In addition to the offers and sales of the Bonds which may be made as indicated in Part I herein, offers and sales of the Bonds may be made in any amount to the specified institutions in the following jurisdictions, subject to the qualifications indicated in the Bonds, without registration of the Bonds or any filings being made to qualify the Bonds in the respective jurisdictions. Subject to the qualifications indicated in the Bonds, such offers and sales may be made by dealers or brokers registered or licensed in the respective jurisdictions and by persons not so registered or licensed. The status of the Bonds with respect to eligibility for investment by the institutions mentioned herein is not covered in this Preliminary Survey.

Alabama.....	Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Alaska(1).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Arizona.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
Arkansas(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
California(3)(4).....	Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), or such other institutional investor or governmental agency or

instrumentality designated by rule of the California Commissioner of Corporations, whether the purchaser is acting for itself or as trustee or to any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934, or any wholly owned subsidiary of such a corporation which after the offer and sale will own directly or indirectly 100 percent of the outstanding capital stock of the issuer; provided the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security.

- Colorado(5)(6) ..... Any financial institution or institutional investor.
  
- Connecticut(7)..... Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
  
- Delaware(7)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.
  
- District of  
Columbia(7)..... Any bank, savings institution, trust company, insurance company, or investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether acting for themselves or in some fiduciary capacity.

Florida.....	Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension or profit-sharing trust, or qualified institutional buyer as defined by rule of the Florida Department of Banking and Finance in accordance with Securities and Exchange Commission Rule 144A, whether any of such entities is acting in its individual or fiduciary capacity, provided that such offer or sale of the securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act.
Georgia.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940 as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.
Guam(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether, the purchaser is acting for itself or in some fiduciary capacity.
Hawaii(2)(8).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Idaho(9).....	Any institutional investor, federal covered investment adviser or other person exempted by rule or order issued under the Idaho Uniform Securities Act.
Illinois(10).....	Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund, pension trust, or employees' profit-sharing trust, other financial institution or institutional investor, government



or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities; any trust in respect of which a bank or trust company is trustee or co-trustee; any entity in which at least 90% of the equity is owned by persons described under subsection C, D, H, or S of Section 4 of the Illinois Securities Law of 1953; or any employee benefit plan within the meaning of Title I of the Federal ERISA if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of the Federal ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Federal 1940 Investment Advisers Act, or (ii) the plan has total assets in excess of \$5,000,000, or (iii) in the case of a self-directed plan, investment decisions are made solely by persons that are described under subsection C, D, H or S of Section 4 of the Illinois Securities Law, or to any plan established and maintained by, and for the benefit of the employees of any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of \$5,000,000, or to any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust, or partnership has total assets in excess of \$5,000,000.

Indiana(7)..... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in a fiduciary capacity.

Iowa(11)(12)..... An institutional investor, federal covered investment adviser or any other person exempted by rule or order issued under the Iowa Uniform Securities Act. The Iowa Administrator, by rule or order, may grant this exemption to a person or class of persons based upon the factors of financial sophistication, net worth, and the amount of assets under investment.

Kansas(9) .....	Any institutional investor, a federal covered investment adviser or any other person exempted by rule under the Kansas Uniform Securities Act.
Kentucky .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Louisiana.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.
Maine(13)(14).....	Any institutional investor, federal covered investment adviser or any other person exempted by routine technical rule adopted or order issued under the Maine Uniform Securities Act.
Maryland(2) .....	Any investment company as defined in the Investment Company Act of 1940; an investment advisor with assets under management of not less than \$1,000,000; a bank; trust company; savings and loan association; insurance company; employee benefit plan with assets of not less than \$1,000,000; governmental agency or instrumentality, whether acting for itself or as a trustee or as a fiduciary with investment control or other institutional investor as designated by rule or order of the Maryland Securities Commissioner.
Massachusetts(2)(15).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Michigan(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the

Investment Company Act of 1940; the Federal National Mortgage Association, the Federal Home Loan Mortgage Association or the Government National Mortgage Association; pension or profit-sharing trust, the assets of which are managed by an institutional manager; the Treasurer of the State of Michigan, other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity, or a lender approved by the Federal Housing Administration and who has satisfied any additional requirements established by the Michigan Securities Administrator by rule or order.

Minnesota(7)(16) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Mississippi(2).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Missouri(2)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the Missouri Uniform Securities Act..
Montana .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
Nebraska(17).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to an accredited investor, whether the purchaser is acting for itself or in some fiduciary capacity.
Nevada(18)(19).....	Any financial or institutional investor.

New Hampshire(7).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Jersey(2) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
New Mexico(20)(21) .....	Any financial or institutional investor.
New York.....	Any state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof, corporation, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
North Carolina(22).....	Any corporation which has a net worth in excess of \$1,000,000 as determined by generally accepted accounting principles; bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.
North Dakota.....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer.
Ohio.....	Any corporation, bank, insurance company, pension fund or pension fund trust, employees' profit-sharing fund or employees' profit-sharing trust, or any association

engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee, whether the purchaser is acting for itself or in some fiduciary capacity.

Oklahoma(1)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the Oklahoma Uniform Securities Act.
Oregon.....	Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including but not limited to (i) the Federal National Mortgage Association; (ii) the Federal Home Loan Mortgage Corporation; (iii) the Federal Housing Administration; (iv) the United States Veterans Administration; (v) the Government National Mortgage Association or (iv) a mortgage broker or mortgage banker), whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions.
Pennsylvania(23)(24).....	Any institutional investor, whether the buyer is acting for itself or in some fiduciary capacity.
Puerto Rico(1).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional purchaser whether the purchaser is acting for itself or in some fiduciary capacity.
Rhode Island (25).....	Any financial or institutional investor.
South Carolina(1)(9).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the South Carolina Uniform Securities Act.
South Dakota(9)(26).....	Any institutional investor, federal covered investment adviser or any other person exempted by rule adopted or order issued under the South Dakota Uniform Securities Act.

Tennessee(27) .....	Any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, or a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or a pension or profit-sharing plan, an institutional buyer (as may be further defined by rule of the Tennessee Commissioner of Commerce and Insurance, or any other person engaged as a substantial part of its business in investing in securities, provided such purchaser has a net worth in excess of \$1,000,000.
Texas (28) .....	Any bank, trust company, building and loan association, insurance company surety or guaranty company, savings institution, investment company as defined in the Investment Company Act of 1940, or small business investment company as defined in the Small Business Investment Act of 1958, as amended.
Utah (29).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether the purchaser is acting for itself or in some fiduciary capacity.
Vermont (30).....	Any financial or institutional investor whether acting for itself or others in a fiduciary capacity.
Virginia .....	Any corporation, investment company or pension or profit-sharing trust.
Washington (31).....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer whether the purchaser is acting for itself or in some fiduciary capacity.
West Virginia (2) .....	Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional

buyer whether the purchaser is acting for itself or in some fiduciary capacity.

Wisconsin (32)(33) .....

Any bank, savings institution, savings bank, credit union, trust company, insurer, investment advisor, federal covered adviser or savings and loan association, if the purchaser is acting for itself or as trustee with investment control; investment company as defined in the Investment Company Act of 1940; pension or profit sharing trust; or to an individual retirement plan, including a self-employed individual retirement plan if it is administered by one of the foregoing that has investment control; the State of Wisconsin or any agency or political subdivision thereof; the Federal government or any of its agencies or instrumentalities; any other financial institution or institutional investor designated by rule or order of the Wisconsin Securities Commissioner, an individual accredited investor, as defined by rule of the Division of Securities, if the issuer reasonably believes immediately before the sale that the individual accredited investor, either alone or with the individual accredited investor's representative, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment.

Wyoming(2).....

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940; pension or profit-sharing trust, or other financial institution or institutional buyer.

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- (1) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part.

- (2) Provided the offeror or seller (i) is registered as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction and during any consecutive twelve-month period does not direct more than fifteen offers to sell or buy into this jurisdiction to persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part, whether or not the offerors or offerees are then present in this jurisdiction.
- (3) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction or (ii) is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in this jurisdiction and does not direct offers to sell or buy into this jurisdiction in any manner to (a) persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in this Part or (b) to more than fifteen customers (whether or not self-employed individual retirement plans) having an existing account with such broker-dealer prior to any offer made to them in this jurisdiction, during any twelve consecutive months, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (4) The institutional investors, governmental agencies and instrumentalities designated by rule of the Commissioner of Corporations are: (a) any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets, (including endowment, annuity and life income funds) of not less than \$5,000,000 according to its most recent audited financial statement; (b) any corporation which has a net worth on a consolidated basis according to its most recent audited financial statement of not less than \$14,000,000; (c) any wholly-owned subsidiary of any institutional investor designated by the institutions enumerated with respect to this jurisdiction in this Part.
- (5) Provided the offeror or seller (i) is registered as a broker or dealer in this jurisdiction, or (ii) is a broker or dealer registered pursuant to the Securities Exchange Act of 1934, has no place of business in this jurisdiction and the business transacted in this jurisdiction is exclusively with broker-dealers licensed or exempt from license requirements, financial or institutional investors, existing customers of the broker-dealer whose principal place of residence is not in the jurisdiction and during any twelve consecutive months, not more than five persons in this jurisdiction excluding persons otherwise described herein.
- (6) The Colorado Department of Regulatory Agencies Division of Securities has defined "financial or institutional investor" to mean any of the following, whether acting for itself or others in a fiduciary capacity: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company registered under the federal Investment Company Act of 1940; (e) a business



development company as defined in the federal Investment Company Act of 1940; (f) any private business development company as defined in the federal Investment Advisers Act of 1940; (g) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, a depository institution, or an insurance company; (h) an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; (i) a small business investment company licensed by the Federal small business administration under the federal Small Business Investment Act of 1958; and (j) any other institutional buyer.

- (7) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part.
- (8) The term "institutional buyer" includes any organization within the scope of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. In addition, all offering materials must clearly indicate the name of the person issuing, circulating, publishing or making it and the fact that such person is issuing, circulating, publishing or making the same.
- (9) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution, or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the state's Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment

adviser registered under the state's Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$10,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$10,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the state's Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the state's Uniform Securities Act. With respect to offers made in the State of Idaho or the State of Missouri, the term "institutional investor" also includes a trust company organized or chartered under the laws of that state.

The term "depository institution" means a bank, or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include an insurance company or other organization primarily engaged in the business of insurance, a Morris Plan bank or an industrial loan company. The term "federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940. The term "insurance company" means a company organized as an insurer whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and that are subject to supervision by the insurance commissioner or a similar official or agency of a state.

- (10) The Illinois Securities Department has, by regulation, defined "institutional investor" to include, but not be limited to: (i) investment companies, universities, and other organizations whose primary purpose is to invest its own assets or those held in trust by it for others; (ii) trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and (iii) foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund. The Illinois Securities Department has also defined "financial institution" to include, but not be limited to, a manager of investment accounts on behalf of other than natural persons who, with affiliates, exercises sole investment discretion with respect to such accounts, provided such accounts exceed ten (10) in number and have a fair market value of not less than \$10,000,000 at the end of the calendar month preceding the month during which the transaction occurred for which the exemption is utilized.
- (11) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) during any period of twelve consecutive months, the broker-dealer does not effect transactions in this jurisdiction in any manner with more than three persons other than broker-dealers and institutions enumerated with respect to this jurisdiction in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (12) The term "institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$5,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$5,000,000, its trustee is

a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$5,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$5,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$5,000,000 not organized for the specific purpose of evading the Iowa Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the Iowa Uniform Securities Act.

- (13) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this state if its only transactions effected in this state are with: (1) the issuer of the securities involved in the transactions, (2) a broker-dealer licensed as such under the Maine Uniform Securities Act or not required to be so licensed (except when the person is acting as a clearing broker-dealer), (3) an institutional investor as defined in this Part, (4) a nonaffiliated federal covered investment adviser with investments under management in excess of \$100,000,000 acting for the account of others pursuant to discretionary authority in a signed record, (5) a bona fide preexisting customer whose principal place of residence is not in the State of Maine and the person is registered as a broker-dealer under the Securities Exchange Act of 1934 or not required to be so registered and is registered or licensed under the securities act of the state in which the customer maintains a principal place of residence, and (6) a bona fide preexisting customer whose principal place of residence is in this any other person exempted by rule adopted or order issued under the Maine Uniform Securities Act.
- (14) The term “institutional investor” means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution; (ii) an insurance company or a separate account of an insurance company; (iii) an investment company as defined in the Investment Company Act of 1940; (iv) an employee pension, profit-sharing or benefit plan, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of

1940, an investment adviser registered under the Maine Uniform Securities Act, a depository institution or an insurance company; (v) a plan established and maintained by a state, a political subdivision of a state or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, an investment adviser registered under the Maine Uniform Securities Act, a depository institution or an insurance company; (vi) a trust if it has total assets in excess of \$10,000,000, its trustee is a depository institution and its participants are exclusively plans of the types identified in the foregoing clause, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (vii) an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts trust or similar business trust, a limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000; (viii) a small business investment company licensed by the United States Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, with total assets in excess of \$5,000,000; (ix) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of \$5,000,000; (x) a federal covered investment adviser acting for its own account; (xi) a qualified institutional buyer as defined in 17 CFR, 230.144A(a)(1), except as defined in 17 CFR 230.144A(a)(1)(i)(H); (xii) a major U.S. institutional investor as defined in 17 CFR 240.15a-6(b)(4)(i); (xiii) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading the Maine Uniform Securities Act; or (xiv) any other person specified by rule adopted or order issued under the Maine Uniform Securities Act.

- (15) The term "institutional buyer" includes, but is not limited to, (i) any Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (ii) any private business development company as defined in Section 202 (a)(22) of the Investment Advisers Act of 1940, as amended; (iii) any Business Development Company as defined in Section 2(a)(48) of the Investment Advisers Act of 1940, as amended; (iv) any entity with total assets in excess of \$5,000,000 and which is either (a) a company (whether a corporation, a Massachusetts or similar business trust or partnership) not formed for the specific purpose of acquiring the securities offered, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions are made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment or (b) an

organization described in Section 501 (c)(3) of the Internal Revenue Code and (v) a “qualified institutional buyer” as defined in 17 CFR 230.144A (a).

- (16) The term "financial institution or institutional buyer" includes but is not limited to (i) a corporation with a class of equity securities registered under Section 12(b) or Section 12(g) of the Securities and Exchange Act of 1934, as amended, (ii) a “qualified institutional buyer” within the meaning of Rule 144A, and (iii) a person who is an "accredited investor" within the meaning of rule 501(a) of Regulation D, adopted by the Securities and Exchange Commission.
- (17) The Nebraska Department of Banking and Finance, Bureau of Securities has, by interpretative opinion, defined "financial institution or institutional buyer" to include: (i) any bank as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; (ii) any insurance company as defined in Section 2(13) of the Securities Act of 1933; (iii) any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; and (iv) any small business investment company licensed by the United States Small Business Administration pursuant to Section 301(c) or (d) of the Small Business Investment Company Act of 1958. "Pension or profit-sharing trust" has been defined by the Nebraska Department of Banking and Finance, Bureau of Securities to mean: (i) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decisions are made by a "plan fiduciary" (as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974) which is either a bank, insurance company, or registered investment advisor; or (ii) an employee benefit plan that has total assets in excess of \$5,000,000. "Individual accredited investor" means (a) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer, (b) any manager of a limited liability company that is the issuer of the securities being offered or sold, (c) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds \$1,000,000, or (d) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
- (18) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction; (ii) is a broker-dealer registered or, except with respect to subsection (b) hereof, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part, (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer and whose principal place of residence is not in this jurisdiction, or (c) is

licensed under the securities laws of a state in which the broker-dealer maintains a place of business and during any twelve consecutive months does not effect more than transactions with more than five persons in this jurisdiction, in addition to the transactions with institutions enumerated with respect to this jurisdiction in this Part or other broker-dealers; or (iii) is a depository institution. The term "depository institution" means: (i) a person, other than an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company or a similar bank or company, unless its deposits are insured by a Federal agency, which is: (a) organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, and (b) supervised and examined for the protection of depositors by an official or agency of a state or the United States; or (ii) any trust company or other institution which is authorized by Federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the United States Comptroller of the Currency, and is supervised and examined by an official or agency of a state or the United States.

- (19) The term "financial institution or institutional buyer" means: (i) a depository institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) an employee pension, profit-sharing or benefit plan if: (a) its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company, or (b) the plan has total assets in excess of five million dollars (\$5,000,000); and (vi) any other institutional buyer.
- (20) Provided the offeror or seller (i) is licensed as a broker-dealer in this jurisdiction, (ii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with other broker-dealers licensed in this jurisdiction or exempt from licensing or with institutions enumerated with respect to this jurisdiction in this Part, (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and is licensed under the securities act of the state in which the broker-dealer maintains a place of business, if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of the broker-dealer and whose principal place of residence is not in this jurisdiction, or (iv) is a depository institution engaged in its regular course of business. The term "depository institution" means: (i) a person, other than an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company or a similar bank or company, which is: (a) organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive

deposits including a savings, share certificate or deposit account, and (b) regulated, supervised and examined for the protection of depositors by an official or agency of a state or the United States and is insured by the Federal Depository Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the national credit union share insurance fund; or (ii) any trust company or other institution which is authorized by Federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the United States Comptroller of the Currency, and is regulated, supervised and examined by an official or agency of a state or the United States.

- (21) The term "financial or institutional investor" means, but is not limited to: (i) a depository institution; (ii) an insurance company; (iii) a separate account of an insurance company; (iv) an investment company as defined in the Investment Company Act of 1940; (v) an employee pension, profit sharing or benefit plan: (a) if the plan has total assets in excess of five million dollars (\$5,000,000) or (b) if investment decisions are made by a plan fiduciary as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company; (vi) a business development company as defined by the Investment Company Act of 1940; (vii) a small business investment company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; (viii) an entity, other than a natural person, which is directly engaged in the business of and derives at least eighty percent of its annual gross income from investing, purchasing, selling or trading in securities of more than one issuer, and not of its own issue, and which has gross assets in excess of five million dollars (\$5,000,000) at the end of its latest fiscal year; (ix) an entity organized and operated not for private profit as described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of five million dollars (\$5,000,000); (x) a state, political subdivision of a state or an agency, corporate or other instrumentality of a state or political subdivision of a state; (xi) an employee pension, profit-sharing or benefit plan, if the investment decisions are made by one or more plan fiduciaries as defined in the Employee Retirement Income Security Act of 1974, so long as at least one of such plan fiduciaries is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution, or an insurance company; or (xii) any other financial or institutional investor as the New Mexico Director of the Securities Division by rule or order designates.
- (22) Provided the offeror or seller (i) is registered or licensed in this jurisdiction, or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in the jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part or (b) is registered as a dealer with the Securities and Exchange Commission under the



Securities Exchange Act of 1934 and in one or more states and during any period of twelve consecutive months does not effect more than fifteen purchases or sales in this jurisdiction in any manner with persons other than those specified with respect to this jurisdiction in this Part, whether or not the dealer or any of the purchasers or sellers is then present in the jurisdiction.

- (23) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) is a broker-dealer registered under the Securities Exchange Act of 1934, who has not previously had any certificate denied or revoked under the Pennsylvania Securities Act of 1972 or any predecessor statute, has no place of business in this jurisdiction and, during any period of twelve consecutive months, does not direct offers to sell or buy into this jurisdiction in any manner to persons other than registered broker-dealers or institutions enumerated with respect to this jurisdiction in this Part, or governmental agencies and other instrumentalities designated by regulation of the Pennsylvania Securities Commission, or to more than five other customers in this jurisdiction, whether the offeror or any of the offerees is then present in this jurisdiction.
- (24) The Pennsylvania Securities Commission has, by regulation, defined "institutional investor" to include: (a) a corporation or business trust or a wholly-owned subsidiary of such person which has been in existence for eighteen (18) months and which has a tangible net worth on a consolidated basis, as reflected in its most recent audited financial statements, of \$10,000,000 or more; (b) a college, university or other public or private institution which has received exempt status under §501(c)(3) of the Internal Revenue Code of 1954 and which has a total endowment or trust funds (including annuity and life income funds) of \$5,000,000 or more according to its most recent audited financial statements provided that the aggregate dollar amount of securities being sold to the person under the exemption contained in Section 203(c) of the Pennsylvania Securities Act of 1972 and Title 64 of the Pennsylvania Code, as amended, may not exceed 5% of the endowment or trust funds; (c) a wholly-owned subsidiary of a bank (as defined in the Pennsylvania Securities Act of 1972); (d) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in non-public offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with one of the following: (i) has purchased \$5,000,000 or more of the securities excluding both of the following: (A) a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities, but securities purchased under a leveraged buy-out financing in which the person does not intend to provide direct management to the issuer, is not excluded and (B) a dollar amount of purchase of securities of a corporation which investment represents more than 20% of the person's net worth; (ii) is capitalized at \$2,500,000 or

more and is controlled by an individual controlling a person which meets the criteria contained in subparagraph (i); (iii) is capitalized at \$10,000,000 or more and has purchased \$500,000 or more of the securities, excluding a purchase of securities of a corporation in which the person directly or beneficially owns more than 50% of the corporation's voting securities; or (iv) is capitalized at \$250,000 or more and is a side by side fund as defined in the Pennsylvania Code, as amended; (e) a Small Business Investment Company as defined in the Small Business Investment Act of 1958, which either has a total capital of \$1,000,000 or more, or is controlled by institutional investors (as defined in the Pennsylvania Securities Act of 1972); (f) a Seed Capital Fund as defined and authorized in the Small Business Incubators Act; (g) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law; (h) a person whose security holders consist solely of institutional investors or broker-dealers; or (i) a person as to which the issuer reasonably believes qualifies as an institutional investor under Section 102.111 of the Pennsylvania Code at the time of the offer or sale of the securities on the basis of written representations made to the issuer by the purchaser.

- (25) Provided the offeror or seller (i) is licensed as a dealer or broker in this jurisdiction, (ii) is a broker-dealer registered, or, exempt from registration under the Securities Exchange Act of 1934, has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with other broker-dealers licensed or exempt from licensing in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part, or (b) is licensed under the securities laws of a state in which the broker-dealer maintains a place of business and such broker-dealer offers and sells in this jurisdiction to a person who is an existing customer of such broker dealer and whose principal place of residence is not in this jurisdiction. The General Laws of Rhode Island, 1956, as amended defines the term "financial or institutional investor" to include: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars (\$5,000,000), or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution or an insurance company; and (f) any other institutional buyer, whether acting for itself or another in a fiduciary capacity.
- (26) Provided the offeror or seller (i) is registered in this jurisdiction or (ii) has no place of business in this jurisdiction and (a) effects transactions in this jurisdiction exclusively with or through other broker-dealers registered or licensed in this jurisdiction or with institutions enumerated with respect to this jurisdiction in this Part or (b) is licensed under the securities laws of the state in which the broker-dealer maintains a place of business if the broker-dealer offers and sells in this jurisdiction to persons who are existing customers of such broker-dealer and who represent that they have no principal

place of residence in this jurisdiction. The term "financial institution or institutional buyer" includes: (i) an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code; (ii) an issuer which has a class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary of such an issuer; and (iii) any other corporation, partnership, or association which has been in existence for 10 years or whose net assets exceed \$500,000 and whose principal purpose, as stated in its articles, by-laws, or other organizational instrument, is investing in securities. Nothing in this rule shall be construed to exempt any offer or sale to a natural person or the individual retirement account or self-directed Keogh plan of a natural person.

- (27) Provided the offeror or seller (i) is registered or licensed as a broker-dealer in this jurisdiction, or (ii) has no place of business in this jurisdiction and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. who effects transactions in this jurisdiction exclusively with or through registered or licensed broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part and during any period of twelve consecutive months does not effect more than fifteen transactions in securities from, in, or into this jurisdiction other than to persons described herein.
- (28) The term "savings institution" includes any federally chartered credit union or savings and loan association, or federal savings bank, and any credit union or savings and loan association chartered under the laws of any state of the United States.
- (29) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction.
- (30) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part or (iii) during any period of twelve consecutive months does not direct more than fifteen offers to sell or buy into this jurisdiction in any manner to persons other than those specified in this Part, whether or not the offeror or any of the offerees is then present in this jurisdiction. The term "financial or institutional investor" means any of the following: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) an employee pension, profit sharing or benefit plan if the plan has total assets

in excess of \$5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company; or (f) any other financial institutional buyer which qualifies as an accredited investor by the Securities and Exchange Commission under the Securities Act of 1933, as such provision may be amended from time to time and such other institutional buyers as the Vermont Commissioner of Banking, Insurance and Securities may add by rule or order.

- (31) Provided the offeror or seller (i) is registered or licensed as a dealer or broker in this jurisdiction, or (ii) has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with institutions enumerated with respect to this jurisdiction in this Part, or (iii) has no place of business in this jurisdiction, and during any period of twelve consecutive months, does not direct more than fifteen offers to sell or to buy in this jurisdiction in any manner to persons other than those specified in this Part.
- (32) Provided the offeror or seller (i) is registered as a broker-dealer in this jurisdiction, or (ii) effects transactions in this jurisdiction exclusively for the account of registered broker-dealers or with institutions enumerated with respect to this jurisdiction in this Part.
- (33) The Commissioner of Securities has, by rule, defined "financial institution" or "institutional investor" to include: (a) any endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code; (b) any issuer which has any class of securities registered under section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary thereof; and (c) a venture capital company as a result of 1. operating a small business investment company licensed under the Small Business Investment Act of 1958, as amended or 2. being a corporation, partnership or association which has been in existence for five years or whose net assets exceed \$1,000,000, and either: a. whose principal purpose as stated in its articles, by-laws, or other organizational instruments is investing in securities; or b. whose primary business is investing in developmental state companies or eligible small business companies as defined in the regulations of the Small Business Administration; (d) any of the following "qualified institutional buyer" entities, whether acting for their own account or the accounts of other qualified institutional buyers listed in Section 230.144A under the Securities Act of 1933, that in the aggregate owns and invests on a discretionary basis at least \$100,000,000 in securities of issuers that are not affiliated with the entity: (i) any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; (ii) any employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974; (iii) any business development company as defined in Section 202(1)(22) of the Investment Advisers Act

of 1940 or in Section 2(a)(48) of the Investment Company Act of 1940; (iv) any organization described in Section 501(c)(3) of the Internal Revenue Code, or any corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act of 1933 or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act of 1933, or a foreign bank or savings and loan association or equivalent institution); (v) any partnership or Massachusetts or similar business trust; or (e) any entity, all of the equity owners of which are persons designated in this Part or in the rules of the Wisconsin Commissioner of Securities, acting for their own account or the accounts of other persons designated therein; or (f) any other person whom the Wisconsin Commissioner of Securities by order designates.

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# FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. 500180

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Denver Department of Revenue, ex-officio Treasurer, Denver, Colorado or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$188,350,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

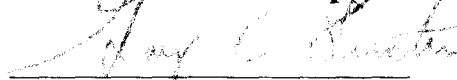
As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 29th day of August, 2007.

**MBIA Insurance Corporation**

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
Assistant Secretary



WISDOM IN ACTION<sup>SM</sup>

August 29, 2007

Denver Department of Revenue, ex-officio Treasurer  
Denver, Colorado

\$188,350,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.





In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gary C. Dunton", is written over a horizontal line.

Gary C. Dunton  
President



# Financial Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

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

Policy Number: 26909BE

Obligations: \$24,250,000 in aggregate principal amount of Airport System Revenue Bonds, Series 2007B, dated their date of delivery and maturing on November 15, 2032. The Paying Agent is Manager of the Department of Revenue, ex-officio Treasurer of the City and County of Denver, Colorado.

Premium: \$234,623.06

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Authorized Representative

Effective Date: August 29, 2007

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

A- 11908

The undersigned hereby certifies that this document is a true and correct copy of the Financial Guaranty Insurance Policy. Policy No. 26909BE issued by AMBAC ASSURANCE CORPORATION.

  
Assistant Secretary

Date: August 27, 2007



**FINANCIAL GUARANTY INSURANCE POLICY**

**MBIA Insurance Corporation  
Armonk, New York 10504**

Policy No. 500190

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Denver Department of Revenue, ex-officio Treasurer, Denver, Colorado or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$34,635,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Insurer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 29th day of August, 2007.

**MBIA Insurance Corporation**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary



August 29, 2007

Denver Department of Revenue, ex-officio Treasurer  
Denver, Colorado

\$34,635,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.



In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,

Gary C. Dunton  
President



**FINANCIAL GUARANTY INSURANCE POLICY**

**MBIA Insurance Corporation  
Armonk, New York 10504**

Policy No. 500870

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Denver Department of Revenue, ex-officio Treasurer, Denver, Colorado or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$147,815,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

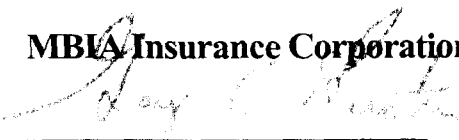
As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 29th day of August, 2007.

**MBIA Insurance Corporation**

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Assistant Secretary



WISDOM IN ACTION™

August 29, 2007

Denver Department of Revenue, ex-officio Treasurer  
Denver, Colorado

\$147,815,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.





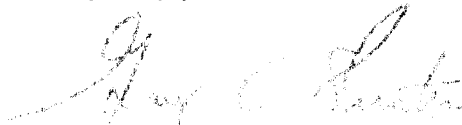
In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,



Gary C. Dunton  
President

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**CONSENT OF  
MBIA INSURANCE CORPORATION  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:

MBIA Insurance Corporation ("**Insurer**"), as an issuer of financial guaranty insurance policies with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "**Department**"), Airport System Revenue Bonds, Series 2007A (the "**Series 2007A Bonds**") and Airport System Revenue Bonds, Series 2007C (the "**Series 2007C Bonds**"), hereby:

- (i) irrevocably consents to and approves the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the "**General Bond Ordinance**") by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 6, 2007, relating to the Series 2007A Bonds, the Department's Airport System Revenue Bonds, Series 2007B and the Series 2007C Bonds (the "**General Bond Ordinance Proposed Amendments**"); provided that Insurer acknowledges that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and
- (ii) irrevocably consents to and approves the appointment of American National Bank, and its successors, as agent of Insurer (the "**Consent Agent**"), and irrevocably instructs the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledges that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney's

Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.

WITNESS my hand, as authorized representative of Insurer, this 29th day of August, 2007.

MBIA INSURANCE CORPORATION

By:   
Title: Assistant Secretary

**CONSENT OF  
AMBAC ASSURANCE CORPORATION  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:

Ambac Assurance Corporation (“**Insurer**”), as an issuer of a financial guaranty insurance policy with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the “**Department**”), Airport System Revenue Bonds, Series 2007B (the “**Series 2007B Bonds**”), hereby:


- (i) irrevocably consents to and approves the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the “**General Bond Ordinance**”) by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 6, 2007, relating to the Department's Airport System Revenue Bonds, Series 2007A, the Series 2007B Bonds and the Department's Airport System Revenue Bonds, Series 2007C (the “**General Bond Ordinance Proposed Amendments**”); provided that Insurer acknowledges that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and
- (ii) irrevocably consents to and approves the appointment of American National Bank, and its successors, as agent of Insurer (the “**Consent Agent**”), and irrevocably instructs the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledges that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney’s

Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.

[Signature page follows.]

WITNESS my hand, as authorized representative of Insurer, this 29th day of August, 2007.

AMBAC ASSURANCE CORPORATION

By:   
Title: VP

**CONSENT OF  
MBIA INSURANCE CORPORATION  
To  
Proposed Amendments to the  
City and County of Denver, Colorado  
1984 Airport System General Bond Ordinance, as amended**

City and County of Denver, Colorado  
Attention: Manager of Revenue  
144 West Colfax Avenue, Room 300  
Denver, Colorado 80202

American National Bank, as Consent Agent  
Attention: Kathleen Connelly  
3033 East First Avenue  
Denver, Colorado 80206

Ladies and Gentlemen:


MBIA Insurance Corporation (the "**Insurer**"), as an issuer of a financial guaranty insurance policy with respect to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D (the "**Series 2007D Bonds**"), hereby:

- (i) irrevocably consents to and approves the adoption of amendments to Ordinance No. 626, Series of 1984, as amended and supplemented from time to time (the "**General Bond Ordinance**") by Supplemental Ordinance (as defined in the General Bond Ordinance) amending and restating the General Bond Ordinance and including amendments substantially in the form attached as Appendix E to the Official Statement, dated August 20, 2007, relating to the Series 2007D Bonds (the "**General Bond Ordinance Proposed Amendments**"); provided that Insurer acknowledges that certain of the General Bond Ordinance Proposed Amendments may be adopted only with the consent of the owners of Bonds (as defined in the General Bond Ordinance) which constitute more than 50% in aggregate principal amount of all Bonds outstanding at the time of adoption of any such Supplemental Ordinance, after notice and otherwise in the manner provided by Article XIII of the General Bond Ordinance; and
- (ii) irrevocably consents to and approves the appointment of American National Bank, and its successors, as agent of Insurer (the "**Consent Agent**"), and irrevocably instructs the Consent Agent to file this Consent at the time and place, and otherwise in the manner provided by, Article XIII of the General Bond Ordinance; and acknowledges that the Consent Agent, in acting with respect to this Consent and other written consents is entitled to rely on an Attorney's Opinion (as defined in the General Bond Ordinance), which shall be full and complete authorization and protection of the Consent Agent in respect of any action taken or suffered by it under the General Bond Ordinance in good faith.



WITNESS my hand, as authorized representative of Insurer, this 29th day of August, 2007.

MBIA INSURANCE CORPORATION

By:   
Title: Assistant Secretary

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**STANDARD  
& POOR'S**

One Market  
Steuart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5004  
reference no.: 849787

July 25, 2007

Denver International Airport  
8500 Pena Boulevard  
Denver, CO 80249

Attention: Mr. Stan B. Koniz, CPA, Assistant Deputy Manager of Aviation / Finance

Re: ***US\$195,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (AMT), (Denver International Airport), 2007 Series A, dated: Date of Delivery, due: November 15, 2030***

***US\$25,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (Non-AMT), (Denver International Airport), 2007 Series B, dated: Date of Delivery, due: November 15, 2032***

***US\$150,000,000 City & County Of Denver, Colorado, Airport System Revenue Refunding Bonds, (Non-AMT), (Denver International Airport), 2007 Series C, dated: Date of Delivery, due: November 15, 2032***

***US\$188,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (AMT), (Denver International Airport), 2007 Series D, dated: Date of Delivery, due: November 15, 2022***

***US\$49,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (Non-AMT), (Denver International Airport), 2007 Series E, dated: Date of Delivery, due: November 15, 2032***

***US\$360,000,000 City & County Of Denver, Colorado, Airport System Revenue Refunding Bonds, (Non-AMT), (Denver International Airport), 2007 Series F, dated: Date of Delivery, due: November 15, 2025***

Dear Mr. Koniz:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of

Mr. Stan B. Koniz, CPA

Page 2

July 25, 2007

any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Mr. Stan B. Koniz, CPA

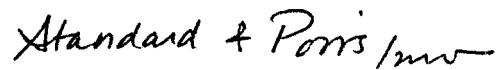
Page 3

July 25, 2007

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.



jf

enclosures

cc: Ms. Margaret Danuser

Ms. Susan Kurland



**Moody's Investors Service**

August 14, 2007

7 World Trade Center at 250 Greenwich Street  
New York, NY 10007

Mr. Stan Koniz  
Deputy Manager of Aviation  
Denver (City & County of) CO  
Airport Office Building  
8500 Peña Boulevard  
Denver, CO 80249-6340

*Maria Matesanz*  
Senior Vice President - Team Lead  
Infrastructure Finance Team  
Tel: 212.553.7241  
Fax: 212.553.4919

Dear Mr. Koniz:

We wish to inform you that on July 26, 2007, Moody's Investors Service assigned a rating of **A1** to Denver (City & County of) CO Airport Enterprise's Airport System Revenue Bonds Series 2007 A, Series 2007 B, Series 2007 C, Series 2007 D, Series 2007 E and Series 2007 F. Our outlook on the rating is stable.


In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's ratings desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Thomas Paolicelli, at 212-553-0334.

Sincerely,

  
From Maria Matesanz  
MM: TGP: csf  
cc:



Moody's Investors Service

Global Credit Research

New Issue

26 JUL 2007

Save as PDF

New Issue: Denver (City & County of) CO Airport Ent.

**MOODY'S ASSIGNS A1 RATING TO DENVER INTERNATIONAL AIRPORT'S AIRPORT SYSTEM REVENUE BONDS, SERIES 2007 A, 2007 B, 2007 C, 2007 D 2007 E AND 2007 F; OUTLOOK IS STABLE**

**DENVER INTERNATIONAL AIRPORT (CITY OF DENVER DEPARTMENT OF AVIATION) HAS A TOTAL OF \$3.9 BILLION RATED DEBT OUTSTANDING**

Airport  
CO

**Moody's Rating**

ISSUE	RATING
Airport System Revenue Bonds Series 2007 A, 2007 B, 2007 C, 2007 D, 2007 E, 2007 F	A1 <sup>1</sup>
<b>Sale Amount</b> \$360,000,000	
<b>Expected Sale Date</b> 08/01/07	
<b>Rating Description</b> Airport System Revenue Bonds Series 2007 A, 2007 B, 2007 C, 2007 D, 2007 E, 2007 F	

<sup>1</sup> Series 2007 A, 2007 B and 2007 C expected to price August 1; Series 2007D and 2007 E expected to price August 16; Series 2007 F expected to price in September

**Moody's Outlook** Stable

**Opinion**

NEW YORK, Jul 26, 2007 -- Moody's Investors Service has assigned an A1 rating to the Denver International Airport's (DIA's) Airport System Revenue Bonds, \$195 million Series 2007 A (AMT), \$25 million Series 2007 B, \$150 million Series 2007 C (market dependant refunding bonds), \$188 million Series 2007D (AMT), \$49 million Series 2007 E and \$360 million Series 2007 F (current refunding). The outlook is stable. We are also affirming our outstanding ratings on DIA's outstanding bonds.

The 2007 Series A, B and C bonds are scheduled to be priced on August 1, the 2007 Series D and E bonds on August 16 and the Series 2007 F bonds in the fall, prior to the start of the swap the airport entered into in 2006 (see following interest rate derivatives section).

**LEGAL SECURITY:** Net airport revenues. A portion of passenger facility charges are pledged to debt service through 2010. The rate covenant requires gross revenues plus other available revenues, including the rolling coverage account, to be sufficient to cover operating and maintenance expenses (O&M) and 125% of debt service. The rolling coverage account is currently funded at 25% of debt service and debt service reserves are funded at maximum annual debt service.

**INTEREST RATE DERIVATIVES:** The Airport's swap agreements are with several highly rated counterparties and were undertaken in accordance with the city and county of Denver's master derivatives policy.

1998 swap agreements were entered into for a notional amount of \$300 million, effective October 4, 2000. The Airport pays a fixed rate and receives a rate matched to the bond floating rate.

1999 BMA swap agreements were entered into for a notional amount of \$200 million, effective October 4,

2001. The Airport pays a fixed rate and receives BMA. In 2002 the Airport entered into an interest rate exchange agreement for a notional amount of \$200 million. The Airport pays BMA and receives an average of 76.165% of LIBOR, effective April 15, 2002. Taken together, the 1999 and 2002 swap agreements will result in the Airport receiving 76.165% of LIBOR, rather than BMA, and they will continue to pay the fixed rate agreed to in the 1999 swap agreements.

The Airport has entered into several forward starting interest rate exchange agreements to provide predictability in savings on future refunding transactions. The 2005 swap agreement entered into for a notional amount of \$279.6 million, effective November 15, 2006 and the 2006 swap agreement entered into for a notional amount of \$361.7 million, effective November 15, 2007 may be used to hedge floating rate refunding bonds issued before the effective date (Series 2007 F bonds) or the Airport may issue fixed rate refunding bonds and either terminate the swap or enter into a fixed receiver BMA swap. Under these agreements, the Airport would receive a fixed rate and pay 70% of 1 month LIBOR.

The swaps are not a perfect hedge and the Airport may need to make additional floating rate payments to the extent the tax exempt variable rate on the bonds exceeds the floating rate agreed to in each of the swaps. Counterparties must post collateral should their rating fall below Aa3. The Airport retains a unilateral option to terminate; however a payment may be due from them if they do terminate. Payments, including termination payments, due under the swaps are subordinate to senior lien debt service payments. Moody's does not believe these agreements present a significant risk to the Airport.

#### STRENGTHS:

- \*Solid recent growth in enplanements particularly by low cost carriers; Southwest Airlines, which initiated service in 2006, contributes to greater airline diversity
- \*Continued strong cash position
- \*Relatively short average life of debt could allow for restructuring to reduce near term costs, if needed
- \*Strong proactive financial management with a focus on maintaining stable and predictable rates charged to the airlines
- \*Expected defeasance of debt associated with the automated baggage system eliminates payment uncertainty if United were to liquidate; however, United is still obligated to pay for the baggage system space costs associated which are estimated at \$31 million in 2007

#### CHALLENGES

- \*High debt load resulting in relatively high airline costs
- \*Reliance on its largest carrier, United (senior unsecured rating of Caa1), which accounts for 56% of enplanements of which nearly 60% are connecting passengers (33% of total airport enplanements are United connecting enplanements)
- \*Large capital plan driven by higher demand at the airport

#### MARKET POSITION/COMPETITIVE STRATEGY: ANOTHER YEAR OF RECORD SETTING TRAFFIC IN 2006 BUT FINANCIAL STABILITY STILL CLOSELY TIED TO UNITED

In 2006, DIA's enplanements again reached record levels, growing by 9% over fiscal 2005 levels. Enplanements have been steadily increasing since 2002, notwithstanding the bankruptcy reorganization by United, after a period of decline from 2000 to 2002. Increases in enplanements have been led by the build-up of service by Frontier Airlines, which has a hubbing operation at DIA, and the addition of a number of new carriers at Denver, including Southwest Airlines which initiated service in 2006. These new entrant low-cost carriers (excluding United's low cost carrier, TED), shared nearly 27% of total enplaned passengers in 2006, an increase from 12% in 2001. Most of the increase was attributable to Frontier which grew its market share from 8% to nearly 21% and Southwest Airlines which now accounts for nearly 5% of airport enplanements.

United's market share declined to 56% from 69% between 2000 and 2006. However, the financial stability of DIA still remains tied very closely to United, whose connecting traffic is about one-third of total traffic at DIA.



United reemerged from bankruptcy in 2007.

**FINANCIAL AND OPERATING PERFORMANCE: SOUND FINANCIAL MANAGEMENT RESULTS IN STABILITY AND PREDICTABILITY OF AIRLINE COSTS**

DIA's financial position has remained relatively stable despite the stresses in the airline industry. This stability reflects the nature of the current airline use and lease agreements and cost recovery methodology, which states that deficits in any of the Airport's cost centers will eventually be spread among all the airlines using the Airport. At the same time it allows the Airport to accumulate some discretionary funds shielded from airline control, thereby providing some financial flexibility. Under the airline agreements, which began in 2006, the airlines will receive a reduced share of net excess revenues. The airlines will receive 50% of the excess revenues, down from 75%, up to an annual maximum of \$40 million per year, with the Airport receiving the remaining revenues. While the compensatory nature of the terminal space rentals puts some risk on the Airport should United reduce or liquidate its operations, the rate base plus the rolling coverage amounts must generate gross revenues sufficient to satisfy the rate maintenance covenant. While United has reemerged from bankruptcy, a liquidation by United would reduce the amount of excess revenues received by the Airport and would increase the costs to the other airlines operating. In Moody's opinion, the ability of other airlines to absorb these costs is uncertain.

Operating results for FY 2006 were favorable, with bond ordinance coverage of debt service at 1.89 times (x), up from 1.75 x in 2005. Operating expenses increased 11% over 2005, due to increased personnel costs and snow removal costs associated with this year's blizzard. The compounded annual growth in expenses computed over 5 years (2001-2006) was, however, a modest 2.8%, which is favorable and indicative of the Airport's success at controlling expenses. Projected budgeted expense increases in FY 2007 are also expected to be modest and in line with the recent trend. Airport management has been conservative in its budgeting and has been able to provide stability and predictability in airline costs and have consistently beat cost per enplaned passenger forecasts in recent years. Airline costs per enplaned passenger are projected to be approximately \$11.09 in 2007.

**CAPITAL PLAN: DEBT LEVELS ARE RELATIVELY HIGH AND LARGE CAPITAL PLAN EXPECTED; SHORT AVERAGE LIFE OF DEBT A STRENGTH**

While Denver's per passenger debt levels have been moderating, they continue to exceed those of many large U.S. airports at approximately \$138 per enplaned passenger and nearly \$247 per O&D enplaned passenger. The airport plans to defease the remaining debt associated with the automated baggage system over the next several years. United discontinued use of the system because it failed to operate as planned. Recovery of the costs associated with the baggage system has been an ongoing concern and the debt defeasance lessens this concern, however, United will still be responsible for the space rental associated with the system, which is estimated to be \$31 million in 2007.

The Airport's capital improvement plan includes over \$1.2 billion of projects through 2013 (previous projections indicated approximately \$363 million in planned capital improvement projects from 2006 through 2011). The increase is partially attributable to demand driven projects which are being undertaken sooner than planned such as a new Concourse C gate expansion and taxi lane extensions. As part of last year's agreement with United to release gates, the Airport also undertook an expansion on Concourse B to accommodate regional jets, at an estimated cost of \$42 million, which was funded with commercial paper that will be taken out with the bonds. Other demand driven projects not included during the forecast period include construction of narrow body aircraft gates on Concourse A and a hotel at the landside terminal.

The Airport's debt is structured to be paid over the next 25 years, with an average life of less than 13 years. This relatively short average life provides room for the Airport to restructure its debt by pushing out principal payments and reducing its near term debt service costs. This could provide some near term cost relief should United reduce or liquidate its operations.

**Outlook**

The rating outlook is stable, reflecting the solid recent growth in enplanements, particularly by low cost carriers; the planned defeasance of automated baggage system debt; and strong, proactive financial management.

**What Could Change the Rating - UP**

Greater increases in airline diversity and O&D traffic, moderating debt position, improved financial strength of

United and continued growth in enplanements from airlines other than United could have positive credit implications.

What Could Change the Rating -- DOWN

The reduction in available reserves and increases in the costs to operate at the Airport beyond the modest increases projected, changes in United's strategy at the airport which may result in a loss of connecting passengers and significant variations in actual net revenues versus projections would put downward pressure on the rating.

KEY INDICATORS

Type of Airport: connecting hub

Rate-making methodology: residual

FY 2006 Enplanements: 23,665 (highest level of enplanements DIA)

5-Year Enplanement CAGR 2001-2006: 5.6%

FY 2006 vs. FY 2000 Enplanement growth: 22%

FY 2006 vs. FY 2005 Enplanement growth: 9%

% O&D vs. Connecting, FY 2006 (5 YR AVG):56% (55%)00

Largest Carrier by Enplanements, FY 2006 (share): United (56.4%)

Airline Cost per Enplaned Passenger, FY 2006 (5 YR AVG): \$11.41 (\$13.21)

Debt per Enplaned Passenger, FY 2006 (5 YR AVG): \$138.34 (\$175.65)

Bond Ordinance Debt Service Coverage, FY 2006 (5 YR AVG):1.89x (1.76x)

Utilization Factor, FY 2004 (5 YR AVG): 5.5 (4.8)

RATED DEBT (not including 2007 bonds):

Total: \$3,869,785

Airport System Senior Revenue Bonds [1]

Series 1991 A; \$18,795,000; A1

Series 1991 D; \$117,400; A1

Series 1992 F & G; \$48,000,000; Aa3/VMIG [2]

Series 1995 C; \$10,625,000; Aaa/A1 [4]

Series 1997 E; \$415,705,000; Aaa/A1 [4] (to be current refunded with 2007 bonds)

Series 1998 A & B; \$310,060,000;Aaa/A1 [4] (to be advance refunded with 2007 C bonds)

Series 2000 A; \$267,735,000; Aaa/A1 [4]

Series 2000 B & C; \$300,000,000; Aaa/VMIG 1 [3]

Series 2001 A, B & D; \$358,760,000; Aaa/A1 [4]

Series 2002 A1-A3; \$273,980,000; Aaa/A1 [4] [5]

Series 2002 C; \$41,100,000; Aaa/VMIG1 [2]

Series 2002 E; \$182,855,000; Aaa/A1 [4]

Series 2003 A & B; \$286,965,000; Aaa/A1 [4] (Series B to be refunded with 2007 bonds)

Series 2004 A& B; \$146,600,000; Aaa/VMIG1 [3]

Series 2005 A; \$227,740,000; A1 [4]

Series 2005 B; \$88,800,000; Aaa/A1 [4] [5]

Series 2005 C; \$85,000,000; Aaa/VMIG1 [3] [4]

Series 2006 A; 279,585,000; A1

Series 2006 B, 170,005,000; A1

Airport System Subordinate Revenue Bonds

Series 2001C1-C4; \$200,000,000; Aaa [6]

Commercial paper - not to exceed \$300,000,000

[1] The Series 1992 C bonds and \$14.8 million of the 1991 A & C bonds have been economically defeased and are not included

[2] Irrevocable letters of credit were issued as collateral for these bonds

[3] Standby Bond Purchase Agreements along with bond insurance policies were issued for these series of bonds

[4] Insured bonds with underlying rating of A1

[5] Auction rate bonds

[6] Insured bonds

#### ISSUER CONTACTS

Turner West, Manager of Aviation - 303.342.2206

Stan Koniz, Deputy Manager of Aviation/CFO - 303.342.2401

#### Analysts

Thomas Paolicelli  
Analyst  
Public Finance Group  
Moody's Investors Service

Maria Matesanz  
Backup Analyst

Public Finance Group  
Moody's Investors Service

**Contacts**

Journalists: (212) 553-0376  
Research Clients: (212) 553-1653

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MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at [www.moody.com](http://www.moody.com) under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

# FitchRatings

One State Street Plaza  
New York, NY 10004

T 212 908 0500 / 800 75 FITCH  
www.fitchratings.com

August 8, 2007

Mr. Stan B. Koniz  
Deputy Manager of Aviation & CFO  
Denver (City & County)  
Denver International Airport  
8500 Pena Boulevard  
Denver, CO 80249

Dear Mr. Koniz:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



Scott Trommer  
Senior Director  
U.S. Public Finance

ST/tv

Enc: Notice of Rating Action  
(Doc ID: 86446)

## Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds ser 2007A (AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007B (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007C (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007D (AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007E (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 1991D (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 1994A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 2003B	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 2003B (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds (AMT) ser 2001A (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds (non-AMT) ser 2001B (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2000B (insured: MBIA Insurance Corp.) (liquidity facility: Bayerische Landesbank (Guaranteed Obligations), State Street Bank and Trust Company, WestLB AG (Guaranteed Obligations))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2000C (insured: MBIA Insurance Corp.) (liquidity facility: Bank One, N.A. (Chicago))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2003A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev bonds ser 1997E (insured: MBIA Insurance Corp.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev rfdg bonds ser 2002E (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev rfdg bonds ser 2002E (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1

## Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds (AMT) sub ser 2005C1 (insured: CIFG Assurance North America, Inc.) (liquidity facility: Morgan Stanley)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds (AMT) sub ser 2005C2 (insured: CIFG Assurance North America, Inc.) (liquidity facility: Morgan Stanley)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 1998A (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 1998B (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2005A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2006A (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2006B (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2000A (insured: Ambac Assurance Corp.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2001D (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2002E	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

### Notes

1 The rating is an underlying rating, given without consideration of credit enhancement.

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The McGraw-Hill Companies

**STANDARD  
& POOR'S**

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 849787

August 24, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Mr. Adam Carta, Assistant Vice President

**Re: \$188,350,000 City and County of Denver, Colorado, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A, dated: Date of Delivery, due: November 15, 2023-2024, November 15, 2026-2027, Series 2007A Term Bonds due: November 15, 2030, (POLICY #500180)**

Dear Mr. Carta:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A+". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

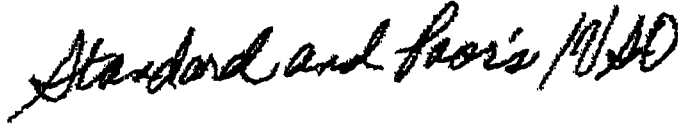
This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

A handwritten signature in black ink that reads "Standard and Poor's M/D". The signature is written in a cursive, flowing style.

kb

**Moody's Investors Service**

7 World Trade Center  
at  
250 Greenwich Street,  
New York, NY 10007

August 27, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (MBIA Insurance Corporation Insured - Policy No. **500180**) to the **\$188,350,000.00, City and County of Denver, Colorado - For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A**, dated August 29, 2007 which sold through negotiation on August 1, 2007. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

*Joann Hempel*

Joann Hempel  
Vice President / Senior Credit Officer

JH / DC

# Fitch Ratings

1201 East 7th Street  
Pewee, WY 82435

T 307 754 2012 / 800 85 FITCH  
www.fitchratings.com

August 24, 2007

Ms. Lisa Wilson  
MBIA Insurance Corp.  
113 King Street  
Armonk, NY 10504

Re: Denver (City & County) (CO) / Policy # 500180

Dear Ms. Wilson:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



Tara May  
Insured Ratings Manager  
U.S. Public Finance

TM/lt

Enc: Notice of Rating Action  
(Doc ID: 87850)

**Notice of Rating Action**

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<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds ser 2007A (AMT) (Insured; MBIA Insurance Corp.)	Long Term	Upgrade	AAA	RO:Sta	24-Aug-2007	1

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Key: RO: Rating Outlook, RW: Rating Watch, Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

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**Notes**

- 1 The rating is based solely on credit enhancement provided by a bond insurance policy issued by MBIA Insurance Corp., which has an Insurer Financial Strength rating of 'AAA'.
-



**STANDARD  
& POOR'S**

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 849791

August 27, 2007  
Supersedes letter dated August 24, 2007

Ambac Assurance Corporation  
One State Street Plaza 15th FL  
New York, NY 10004  
Attention: Ms. Yolanda Ortiz, Insurance Coordinator

Re: *\$24,250,000 City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B, dated: Date of Delivery due: November 15, 2032, (POLICY #26909BE)*

Dear Ms. Ortiz:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A+". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Ms. Yolanda Ortiz  
Page 2  
August 24, 2007

Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

A handwritten signature in black ink that reads "Standard and Poor's / S&P". The signature is written in a cursive, flowing style.

ak





**Moody's Investors Service**

7 World Trade Center  
at  
250 Greenwich Street,  
New York, NY 10007

August 27, 2007

Ambac  
One State Street Plaza  
New York, NY 10004

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (Ambac Insured - Policy No. **26909BE**) to the **\$24,250,000.00, City and County of Denver, Colorado For and Behalf of Its Department of Aviation - Airport System Revenue Bonds, Series 2007B**, dated August 29, 2007 which sold through negotiation on August 17, 2007. The rating is based upon an insurance policy provided by Ambac.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

*Joann Hempel*

Joann Hempel  
Vice President / Senior Credit Officer

JH / TM

# Fitch Ratings

1201 East 7th Street  
Powell, WY 82435

T 307 754 2012 / 800 853 4824  
www.fitchratings.com

Ms. Danielle Brackett  
Ambac Assurance Corporation  
One State Street Plaza  
New York, NY 10004  
August 28, 2007

Dear Ms. Brackett:

Re: City and County of Denver, Colorado for and on behalf of its Department of Aviation  
\$24,250,000 in aggregate principal amount of Airport System Revenue Bonds, Series  
2007B, dated their date of delivery and maturing on November 15, 2032. The Paying  
Agent is Manager of the Department of Revenue, ex-officio Treasurer of the City and  
County of Denver, Colorado.  
(26909BE)

Fitch Ratings has assigned a rating of 'AAA' to the above referenced Bonds. This reflects credit enhancement in the form of a bond insurance policy provided by Ambac Assurance Corporation (Ambac), which has an insurer financial strength rating of 'AAA'. Fitch Ratings defines companies with 'AAA' insurer financial strength ratings as follows: "Companies are viewed as possessing exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small."

Ratings assigned by Fitch Ratings are based on information provided to us by Ambac. Fitch Ratings does not audit or verify the truth or accuracy of such information. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payment made in respect of any security. The insurer financial strength rating assigned to Ambac may be changed, withdrawn, suspended, or placed on RatingWatch as a result of changes in Ambac's financial condition. The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., UK or any other relevant securities laws.

Sincerely,

  
Tara May  
Manager / Insured Ratings



The McGraw-Hill Companies

# STANDARD & POOR'S

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 849787

August 24, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Mr. Adam Carta, Assistant Vice President

Re: ***\$34,635,000 City and County of Denver, Colorado, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C, dated: Date of Delivery, due: November 15, 2016-2017, November 15, 2033, (POLICY #500190)***

Dear Mr. Carta:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A+". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

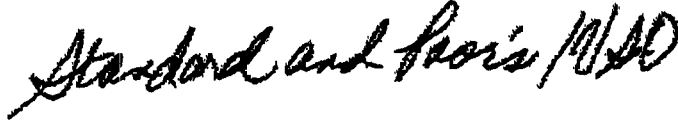
This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

A handwritten signature in black ink that reads "Standard and Poor's M&A". The signature is written in a cursive, flowing style.

kb

**Moody's Investors Service**

7 World Trade Center  
at  
250 Greenwich Street,  
New York, NY 10007

August 27, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (MBIA Insurance Corporation Insured - Policy No. **500190**) to the **\$34,635,000.00, City and County of Denver, Colorado - For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C**, dated August 29, 2007 which sold through negotiation on August 1, 2007. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

*Joann Hempel*

Joann Hempel  
Vice President / Senior Credit Officer

JH / DC

# Fitch Ratings

1201 East 7th Street  
Powell, WY 82435

T 307 754 2012 / 800 85 FITCH  
www.fitchratings.com

August 24, 2007

Ms. Lisa Wilson  
MBIA Insurance Corp.  
113 King Street  
Armonk, NY 10504

Re: Denver (City & County) (CO) / Policy # 500190

Dear Ms. Wilson:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by Issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,

  
Tara May  
Insured Ratings Manager  
U.S. Public Finance

TM/t

Enc: Notice of Rating Action  
(Doc ID: 87888)

## Notice of Rating Action

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<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds ser 2007C (Non-AMT) (insured: MBIA Insurance Corp.)	Long Term	Upgrade	AAA	RO:Sta	24-Aug-2007	1

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Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

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### Notes

- 1 The rating is based solely on credit enhancement provided by a bond insurance policy issued by MBIA Insurance Corp., which has an insuror Financial Strength rating of 'AAA'.
-



33

**STANDARD  
& POOR'S**

One Market  
Steuart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5004  
reference no.: 849787

July 25, 2007

Denver International Airport  
8500 Pena Boulevard  
Denver, CO 80249

Attention: Mr. Stan B. Koniz, CPA, Assistant Deputy Manager of Aviation / Finance

Re: ***US\$195,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (AMT), (Denver International Airport), 2007 Series A, dated: Date of Delivery, due: November 15, 2030***

***US\$25,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (Non-AMT), (Denver International Airport), 2007 Series B, dated: Date of Delivery, due: November 15, 2032***

***US\$150,000,000 City & County Of Denver, Colorado, Airport System Revenue Refunding Bonds, (Non-AMT), (Denver International Airport), 2007 Series C, dated: Date of Delivery, due: November 15, 2032***

***US\$188,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (AMT), (Denver International Airport), 2007 Series D, dated: Date of Delivery, due: November 15, 2022***

***US\$49,000,000 City & County Of Denver, Colorado, Airport System Revenue Bonds, (Non-AMT), (Denver International Airport), 2007 Series E, dated: Date of Delivery, due: November 15, 2032***

***US\$360,000,000 City & County Of Denver, Colorado, Airport System Revenue Refunding Bonds, (Non-AMT), (Denver International Airport), 2007 Series F, dated: Date of Delivery, due: November 15, 2025***

Dear Mr. Koniz:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of

Mr. Stan B. Koniz, CPA  
Page 2  
July 25, 2007

any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an “expert” under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a “market rating” nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor’s permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor’s reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor’s relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor’s assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor’s must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor’s may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor’s reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor’s Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Mr. Stan B. Koniz, CPA  
Page 3  
July 25, 2007

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

*Standard & Poor's /mv*

jf

enclosures

cc: Ms. Margaret Danuser  
Ms. Susan Kurland



**Moody's Investors Service**

7 World Trade Center at 250 Greenwich Street  
New York, NY 10007

August 14, 2007

Mr. Stan Koniz  
Deputy Manager of Aviation  
Denver (City & County of) CO  
Airport Office Building  
8500 Peña Boulevard  
Denver, CO 80249-6340

Maria Matesanz  
Senior Vice President - Team Lead  
Infrastructure Finance Team  
Tel: 212.553.7241  
Fax: 212.553.4919

Dear Mr. Koniz:

We wish to inform you that on July 26, 2007, Moody's Investors Service assigned a rating of A1 to Denver (City & County of) CO Airport Enterprise's Airport System Revenue Bonds Series 2007 A, Series 2007 B, Series 2007 C, Series 2007 D, Series 2007 E and Series 2007 F. Our outlook on the rating is stable.


In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's ratings desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Thomas Paolicelli, at 212-553-0334.

Sincerely,

  
For: Maria Matesanz  
MM: TGP: csf  
cc:



Moody's Investors Service

Global Credit Research

New Issue

26 JUL 2007

Save as PDF

**New Issue:** Denver (City & County of) CO Airport Ent.

**MOODY'S ASSIGNS A1 RATING TO DENVER INTERNATIONAL AIRPORT'S AIRPORT SYSTEM REVENUE BONDS, SERIES 2007 A, 2007 B, 2007 C, 2007 D 2007 E AND 2007 F; OUTLOOK IS STABLE**

**DENVER INTERNATIONAL AIRPORT (CITY OF DENVER DEPARTMENT OF AVIATION) HAS A TOTAL OF \$3.9 BILLION RATED DEBT OUTSTANDING**

Airport  
CO

**Moody's Rating**

ISSUE	RATING
Airport System Revenue Bonds Series 2007 A, 2007 B, 2007 C, 2007 D, 2007 E, 2007 F	A1 <sup>1</sup>
<b>Sale Amount</b> \$360,000,000	
<b>Expected Sale Date</b> 08/01/07	
<b>Rating Description</b> Airport System Revenue Bonds Series 2007 A, 2007 B, 2007 C, 2007 D, 2007 E, 2007 F	

<sup>1</sup> Series 2007 A, 2007 B and 2007 C expected to price August 1; Series 2007D and 2007 E expected to price August 16; Series 2007 F expected to price in September

**Moody's Outlook** Stable

**Opinion**

NEW YORK, Jul 26, 2007 -- Moody's Investors Service has assigned an A1 rating to the Denver International Airport's (DIA's) Airport System Revenue Bonds, \$195 million Series 2007 A (AMT), \$25 million Series 2007 B, \$150 million Series 2007 C (market dependant refunding bonds), \$188 million Series 2007D (AMT), \$49 million Series 2007 E and \$360 million Series 2007 F (current refunding). The outlook is stable. We are also affirming our outstanding ratings on DIA's outstanding bonds.

The 2007 Series A, B and C bonds are scheduled to be priced on August 1, the 2007 Series D and E bonds on August 16 and the Series 2007 F bonds in the fall, prior to the start of the swap the airport entered into in 2006 (see following interest rate derivatives section).

**LEGAL SECURITY:** Net airport revenues. A portion of passenger facility charges are pledged to debt service through 2010. The rate covenant requires gross revenues plus other available revenues, including the rolling coverage account, to be sufficient to cover operating and maintenance expenses (O&M) and 125% of debt service. The rolling coverage account is currently funded at 25% of debt service and debt service reserves are funded at maximum annual debt service.

**INTEREST RATE DERIVATIVES:** The Airport's swap agreements are with several highly rated counterparties and were undertaken in accordance with the city and county of Denver's master derivatives policy.

1998 swap agreements were entered into for a notional amount of \$300 million, effective October 4, 2000. The Airport pays a fixed rate and receives a rate matched to the bond floating rate.

1999 BMA swap agreements were entered into for a notional amount of \$200 million, effective October 4,

2001. The Airport pays a fixed rate and receives BMA. In 2002 the Airport entered into an interest rate exchange agreement for a notional amount of \$200 million. The Airport pays BMA and receives an average of 76.165% of LIBOR, effective April 15, 2002. Taken together, the 1999 and 2002 swap agreements will result in the Airport receiving 76.165% of LIBOR, rather than BMA, and they will continue to pay the fixed rate agreed to in the 1999 swap agreements.

The Airport has entered into several forward starting interest rate exchange agreements to provide predictability in savings on future refunding transactions. The 2005 swap agreement entered into for a notional amount of \$279.6 million, effective November 15, 2006 and the 2006 swap agreement entered into for a notional amount of \$361.7 million, effective November 15, 2007 may be used to hedge floating rate refunding bonds issued before the effective date (Series 2007 F bonds) or the Airport may issue fixed rate refunding bonds and either terminate the swap or enter into a fixed receiver BMA swap. Under these agreements, the Airport would receive a fixed rate and pay 70% of 1 month LIBOR.

The swaps are not a perfect hedge and the Airport may need to make additional floating rate payments to the extent the tax exempt variable rate on the bonds exceeds the floating rate agreed to in each of the swaps. Counterparties must post collateral should their rating fall below Aa3. The Airport retains a unilateral option to terminate; however a payment may be due from them if they do terminate. Payments, including termination payments, due under the swaps are subordinate to senior lien debt service payments. Moody's does not believe these agreements present a significant risk to the Airport.

#### STRENGTHS:

- \*Solid recent growth in enplanements particularly by low cost carriers; Southwest Airlines, which initiated service in 2006, contributes to greater airline diversity
- \*Continued strong cash position
- \*Relatively short average life of debt could allow for restructuring to reduce near term costs, if needed
- \*Strong proactive financial management with a focus on maintaining stable and predictable rates charged to the airlines
- \*Expected defeasance of debt associated with the automated baggage system eliminates payment uncertainty if United were to liquidate; however, United is still obligated to pay for the baggage system space costs associated which are estimated at \$31 million in 2007

#### CHALLENGES

- \*High debt load resulting in relatively high airline costs
- \*Reliance on its largest carrier, United (senior unsecured rating of Caa1), which accounts for 56% of enplanements of which nearly 60% are connecting passengers (33% of total airport enplanements are United connecting enplanements)
- \*Large capital plan driven by higher demand at the airport

#### MARKET POSITION/COMPETITIVE STRATEGY: ANOTHER YEAR OF RECORD SETTING TRAFFIC IN 2006 BUT FINANCIAL STABILITY STILL CLOSELY TIED TO UNITED

In 2006, DIA's enplanements again reached record levels, growing by 9% over fiscal 2005 levels. Enplanements have been steadily increasing since 2002, notwithstanding the bankruptcy reorganization by United, after a period of decline from 2000 to 2002. Increases in enplanements have been led by the build-up of service by Frontier Airlines, which has a hubbing operation at DIA, and the addition of a number of new carriers at Denver, including Southwest Airlines which initiated service in 2006. These new entrant low-cost carriers (excluding United's low cost carrier, TED), shared nearly 27% of total enplaned passengers in 2006, an increase from 12% in 2001. Most of the increase was attributable to Frontier which grew its market share from 8% to nearly 21% and Southwest Airlines which now accounts for nearly 5% of airport enplanements.

United's market share declined to 56% from 69% between 2000 and 2006. However, the financial stability of DIA still remains tied very closely to United, whose connecting traffic is about one-third of total traffic at DIA.

United reemerged from bankruptcy in 2007.

#### FINANCIAL AND OPERATING PERFORMANCE: SOUND FINANCIAL MANAGEMENT RESULTS IN STABILITY AND PREDICTABILITY OF AIRLINE COSTS

DIA's financial position has remained relatively stable despite the stresses in the airline industry. This stability reflects the nature of the current airline use and lease agreements and cost recovery methodology, which states that deficits in any of the Airport's cost centers will eventually be spread among all the airlines using the Airport. At the same time it allows the Airport to accumulate some discretionary funds shielded from airline control, thereby providing some financial flexibility. Under the airline agreements, which began in 2006, the airlines will receive a reduced share of net excess revenues. The airlines will receive 50% of the excess revenues, down from 75%, up to an annual maximum of \$40 million per year, with the Airport receiving the remaining revenues. While the compensatory nature of the terminal space rentals puts some risk on the Airport should United reduce or liquidate its operations, the rate base plus the rolling coverage amounts must generate gross revenues sufficient to satisfy the rate maintenance covenant. While United has reemerged from bankruptcy, a liquidation by United would reduce the amount of excess revenues received by the Airport and would increase the costs to the other airlines operating. In Moody's opinion, the ability of other airlines to absorb these costs is uncertain.

Operating results for FY 2006 were favorable, with bond ordinance coverage of debt service at 1.89 times (x), up from 1.75 x in 2005. Operating expenses increased 11% over 2005, due to increased personnel costs and snow removal costs associated with this year's blizzard. The compounded annual growth in expenses computed over 5 years (2001-2006) was, however, a modest 2.8%, which is favorable and indicative of the Airport's success at controlling expenses. Projected budgeted expense increases in FY 2007 are also expected to be modest and in line with the recent trend. Airport management has been conservative in its budgeting and has been able to provide stability and predictability in airline costs and have consistently beat cost per enplaned passenger forecasts in recent years. Airline costs per enplaned passenger are projected to be approximately \$11.09 in 2007.

#### CAPITAL PLAN: DEBT LEVELS ARE RELATIVELY HIGH AND LARGE CAPITAL PLAN EXPECTED; SHORT AVERAGE LIFE OF DEBT A STRENGTH

While Denver's per passenger debt levels have been moderating, they continue to exceed those of many large U.S. airports at approximately \$138 per enplaned passenger and nearly \$247 per O&D enplaned passenger. The airport plans to defease the remaining debt associated with the automated baggage system over the next several years. United discontinued use of the system because it failed to operate as planned. Recovery of the costs associated with the baggage system has been an ongoing concern and the debt defeasance lessens this concern, however, United will still be responsible for the space rental associated with the system, which is estimated to be \$31 million in 2007.

The Airport's capital improvement plan includes over \$1.2 billion of projects through 2013 (previous projections indicated approximately \$363 million in planned capital improvement projects from 2006 through 2011). The increase is partially attributable to demand driven projects which are being undertaken sooner than planned such as a new Concourse C gate expansion and taxi lane extensions. As part of last year's agreement with United to release gates, the Airport also undertook an expansion on Concourse B to accommodate regional jets, at an estimated cost of \$42 million, which was funded with commercial paper that will be taken out with the bonds. Other demand driven projects not included during the forecast period include construction of narrow body aircraft gates on Concourse A and a hotel at the landside terminal.

The Airport's debt is structured to be paid over the next 25 years, with an average life of less than 13 years. This relatively short average life provides room for the Airport to restructure its debt by pushing out principal payments and reducing its near term debt service costs. This could provide some near term cost relief should United reduce or liquidate its operations.

#### Outlook

The rating outlook is stable, reflecting the solid recent growth in enplanements, particularly by low cost carriers; the planned defeasance of automated baggage system debt; and strong, proactive financial management.

What Could Change the Rating - UP

Greater increases in airline diversity and O&D traffic, moderating debt position, improved financial strength of



United and continued growth in enplanements from airlines other than United could have positive credit implications.

What Could Change the Rating -- DOWN

The reduction in available reserves and increases in the costs to operate at the Airport beyond the modest increases projected, changes in United's strategy at the airport which may result in a loss of connecting passengers and significant variations in actual net revenues versus projections would put downward pressure on the rating.

KEY INDICATORS

Type of Airport: connecting hub

Rate-making methodology: residual

FY 2006 Enplanements: 23,665 (highest level of enplanements DIA)

5-Year Enplanement CAGR 2001-2006: 5.6%

FY 2006 vs. FY 2000 Enplanement growth: 22%

FY 2006 vs. FY 2005 Enplanement growth: 9%

% O&D vs. Connecting, FY 2006 (5 YR AVG):56% (55%)00

Largest Carrier by Enplanements, FY 2006 (share): United (56.4%)

Airline Cost per Enplaned Passenger, FY 2006 (5 YR AVG): \$11.41 (\$13.21)

Debt per Enplaned Passenger, FY 2006 (5 YR AVG): \$138.34 (\$175.65)

Bond Ordinance Debt Service Coverage, FY 2006 (5 YR AVG):1.89x (1.76x)

Utilization Factor, FY 2004 (5 YR AVG): 5.5 (4.8)

RATED DEBT (not including 2007 bonds):

Total: \$3,869,785

Airport System Senior Revenue Bonds [1]

Series 1991 A; \$18,795,000; A1

Series 1991 D; \$117,400; A1

Series 1992 F & G; \$48,000,000; Aa3/VMIG [2]

Series 1995 C; \$10,625,000; Aaa/A1 [4]

Series 1997 E; \$415,705,000; Aaa/A1 [4] (to be current refunded with 2007 bonds)

Series 1998 A & B; \$310,060,000;Aaa/A1 [4] (to be advance refunded with 2007 C bonds)

Series 2000 A; \$267,735,000; Aaa/A1 [4]

Series 2000 B & C; \$300,000,000; Aaa/VMIG 1 [3]

Series 2001 A, B & D; \$358,760,000; Aaa/A1 [4]

Series 2002 A1-A3; \$273,980,000; Aaa/A1 [4] [5]

Series 2002 C; \$41,100,000; Aaa/VMIG1 [2]

Series 2002 E; \$182,855,000; Aaa/A1 [4]

Series 2003 A & B; \$286,965,000; Aaa/A1 [4] (Series B to be refunded with 2007 bonds)

Series 2004 A& B; \$146,600,000; Aaa/VMIG1 [3]

Series 2005 A; \$227,740,000; A1 [4]

Series 2005 B; \$88,800,000; Aaa/A1 [4] [5]

Series 2005 C; \$85,000,000; Aaa/VMIG1 [3] [4]

Series 2006 A; 279,585,000; A1

Series 2006 B, 170,005,000; A1

Airport System Subordinate Revenue Bonds

Series 2001C1-C4; \$200,000,000; Aaa [6]

Commercial paper - not to exceed \$300,000,000

[1] The Series 1992 C bonds and \$14.8 million of the 1991 A & C bonds have been economically defeased and are not included

[2] Irrevocable letters of credit were issued as collateral for these bonds

[3] Standby Bond Purchase Agreements along with bond insurance policies were issued for these series of bonds

[4] Insured bonds with underlying rating of A1

[5] Auction rate bonds

[6] Insured bonds

#### ISSUER CONTACTS

Turner West, Manager of Aviation - 303.342.2206

Stan Koniz, Deputy Manager of Aviation/CFO - 303.342.2401

#### Analysts

Thomas Paolicelli  
Analyst  
Public Finance Group  
Moody's Investors Service

Maria Matesanz  
Backup Analyst

Public Finance Group  
Moody's Investors Service

**Contacts**

Journalists: (212) 553-0376  
Research Clients: (212) 553-1653

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# FitchRatings

One State Street Plaza  
New York, NY 10004

T 212 908 0500 / 800 75 FITCH  
www.fitchratings.com

August 8, 2007

Mr. Stan B. Koniz  
Deputy Manager of Aviation & CFO  
Denver (City & County)  
Denver International Airport  
8500 Pena Boulevard  
Denver, CO 80249

Dear Mr. Koniz:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



Scott Trommer  
Senior Director  
U.S. Public Finance

ST/v

Enc: Notice of Rating Action  
(Doc ID: 86446)

## Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds ser 2007A (AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007B (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007C (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007D (AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) airport sys rev bonds ser 2007E (Non-AMT)	Long Term	New Rating	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 1991D (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 1994A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 2003B	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	
Denver (City & County) (CO) (Denver International Airport) airport sys rev bonds ser 2003B (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds (AMT) ser 2001A (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds (non-AMT) ser 2001B (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2000B (insured: MBIA Insurance Corp.) (liquidity facility: Bayerische Landesbank (Guaranteed Obligations), State Street Bank and Trust Company, WestLB AG (Guaranteed Obligations))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2000C (insured: MBIA Insurance Corp.) (liquidity facility: Bank One, N.A. (Chicago))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Denver International Airport) airport sys rev rfdg bonds ser 2003A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev bonds ser 1997E (insured: MBIA Insurance Corp.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev rfdg bonds ser 2002E (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) (Department of Aviation) airport sys rev rfdg bonds ser 2002E (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1

## Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds (AMT) sub ser 2005C1 (insured: CIFG Assurance North America, Inc.) (liquidity facility: Morgan Stanley)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds (AMT) sub ser 2005C2 (insured: CIFG Assurance North America, Inc.) (liquidity facility: Morgan Stanley)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 1998A (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 1998B (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2005A (insured: XL Capital Assurance Inc.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2006A (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev bonds ser 2006B (insured: Financial Guaranty Insurance Company)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2000A (insured: Ambac Assurance Corp.)	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2001D (insured: Financial Security Assurance Inc. (FSA))	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	1
Denver (City & County) (CO) airport sys rev rfdg bonds ser 2002E	Long Term	Affirmed	A+	RO:Sta	25-Jul-2007	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

### Notes

1 The rating is an underlying rating, given without consideration of credit enhancement.

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The McGraw-Hill Companies

# STANDARD & POOR'S

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 849787

August 24, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Mr. Adam Carta, Assistant Vice President

**Re: \$147,815,000 City and County of Denver, Colorado, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D, dated: Date of Delivery, due: November 15, 2016-2023, (POLICY #500870)**

Dear Mr. Carta:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A+". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

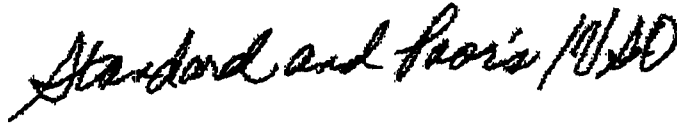
Standard & Poor's



Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

A handwritten signature in black ink that reads "Standard and Poors" followed by a stylized monogram or initials.

kb

**Moody's Investors Service**

*7 World Trade Center  
at  
250 Greenwich Street,  
New York, NY 10007*

August 27, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (MBIA Insurance Corporation Insured - Policy No. **500870**) to the **\$147,815,000.00, City and County of Denver, Colorado - For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D**, dated August 29, 2007 which sold through negotiation on August 16, 2007. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact Karen Malkowski at (201) 395-6370.

Sincerely yours,

*Joann Hempel*

Joann Hempel  
Vice President / Senior Credit Officer

JH / DC

# FitchRatings

1201 East 7th Street  
Powell, WY 82435

T 307 754 2012 / 800 85 FITCH  
www.fitchratings.com

August 24, 2007

Ms. Lisa Wilson  
MBIA Insurance Corp.  
113 King Street  
Armonk, NY 10504

Re: Denver (City & County) (CO) / Policy # 500870

Dear Ms. Wilson:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



Tara May  
Insured Ratings Manager  
U.S. Public Finance

TM/it

Enc: Notice of Rating Action  
(Doc ID: 87849)

## Notice of Rating Action

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<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Denver (City & County) (CO) airport sys rev bonds ser 2007D (AMT) (insured: MBIA Insurance Corp.)	Long Term	Upgrade	AAA	RO:Sta	24-Aug-2007	1

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Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

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Notes

- 1 The rating is based solely on credit enhancement provided by a bond insurance policy issued by MBIA Insurance Corp., which has an Insurer Financial Strength rating of 'AAA'.
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## CERTIFICATE OF FINANCIAL CONSULTANT

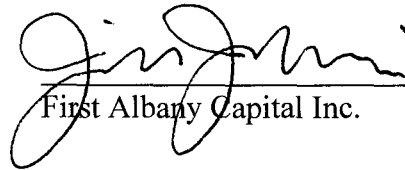
Pursuant to Section 5(d)(10) of the Series 2007A-B Bond Purchase Agreement dated August 1, 2007, between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the “City”), and the Underwriters named therein with respect to the Series 2007A-B Bonds (as defined below) (the “Series 2007A-B Bond Purchase Agreement”), and pursuant to Section 5(d)(10) of the Series 2007C Bond Purchase Agreement dated August 1, 2007, between the City and the Underwriters named therein with respect to the Series 2007C Bonds (as defined below) (the “Series 2007C Bond Purchase Agreement”) and pursuant to Section 5(d)(10) of the Series 2007D Bond Purchase Agreement dated August 16, 2007, between the City and the Underwriters named therein with respect to the Series 2007D Bonds (as defined below) (the “Series 2007D Bond Purchase Agreement” and together with the Series 2007A-B Bond Purchase Agreement and the Series 2007C Bond Purchase Agreement the “Bond Purchase Agreement”), I am a duly authorized officer of First Albany Capital Inc. and further certify as follows:

1. First Albany Capital Inc., along with Estrada Hinojosa & Company, Inc., has acted as Financial Consultant to the City. All capitalized terms used herein shall have the meanings set forth in the Bond Purchase Agreement or, if not defined therein, in the Official Statement except as otherwise defined herein.

2. In the capacity of Financial Consultant we have assisted and advised the City in preparing the Series 2007A-C Plan of Financing in anticipation of the issuance of the Series 2007A-C Bonds (as defined below). We have participated in the preparation of the Series 2007A-C Bonds Official Statement, dated August 6, 2007 (the “Series 2007A-C Official Statement”), pertaining to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A,” (the “Series 2007A Bonds”), “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B” (the “Series 2007B Bonds” and together with the Series 2007A Bonds the “Series 2007A-B Bonds”) and “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C” (the “Series 2007C Bonds” and together with the Series 2007A-B Bonds the “Series 2007A-C Bonds”). We have assisted and advised the City in preparing the Series 2007D Plan of Financing in anticipation of the issuance of the Series 2007D Bonds (as defined below). We have also participated in the preparation of the Series 2007D Bonds Official Statement dated August 20, 2007 (the “Series 2007D Official Statement” and together with the Series 2007A-C Official Statement the “Official Statement”) pertaining to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D” (the “Series 2007D Bonds”).

3. The information in the Official Statement with respect to the Series 2007A-C Plan of Financing and Series 2007D Plan of Financing is accurate. In addition, although we have not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of the Official Statement, or retained counsel to do the same, in our capacity as Financial Consultant we have not become aware of facts, as of the date hereof, which lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made (except for the Appendices to such document, the other financial and statistical information included therein and the sections entitled "BOND INSURANCE," "LITIGATION," and "TAX MATTERS," as to which no view is expressed).

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.



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First Albany Capital Inc.

## **CERTIFICATE OF FINANCIAL CONSULTANT**

Pursuant to Section 5(d)(10) of the Series 2007A-B Bond Purchase Agreement dated August 1, 2007, between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the “City”), and the Underwriters named therein with respect to the Series 2007A-B Bonds (as defined below) (the “Series 2007A-B Bond Purchase Agreement”), and pursuant to Section 5(d)(10) of the Series 2007C Bond Purchase Agreement dated August 1, 2007, between the City and the Underwriters named therein with respect to the Series 2007C Bonds (as defined below) (the “Series 2007C Bond Purchase Agreement”) and pursuant to Section 5(d)(10) of the Series 2007D Bond Purchase Agreement dated August 16, 2007, between the City and the Underwriters named therein with respect to the Series 2007D Bonds (as defined below) (the “Series 2007D Bond Purchase Agreement” and together with the Series 2007A-B Bond Purchase Agreement and the Series 2007C Bond Purchase Agreement the “Bond Purchase Agreement”) I am a duly authorized officer of Estrada Hinojosa & Company, Inc. and further certify as follows:

1. Estrada Hinojosa & Company, Inc., along with First Albany Capital Inc., has acted as Financial Consultant to the City. All capitalized terms used herein shall have the meanings set forth in the Bond Purchase Agreement or, if not defined therein, in the Official Statement except as otherwise defined herein.

2. In the capacity of Financial Consultant we have assisted and advised the City in preparing the Series 2007A-C Plan of Financing in anticipation of the issuance of the Series 2007A-C Bonds (as defined below). We have participated in the preparation of the Series 2007A-C Bonds Official Statement, dated August 6, 2007 (the “Series 2007A-C Official Statement”), pertaining to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A,” (the “Series 2007A Bonds”), “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B” (the “Series 2007B Bonds” and together with the Series 2007A Bonds the “Series 2007A-B Bonds”) and “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C” (the “Series 2007C Bonds” and together with the Series 2007A-B Bonds the “Series 2007A-C Bonds”). We have assisted and advised the City in preparing the Series 2007D Plan of Financing in anticipation of the issuance of the Series 2007D Bonds (as defined below). We have also participated in the preparation of the Series 2007D Bonds Official Statement dated August 20, 2007 (the “Series 2007D Official Statement” and together with the Series 2007A-C Official Statement the “Official Statement”) pertaining to the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D” (the “Series 2007D Bonds”).



3. The information in the Official Statement with respect to the Series 2007A-C Plan of Financing and Series 2007D Plan of Financing is accurate. In addition, although we have not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of the Official Statement, or retained counsel to do the same, in our capacity as Financial Consultant we have not become aware of facts, as of the date hereof, which lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made (except for the Appendices to such document, the other financial and statistical information included therein and the sections entitled "BOND INSURANCE," "LITIGATION," and "TAX MATTERS," as to which no view is expressed).

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.

  
\_\_\_\_\_  
Estrada Hinojosa & Company, Inc.

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**CLOSING MEMORANDUM**

**TO:** Series 2007A-D Working Group

**FROM:** Jill Jaworski  
Susan Kurland  
Phuc Hoang

**DATE:** August 29, 2007

**RE:** Delivery Instructions and Flow of Funds for:

**CITY AND COUNTY OF DENVER, COLORADO  
for and on behalf of its Department of Aviation**

<b>\$188,350,000</b> Airport System Revenue Bonds Series 2007A (AMT)	<b>\$24,250,000</b> Airport System Revenue Bonds Series 2007B (Non-AMT)
<b>\$34,635,000</b> Airport System Revenue Bonds Series 2007C (Non-AMT)	<b>\$147,815,000</b> Airport System Revenue Bonds Series 2007D (AMT)

---

**Closing Date and Location**

The pre-closing and closing for the above referenced issue will take place at the following times and location:

Pre-Closing: 3:00 PM (prevailing MT) Tuesday, August 28, 2007  
Closing: 8:00 AM (prevailing MT) Wednesday, August 29, 2007

Location: Hogan & Hartson  
1 Tabor Center, Suite 1500  
1200 17th Street  
Denver, Colorado 80202  
Phone: 303-899-7300

Contact: David Scott  
Phone: 303-899-7314  
Facsimile: 303-899-7333

**1. Purpose of Financing**

**Series 2007A-B**

The proceeds of the Series 2007A-B Bonds will be used to:

- Fund capital improvements for the Airport (including the reimbursement of Airport equity and current refunding of Airport System Subordinate Commercial Paper Notes Series A as detailed in *Items 12 and 13* below);
- Fund capitalized interest on a portion of the Series 2007A-B Bonds;
- Fund a deposit to the Bond Reserve Fund; and
- Pay costs of issuance including the bond insurance premium.

	<b>Series 2007A</b>	<b>Series 2007B</b>	<b>TOTAL</b>
Deposit to Bond Reserve Fund.....	\$9,856,983.34	\$1,147,833.33	\$11,004,816.67
Deposit to Project Fund			
Capitalized Interest Subaccount .....	9,179,398.32	2,285,341.61	11,464,739.93
Project Account.....	170,386,774.65	21,189,631.50	191,576,406.15
Project Account – Costs of Issuance ...	528,243.00	69,873.00	598,116.00
Total Fund Deposits .....	\$189,951,399.31	\$24,692,679.44	\$214,644,078.75
Bond Insurance Premium.....	1,327,237.24	234,623.06	1,561,860.30
Purchase Price of Bonds.....	\$191,278,636.55	\$24,927,302.50	\$216,205,939.05
Underwriters' Discount.....	1,120,682.50	144,287.50	1,264,970.00
Less: Original Issue Premium.....	(4,049,319.05)	(821,590.00)	(4,870,909.05)
Par Amount of Bonds.....	\$188,350,000.00	\$24,250,000.00	\$212,600,000.00

**Series 2007C**

The proceeds of the Series 2007C Bonds, together with other available Airport System moneys, will be used to:

- Advance refund and defease a portion of the outstanding Airport System Revenue Bonds, Series 2003B; and
- Pay costs of issuance including the bond insurance premium.

	<b>Series 2007C</b>
Deposit to Escrow Fund.....	\$35,802,944.38
Deposit to Project Fund	
Project Account – Costs of Issuance.....	201,940.37
Total Fund Deposits.....	\$36,004,884.75
Bond Insurance Premium.....	255,105.70
Less: Funds Transferred from Bond Fund .....	(466,512.50)
Purchase Price of Bonds.....	\$35,793,477.95
Underwriters' Discount.....	251,223.75
Less: Original Issue Premium.....	(1,409,701.70)
Par Amount of Bonds .....	\$34,635,000.00

**Series 2007D**

The proceeds of the Series 2007D Bonds will be used to:

- Fund capital improvements for the Airport;
- Fund capitalized interest on a portion of the Series 2007D Bonds;
- Fund a deposit to the Bond Reserve Fund; and
- Pay costs of issuance including the bond insurance premium.

	<b>Series 2007D</b>
Deposit to Bond Reserve Fund.....	\$10,372,025.83
Deposit to Project Fund	
Capitalized Interest Subaccount .....	24,639,851.23
Project Account.....	117,449,781.01
Project Account – Costs of Issuance .....	617,293.00
Total Fund Deposits .....	\$153,078,951.07
Bond Insurance Premium .....	677,000.00
Purchase Price of Bonds.....	\$153,755,951.07
Underwriters' Discount .....	845,415.58
Less: Original Issue Premium.....	(6,786,366.65)
Par Amount of Bonds .....	\$147,815,000.00

**2. Information on the Paying Agent and Escrow Agent for the Referenced Issue**

The City and County of Denver (the "City") will act on its own behalf as Paying Agent and Registrar for the Series 2007A-D Bonds.

Zions First National Bank will act as Escrow Agent for the Series 2003B Bonds.

**3. Delivery of the Series 2007A-D Bonds to New York**

Delivery of the Bonds will take place in New York, New York for deposit at the Depository Trust Company, to the purchasers of such bonds no later than August 29, 2007. The Bonds will be DTC book entry only. One certificate will be deposited for each maturity.

**4. Purchase Price for and Net Proceeds from Series 2007A-D Bonds**

	<b>Series 2007A</b>	<b>Series 2007B</b>	<b>TOTAL</b>
Par Amount of Bonds .....	\$188,350,000.00	\$24,250,000.00	\$212,600,000.00
Plus: Net Original Issue Premium .....	4,049,319.05	821,590.00	4,870,909.05
Gross Production.....	\$192,399,319.05	\$25,071,590.00	\$217,470,909.05
Underwriters' Discount .....	(1,120,682.50)	(144,287.50)	(1,264,970.00)
Total Purchase Price.....	<b>\$191,278,636.55</b>	<b>\$24,927,302.50</b>	<b>\$216,205,939.05</b>

	<b>Series 2007C</b>
Par Amount of Bonds.....	\$34,635,000.00
Plus: Net Original Issue Premium.....	1,409,701.70
Gross Production .....	\$36,044,701.70
Underwriters' Discount.....	(251,223.75)
Total Purchase Price .....	<b>\$35,793,477.95</b>

	<b>Series 2007D</b>
Par Amount of Bonds.....	\$147,815,000.00
Plus: Net Original Issue Premium.....	6,786,366.65
Gross Production .....	\$154,601,366.65
Underwriters' Discount.....	(845,415.58)
Total Purchase Price .....	<b>\$153,755,951.07</b>

**5. Wire Transfers of Bond Proceeds**

**Series 2007A-B**

As further detailed herein, on the morning of Wednesday, August 29, 2007, Goldman, Sachs & Co. (“Goldman”) will execute three wire transfers through the Federal Reserve. Such transfers in aggregate will equal the total purchase price for the Series 2007A-B Bonds, **\$216,205,939.05**. The three wires are to: (1) JP Morgan Chase Bank on behalf of the City, (2) JP Morgan Chase Bank on behalf of MBIA Insurance Corporation (“MBIA”), and (3) Citibank on behalf of Ambac Assurance Corporation (“Ambac”).

**Series 2007A-B**

<i>(1) Wire to the City and County of Denver</i>	<b>\$214,644,078.75</b>
<i>(2) Wire to MBIA</i>	<b>1,327,237.24</b>
<i>(3) Wire to Ambac</i>	<b>234,623.06</b>
<b><i>Total amount of wire transfers from Goldman</i></b>	<b>\$216,205,939.05</b>

(Please see *Item 8* below for a further discussion of the MBIA and Ambac bond insurance policies.)

(1) The wire instructions for amounts to be received by JP Morgan Chase Bank on behalf of the City are as follows:

Amount: **\$214,644,078.75**  
Bank: JP Morgan Chase Bank  
1125 17<sup>th</sup> St., Denver, CO 80202  
ABA #: 021000021  
Account #: 193488945  
For Credit to: The City and County of Denver Manager of Revenue  
Further Credit to: The Department of Aviation  
Text: DIA Series 2007A-B Proceeds  
Contact: Bill Franz (720) 865-7109

(2) The wire instructions for funds due MBIA are as follows:

Amount: **\$1,327,237.24**  
Financial Institution: JP Morgan Chase Bank, N.A.  
New York, New York  
ABA#: 021000021  
Account Name: MBIA Insurance Corporation  
Account Number: 910-2-721728  
Policy #: 500180  
Attention: Ian Petrillo (914)765-3931

(3) The wire instructions for funds due Ambac are as follows:

Amount: **\$234,623.06**  
Financial Institution: Citibank N.A.  
ABA#: 021000089  
For: Ambac Assurance Corporation  
A/C No: 40609486  
Policy #: 26909BE

**Series 2007C**

As further detailed herein, on the morning of Wednesday, August 29, 2007, Citi will execute two wire transfers through the Federal Reserve. Such transfers in aggregate will equal the total purchase price for the Series 2007C Bonds, **\$35,793,477.95**. The two wires are to: (1) Zions First National Bank and (2) JP Morgan Chase Bank on behalf of MBIA Insurance Corporation.

**Series 2007C**

<i>(1) Wire to Zions First National Bank</i>	<b>\$35,538,372.25</b>
<i>(2) Wire to MBIA</i>	<b>255,105.70</b>
<b><i>Total amount of wire transfers from Citi</i></b>	<b><u>\$35,793,477.95</u></b>

(Please see *Item 8* below for a further discussion of the MBIA bond insurance policy.)

- (1) The wire instructions for amounts to be received by Zions First National Bank are as follows:

Amount: **\$35,538,372.25**  
Bank: Zions First National Bank  
Salt Lake City, UT  
ABA#: 124000054  
A/C#: 80000219  
Attn: Bruce Lewis  
Ref: DIA 2003B Escrow A/C 1808527

- (2) The wire instructions for funds due MBIA are as follows:

Amount: **\$255,105.70**  
Financial Institution: JP Morgan Chase Bank, N.A.  
New York, New York  
ABA#: 021000021  
Account Name: MBIA Insurance Corporation  
Account Number: 910-2-721728  
Policy #: 500190  
Attention: Ian Petrillo (914)765-3931

**Series 2007D**

As further detailed herein, on the morning of Wednesday, August 29, 2007, Lehman Brothers ("Lehman") will execute two wire transfers through the Federal Reserve. Such transfers in aggregate will equal the total purchase price for the Series 2007D Bonds, **\$153,755,951.07**. The two wires are to: (1) JP Morgan Chase Bank on behalf of the City and (2) JP Morgan Chase Bank on behalf of MBIA Insurance Corporation.

**Series 2007D**

<i>(1) Wire to the City and County of Denver</i>	<b>\$153,078,951.07</b>
<i>(2) Wire to MBIA</i>	<b>677,000.00</b>
<b><i>Total amount of wire transfers from Lehman</i></b>	<b><u>\$153,755,951.07</u></b>

(Please see *Item 8* below for a further discussion of the MBIA bond insurance policy.)

(1) The wire instructions for amounts to be received by JP Morgan Chase Bank on behalf of the City are as follows:

Amount: **\$153,078,951.07**  
Bank: JP Morgan Chase Bank  
1125 17<sup>th</sup> St., Denver, CO 80202  
ABA #: 021000021  
Account #: 193488945  
For Credit to: The City and County of Denver Manager of Revenue  
Further Credit to: The Department of Aviation  
Text: DIA Series 2007D Proceeds  
Contact: Bill Franz (720) 865-7109

(2) The wire instructions for funds due MBIA are as follows:

Amount: **\$677,000.00**  
Financial Institution: JP Morgan Chase Bank, N.A.  
New York, New York  
ABA#: 021000021  
Account Name: MBIA Insurance Corporation  
Account Number: 910-2-721728  
Policy #: 500870  
Attention: Ian Petrillo (914)765-3931

## 6. Other Available Airport System Moneys

### Series 2007C

Available Airport System moneys consist of **\$466,512.50** held in the Bond Fund. The City will debit a total of **\$201,940.37** from the Bond Fund. This debit represents costs of issuance for Series 2007C. In lieu of proceeds, the aforementioned total debit of **\$201,940.37** will be credited to the Series 2007C Project Account as described in *Item 12* below\*. The remaining balance of Available Airport System moneys, totaling **\$264,572.13**, will be wired to Zions First National Bank on August 29, 2007 and will be used with the amount wired from Citi to purchase SLGS to fund the Series 2003B Escrow Account, as described in *Item 9* below.

(1) The wire instructions for amounts to be received by Zions First National Bank are as follows:

Amount: **\$264,572.13**  
Bank: Zions First National Bank  
Salt Lake City, UT  
ABA#: 124000054  
A/C#: 80000219  
Attn: Bruce Lewis  
Ref: DIA 2003B Escrow A/C 1808527

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\* Note that this debit of funds for costs of issuance is solely for the purpose of minimizing wire transfers, and that for federal income tax and other purposes, the full amount of the Available Airport System moneys will be allocated to the Series 2003B Escrow Account.



**7. Tracking Funds on Deposit**

**JP Morgan Chase Bank (on behalf of the City)**

Upon transfer and receipt of the funds described in *Items 5* above, JP Morgan Chase Bank shall be in possession of the following moneys:

	<b>Series 2007A</b>	<b>Series 2007B</b>	<b>Series 2007D</b>	<b>TOTAL</b>
Purchase Price of Bonds.....	\$191,278,636.55	\$24,927,302.50	\$153,755,951.07	\$369,961,890.12
Less: Bond Insurance Premium.....	(1,327,237.24)	(234,623.06)	(677,000.00)	(2,238,860.30)
Amount Wired from Underwriters (Total Proceeds) .....	<b>\$189,951,399.31</b>	<b>\$24,692,679.44</b>	<b>\$153,078,951.07</b>	<b>\$367,723,029.82</b>

The total available proceeds in the amount of **\$367,723,029.82** are allocated as follows:

	<b>Series 2007A</b>	<b>Series 2007B</b>	<b>Series 2007D</b>	<b>TOTAL</b>
Deposit to Bond Reserve Fund.....	\$9,856,983.34	\$1,147,833.33	\$10,372,025.83	\$21,376,842.50
Deposit to Project Fund				
Capitalized Interest Subaccount .....	9,179,398.32	2,285,341.61	24,639,851.23	36,104,591.16
Project Account.....	170,386,774.65	21,189,631.50	117,449,781.01	309,026,187.16
Project Account – Costs of Issuance ...	528,243.00	69,873.00	617,293.00	1,215,409.00
Total Fund Deposits.....	<b>\$189,951,399.31</b>	<b>\$24,692,679.44</b>	<b>\$153,078,951.07</b>	<b>\$367,723,029.82</b>

**Zions First National Bank**

Upon transfer and receipt of the funds described in *Items 5 and 6* above, Zions First National Bank shall be in possession of the following moneys:

	<b>Series 2007C</b>
Purchase Price of Bonds.....	\$35,793,477.95
Less: Bond Insurance Premium.....	(255,105.70)
Amount Wired from Underwriters .....	\$35,538,372.25
Plus: Amounts Transferred from Bond Fund .....	264,572.13
Total Proceeds.....	<b>\$35,802,944.38</b>

The total available proceeds in the amount of **\$35,802,944.38** will be deposited to the Series 2003B Escrow Account.

**8. Payment of Bond Insurance**

On behalf of the City, Goldman, Citi and Lehman (the “Underwriters”) will have federal fund wire transfers executed to MBIA or Ambac (the “Bond Insurers”) as detailed below:

<b>Series</b>	<b>Underwriter</b>	<b>Bond Insurer</b>	<b>Policy</b>	<b>Premium</b>
Series 2007A	Goldman	MBIA	Policy # 500180	\$1,327,237.24
Series 2007B	Goldman	Ambac	Policy # 26909BE	234,623.06
Series 2007C	Citi	MBIA	Policy # 500190	255,105.70
Series 2007D	Lehman	MBIA	Policy # 500870	677,000.00

These amounts to be paid to the Bond Insurers represent the total premium for the bond insurance policies to be issued for the Series 2007A-D Bonds.

**9. Deposit to the Series 2003B Escrow Account**

On August 29, 2007, Zions First National Bank will transfer the **\$264,572.13** received from the City from the other Airport System moneys (from the Bond Fund) and the **\$35,538,372.25** received from Citi to the Series 2003B Escrow Account and accept delivery of the SLGS listed below. A total cash balance of **\$2.38** will remain in the Series 2003B Escrow Account uninvested as detailed below.

<b>Escrow Securities (SLGS)</b>		
<b>Maturity Date</b>	<b>Principal</b>	<b>Interest Rate</b>
11/15/2007	\$466,512.00	4.98%
11/15/2007	118,181.00	4.98%
05/15/2008	121,721.00	4.90%
11/15/2008	125,959.00	4.81%
05/15/2009	128,987.00	4.68%
11/15/2009	132,006.00	4.54%
05/15/2010	135,002.00	4.51%
11/15/2010	138,047.00	4.51%
05/15/2011	141,160.00	4.52%
11/15/2011	144,350.00	4.54%
05/15/2012	147,626.00	4.55%
11/15/2012	150,985.00	4.57%
05/15/2013	154,436.00	4.58%
11/15/2013	33,697,970.00	4.60%
<b>TOTAL</b>	<b>\$35,802,942.00</b>	

The cash flow from the above SLGS securities will satisfy the escrow requirements of the refunded Series 2003B Bonds shown below:

<b>Escrow Requirements</b>						
	<b>Redemption Date</b>	<b>Redemption Price</b>	<b>Par Amount</b>	<b>Redemption Premium</b>	<b>Interest Payable</b>	<b>Escrow Requirement</b>
Series 2003B	11/15/2013	100%	\$33,540,000.00	--	\$12,129,325.00	\$45,669,325.00

On November 15, 2013, after all of the refunded Series 2003B Bonds are redeemed and paid, any surplus funds remaining in the Series 2003B Escrow Account shall be transferred as directed by the Treasurer.

**10. Deposit to the Bond Reserve Fund**

As described under *Item 7* above, the City will credit **\$21,376,842.50** to the Bond Reserve Fund (**\$9,856,983.34**, **\$1,147,833.33**, and **\$10,372,025.83** from the proceeds of the Series 2007A, Series 2007B, and Series 2007D Bonds respectively) to bring the balance of that fund to the Minimum Bond Reserve Requirement.

**11. Deposit to the Project Fund – Capitalized Interest Subaccounts**

As described under *Item 7* above, within the Capitalized Interest Account of the Project Fund, the City will credit **\$9,179,398.32** to the Series 2007A Capitalized Interest Subaccount, **\$2,285,341.61** to the Series 2007B Capitalized Interest Subaccount, and **\$24,639,851.23** to the Series 2007D Capitalized Interest Subaccount. These funds will be drawn upon by the City to fund future capitalized interest expenses on the respective bonds.

**12. Deposit to Project Fund – Project Accounts**

**Series 2007A Project Account**

As described under *Item 7* above, the City will credit **\$170,386,774.65** to the Series 2007A Project Account within the Project Fund. These funds will be drawn upon by the City to fund qualified airport projects. The City will credit an additional **\$528,243.00** to the Series 2007A Project Account to fund issuance expenses on the Series 2007A Bonds and such amount will be accounted for as being used to pay for costs of issuance.

After closing, the City will debit **\$43,976,770.00** from the 2007A Project Account. These funds will be credited to the Capital Fund to reimburse Airport funds previously spent on qualified airport projects.

**Series 2007B Project Account**

As described under *Item 7* above, the City will credit **\$21,189,631.50** to the Series 2007B Project Account within the Project Fund. These funds will be drawn upon by the City to fund qualified airport projects. The City will credit an additional **\$69,873.00** to the Series 2007B Project Account to fund issuance expenses on the Series 2007B Bonds and such amount will be accounted for as being used to pay for costs of issuance.

After closing, the City will debit **\$10,673,598.00** from the 2007B Project Account. These funds will be credited to the Capital Fund to reimburse Airport funds previously spent on qualified airport projects.

**Series 2007C Project Account**

As described under *Item 6* above, the City will transfer **\$201,940.37** to the Series 2007C Project Account within the Project Fund. These funds will be transferred from available Airport System moneys in the Bond Fund. These funds will be drawn upon to fund issuance expenses on the Series 2007C Bonds and such amount will be accounted for as being used to pay for costs of issuance.

**Series 2007D Project Account**

As described under *Item 7* above, the City will credit **\$117,449,781.01** to the Series 2007D Project Account within the Project Fund. These funds will be drawn upon by the City to fund qualified airport projects. The City will credit an additional **\$617,293.00** to the Series 2007D Project Account to fund issuance expenses on the Series 2007D Bonds and such amount will be accounted for as being used to pay for costs of issuance.

**13. Current Refunding of Airport System Subordinate Commercial Paper Notes Series A**

On August 31, 2007, JP Morgan Chase Bank, on behalf of the City, will wire **\$30,042,052.00** from the 2007A Project Account to U.S. Bank as payment for the Airport System Subordinate Commercial Paper Notes Series A ("CP Notes").

The wire instructions for payment of the CP Notes are as follows:

Amount:	<b>\$30,042,052.00</b>
Bank:	U.S. BANK N.A. – MINNEAPOLIS
ABA #:	091 000 022
Credit:	U.S. Bank Trust New York MMI Central Cash A/C
Account #:	1731-0185-1827
Benefit:	FTNY/ Attn : Rosalyn Callender
Reference:	Denver Airport, Series A Subord CP Notes

**14. Closing**

Upon completion of the federal funds wire transfers described in *Items 5 and 6* above, Bond Counsel and representatives of the Underwriters will contact DTC to release the Series 2007A, 2007B, 2007C and 2007D Bonds.

DTC Closing Phone Numbers:	(212) 855-3752/3753/3754/3755
Goldman Participation Account Number:	0005
Citi Participation Account Number:	418
Lehman Participation Account Number:	0074

The Series 2007A-D financing will be closed.

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# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

August 29, 2007

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Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.



August 29, 2007

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It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

Handwritten signature in black ink that reads "Hogan + Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds"), \$24,250,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds"), and \$34,635,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System

Revenue Bonds, Series 2007C" (the "Series 2007C Bonds," together with the Series 2007A Bonds and the Series 2007B Bonds, the "Series 2007A-C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 375, Series of 2007 and Ordinance No. 376, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007A-C Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007A-C Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007A-C Bonds, the forms of the Series 2007A-C Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2007A-C Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-C Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007A-C Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007A-C Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007A-C Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Series 2007B Bonds and Series 2007C Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and except as provided in the following sentence, corporations. For corporations only, interest on the Series 2007B Bonds and Series 2007C Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinions set forth in the first and third sentences of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007A-C Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007A-C Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007A-C Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007A-C Bonds.

6. To the extent interest on the Series 2007A-C Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007A-C Bonds, including whether interest on the Series 2007A-C Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007A-C Bonds and the enforceability of the Series 2007A-C Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007A-C Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

We are advised that MBIA Insurance Corporation and Ambac Assurance Corporation have issued financial guaranty insurance policies relating to the Series 2007A-C Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policies, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Bookhardt & O'Toole".

BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 **Tel**  
+1.303.899.7333 **Fax**

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 415, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation,

Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D Bonds, the form of the Series 2007D Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007D Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2007D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The opinions set forth in the first sentence of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007D Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D Bonds.

6. To the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D Bonds, including whether interest on the Series 2007D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D Bonds and the enforceability of the Series 2007D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.




August 29, 2007

Page 4

We are advised that MBIA Insurance Corporation has issued a financial guaranty insurance policy relating to the Series 2007D Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policy, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

A handwritten signature in black ink that reads "Hogan & Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 415, Series of 2007 (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2007D Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2007D Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation,

Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2007D Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2007D Bonds, the form of the Series 2007D Bonds, the Report of the Airport Consultant dated July 25, 2007, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2007D Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2007D Bonds for and on behalf of the Department.
2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.
3. The Series 2007D Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.
4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2007D Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2007D Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Series 2007D Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The opinions set forth in the first sentence of this paragraph assume compliance by the City with certain requirements of the Code, that must be met subsequent to the issuance of the Series 2007D Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2007D Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2007D Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2007D Bonds.

6. To the extent interest on the Series 2007D Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2007D Bonds, including whether interest on the Series 2007D Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2007D Bonds and the enforceability of the Series 2007D Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2007D Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion.

August 29, 2007  
Page 4

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

We are advised that MBIA Insurance Corporation has issued a financial guaranty insurance policy relating to the Series 2007D Bonds. We express no opinion as to the validity or enforceability of such financial guaranty insurance policy, the protections afforded thereby, or any other matters pertaining thereto.

Respectfully submitted,

  
BOOKHARDT & O'TOOLE

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# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

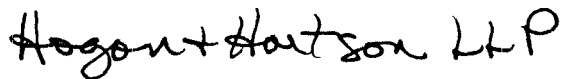
**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A and Airport System Revenue Bonds, Series 2007C. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,



HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A and Airport System Revenue Bonds, Series 2007C. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,

  
BOOKHARDT & O'TOOLE



# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004

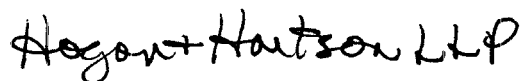
**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007B - \$24,250,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,



HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007B - \$24,250,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,



BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

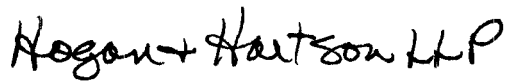
**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,



HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our approving opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,

  
BOOKHARDT & O'TOOLE

39

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 **Tel**  
+1.303.899.7333 **Fax**

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds," together with the Series 2007A Bonds, the "Series 2007A-B Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007, between the City, for and on behalf of its Department of Aviation, and Goldman, Sachs & Co., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 6, 2007, relating to the Series 2007A-B Bonds (the "Official

Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007A-B Bonds, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007A-B Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-B Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007A-B Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007A-B Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007A-B Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007A-B Bonds (the "Bond Counsel Opinion").

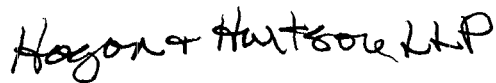
August 29, 2007

Page 3

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007A-B Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

A handwritten signature in black ink that reads "Hogan & Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP



**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds," together with the Series 2007A Bonds, the "Series 2007A-B Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007, between the City, for and on behalf of its Department of Aviation, and Goldman, Sachs & Co., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 6, 2007, relating to the Series 2007A-B Bonds (the "Official

Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007A-B Bonds, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007A-B Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007A-B Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007A-B Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007A-B Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007A-B Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007A-B Bonds (the "Bond Counsel Opinion").

August 29, 2007

Page 3

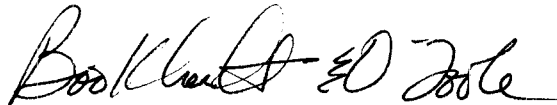
**BOOKHARDT & O'TOOLE**

A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007A-B Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,



BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007, between the City, for and on behalf of its Department of Aviation, and Citigroup Global Markets Inc., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 6, 2007, relating to the Series 2007C Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007C Bonds, the Escrow

Agreement, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007C Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007C Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007C Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007C Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007C Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007C Bonds (the "Bond Counsel Opinion").

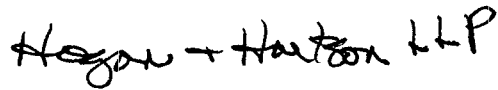
August 29, 2007

Page 3

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007C Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

A handwritten signature in black ink that reads "Hogan + Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FAXSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 1, 2007, between the City, for and on behalf of its Department of Aviation, and Citigroup Global Markets Inc., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 6, 2007, relating to the Series 2007C Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007C Bonds, the Escrow

Agreement, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007C Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007C Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007A-C BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007C Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007C Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007C Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007C Bonds (the "Bond Counsel Opinion").



We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007C Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

  
BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 16, 2007, between the City, for and on behalf of its Department of Aviation, and Lehman Brothers Inc., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 20, 2007, relating to the Series 2007D Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007D Bonds, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties

contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007D Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007D BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007D Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007D Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007D Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007D Bonds (the "Bond Counsel Opinion").

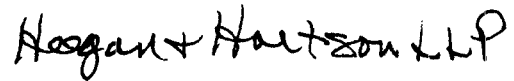
We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007D Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

August 29, 2007

Page 3

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

A handwritten signature in black ink that reads "Hogan & Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

Under even date we are rendering an opinion as bond counsel to the City and County of Denver, Colorado (the "City"), as to certain matters in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"). We are delivering this letter pursuant to paragraph 5(d)(1)(ii) of the Bond Purchase Agreement, dated August 16, 2007, between the City, for and on behalf of its Department of Aviation, and Lehman Brothers Inc., as representative of the Underwriters (the "Bond Purchase Agreement"). All capitalized terms used herein and not defined shall have the same meanings as in the Bond Purchase Agreement.

In rendering the following opinions, we have examined a copy of the Ordinance, the Official Statement, dated August 20, 2007, relating to the Series 2007D Bonds (the "Official Statement"), a certified transcript of the record of proceedings of the City Council and the Manager's Resolution taken preliminary to and in authorization of the Series 2007D Bonds, the Continuing Disclosure Undertaking and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinions. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties

contained in the Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based upon, subject to, and as limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized by the City Council and executed and delivered by the City, for and on behalf of its Department of Aviation.

2. The Series 2007D Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2007D Bonds, except that in our capacity as bond counsel we have reviewed the information contained in the Official Statement under the captions "INTRODUCTION," "APPLICATION OF PROCEEDS," "THE SERIES 2007D BONDS" and Appendices C, D and E solely to determine whether such information and summaries conform to the Series 2007D Bonds and the Ordinance. The summary descriptions in the Official Statement under such captions and appendices, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of and the proposed amendments to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time, the Series 2007D Bonds, and the Ordinance are accurate summaries of such provisions and amendments in all material respects (meaning that the material terms of such provisions and amendments are accurately described). In addition, the information in the Official Statement under the captions "FINANCIAL INFORMATION – Passenger Facility Charges - Irrevocable Commitment of Certain PFCs to Debt Service Requirements" and "TAX MATTERS" purporting to describe or summarize our advice to the City or our opinions concerning certain federal tax matters relating to the Series 2007D Bonds have been reviewed by us and are accurate summaries in all material respects (meaning that the material terms of such advice and opinions are accurately described).

The opinion expressed in paragraph 2 above is based in part on our opinion of even date (subject to the qualifications contained therein) relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2007D Bonds (the "Bond Counsel Opinion").

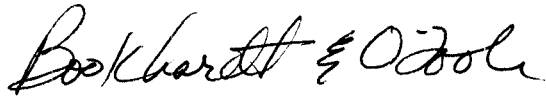
We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use in connection with the issuance of the Series 2007D Bonds on the date hereof and should not be quoted in whole or in part or otherwise be referred to nor be filed with or furnished to any governmental agency or other person or entity without the prior written consent of the firm.

August 29, 2007  
Page 3

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

We also consent to the inclusion of the form of Bond Counsel Opinion attached as Appendix H to the Official Statement.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bookhardt & O'Toole".

BOOKHARDT & O'TOOLE

40



# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

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August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000  
Series 2007B - \$24,250,000**

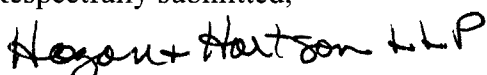
---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds," together with the Series 2007A Bonds, the "Series 2007A-B Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007A-B Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007A-B Bonds have been fulfilled.

Respectfully submitted,

  
HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.  
as Representative of the Series 2007A-B Underwriters  
listed in Schedule 1 of the Series 2007A-B Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

**City and County of Denver, Colorado**  
**for and on behalf of its Department of Aviation**  
**Airport System Revenue Bonds**  
**Series 2007A - \$188,350,000**  
**Series 2007B - \$24,250,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds," together with the Series 2007A Bonds, the "Series 2007A-B Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007A-B Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007A-B Bonds have been fulfilled.

Respectfully submitted,

  
BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

August 29, 2007

[www.hhlaw.com](http://www.hhlaw.com)

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the  
Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2nd Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C - \$34,635,000**

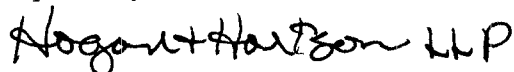
---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007C Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007C Bonds have been fulfilled.

Respectfully submitted,



HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Citigroup Global Markets Inc.  
as Representative of the Series 2007C Underwriters  
listed in Schedule 1 of the  
Series 2007C Bond Purchase Agreement  
390 Greenwich Street, 2nd Floor  
New York, NY 10013

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C - \$34,635,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007C Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007C Bonds have been fulfilled.

Respectfully submitted,

  
BOOKHARDT & O'TOOLE

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007D Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007D Bonds have been fulfilled.

Respectfully submitted,

  
HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

Lehman Brothers Inc.  
as Representative of the Series 2007D Underwriters  
listed in Schedule 1 of the Series 2007D Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

---

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the issuance by the City, for and on behalf of its Department of Aviation, of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (the "General Bond Ordinance"). In our capacity as bond counsel we have been asked to render an opinion pursuant to Section 303(B) of the General Bond Ordinance.

In our opinion, as of the date hereof and under existing law, the issuance of the Series 2007D Bonds has been duly authorized and all conditions precedent to the delivery of the Series 2007D Bonds have been fulfilled.

Respectfully submitted,

  
BOOKHARDT & O'TOOLE

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August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

**Defeasance of  
City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2003B**

---

We are delivering this opinion as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's defeasance, for and on behalf of its Department of Aviation, of its outstanding \$91,460,000 aggregate principal amount of Airport System Revenue Bonds, Series 2003B (the "Defeased Bonds"). All capitalized terms used and not defined herein shall have the same meanings as in the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007, enacted in connection with the issuance by the City, for and on behalf of its Department of Aviation, of its Airport System Revenue Bonds, Series 2007C (the "Series 2007C Bonds"), the proceeds of which are being used in part to defease the Defeased Bonds.

In rendering the following opinion, we have examined a copy of the General Bond Ordinance, a certified transcript of the record of proceedings of the City Council taken preliminary to and in the authorization of the Series 2007C Bonds, the Escrow Agreement, the Verification Report of Causey Demgen & Moore Inc. dated August 29, 2007, and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the General Bond Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

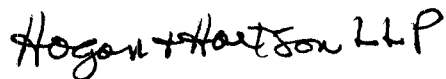


City and County of Denver, Colorado  
August 29, 2007  
Page 2

Based upon, subject to, and limited by the foregoing, it is our opinion, as of the date hereof and under existing law, that, assuming the sufficiency of the escrow created pursuant to the terms of the Escrow Agreement to pay the principal of, interest on and any premiums due in connection with the payment of the Defeased Bonds at maturity or upon prior redemption, and assuming timely notice of redemption, the Defeased Bonds are no longer outstanding within the meaning of the General Bond Ordinance.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the defeasance of the Defeased Bonds, and should not be quoted in whole or in part or otherwise be referred to, or be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

Very truly yours,

A handwritten signature in black ink that reads "Hogan & Hartson LLP". The signature is written in a cursive, slightly slanted style.

HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
City and County Building  
Denver, Colorado 80202

**Defeasance of  
City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2003B**

---

We are delivering this opinion as bond counsel to the City and County of Denver, Colorado (the "City"), in connection with the City's defeasance, for and on behalf of its Department of Aviation, of its outstanding \$91,460,000 aggregate principal amount of Airport System Revenue Bonds, Series 2003B (the "Defeased Bonds"). All capitalized terms used and not defined herein shall have the same meanings as in the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007, enacted in connection with the issuance by the City, for and on behalf of its Department of Aviation, of its Airport System Revenue Bonds, Series 2007C (the "Series 2007C Bonds"), the proceeds of which are being used in part to defease the Defeased Bonds.

In rendering the following opinion, we have examined a copy of the General Bond Ordinance, a certified transcript of the record of proceedings of the City Council taken preliminary to and in the authorization of the Series 2007C Bonds, the Escrow Agreement, the Verification Report of Causey Demgen & Moore Inc. dated August 29, 2007, and such other documents, proceedings and matters of law as we have considered an appropriate basis on which to render such opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the General Bond Ordinance, certified proceedings, certificates and instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

City and County of Denver, Colorado  
August 29, 2007  
Page 2

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Based upon, subject to, and limited by the foregoing, it is our opinion, as of the date hereof and under existing law, that, assuming the sufficiency of the escrow created pursuant to the terms of the Escrow Agreement to pay the principal of, interest on and any premiums due in connection with the payment of the Defeased Bonds at maturity or upon prior redemption, and assuming timely notice of redemption, the Defeased Bonds are no longer outstanding within the meaning of the General Bond Ordinance.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the defeasance of the Defeased Bonds, and should not be quoted in whole or in part or otherwise be referred to, or be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

Very truly yours,

  
BOOKHARDT & O'TOOLE

42

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504

**Defeasance of  
City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2003B**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our defeasance opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,



HOGAN & HARTSON LLP

**BOOKHARDT & O'TOOLE**  
A LAW PARTNERSHIP OF PROFESSIONAL CORPORATIONS

1675 BROADWAY  
SUITE 2580  
DENVER, COLORADO 80202

TELEPHONE: (303) 294-0204  
FACSIMILE: (303) 294-0723

August 29, 2007

MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504

**Defeasance of  
City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2003B**

---

Ladies and Gentlemen:

We have delivered to the City and County of Denver, Colorado our defeasance opinion as bond counsel, dated August 29, 2007, relating to the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B. You are entitled to rely upon that opinion as if it were addressed and delivered to you on this date.

Very truly yours,

  
BOOKHARDT & O'TOOLE

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JOHN W. HICKENLOOPER  
Mayor

## CITY AND COUNTY OF DENVER

DEPARTMENT OF LAW  
ARLENE V. DYKSTRA  
CITY ATTORNEY

OFFICE OF CITY ATTORNEY  
CITY & COUNTY BLDG.  
1437 BANNOCK STREET  
ROOM 353  
DENVER, COLORADO 80202-5375  
PHONE: (720) 865-8600  
FAX: (720) 865-8796

August 29, 2007

Goldman, Sachs & Co.  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, NY 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively, the "Series 2007A-B Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 1, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:



1. The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007A-B Bonds under the Ordinance.

2. The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

3. The Ordinance, which authorizes the issuance of the Series 2007A-B Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificates, the Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

4. To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

5. All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificates, the Series 2007A-B Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

6. To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

7. The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

8. Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007A-B Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007A-B Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificates, the Series 2007A-B Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking.

9. With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

10. Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

A handwritten signature in black ink, appearing to read "Chadwick", written in a cursive style.



JOHN W. HICKENLOOPER  
Mayor

## CITY AND COUNTY OF DENVER

DEPARTMENT OF LAW  
ARLENE V. DYKSTRA  
CITY ATTORNEY

OFFICE OF CITY ATTORNEY  
CITY & COUNTY BLDG.  
1437 BANNOCK STREET  
ROOM 353  
DENVER, COLORADO 80202-5375  
PHONE: (720) 865-8600  
FAX: (720) 865-8796

August 29, 2007

Citi  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, NY 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 1, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:

1. The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Undertaking, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007C Bonds under the Ordinance.

2. The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

3. The Ordinance, which authorizes the issuance of the Series 2007C Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificate, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

4. To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

5. All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificate, the Series 2007C Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

6. To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

7. The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

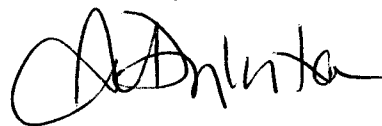
8. Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007C Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007C Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificate, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement, the

Escrow Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificate, the Series 2007C Bonds, the Official Statement, the Bond Purchase Agreement, the Escrow Agreement or the Continuing Disclosure Undertaking.

9. With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

10. Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

A handwritten signature in black ink, appearing to read "A. A. Linta". The signature is fluid and cursive, with a large initial "A" and a long horizontal stroke at the end.



JOHN W. HICKENLOOPER  
Mayor

## CITY AND COUNTY OF DENVER

DEPARTMENT OF LAW  
ARLENE V. DYKSTRA  
CITY ATTORNEY

OFFICE OF CITY ATTORNEY  
CITY & COUNTY BLDG.  
1437 BANNOCK STREET  
ROOM 353  
DENVER, COLORADO 80202-5375  
PHONE: (720) 865-8600  
FAX: (720) 865-8796

August 29, 2007

Lehman Brothers Inc.  
as Representative of the Underwriters  
listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, NY 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

As City Attorney of the City and County of Denver, Colorado (the "City"), I have acted as counsel to the City in connection with the issuance, sale and delivery of \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds"). For purposes of this opinion, capitalized terms used herein and not defined have the meanings assigned to them in the Bond Purchase Agreement, dated August 26, 2007 between you, as representative of the Underwriters, and the City (the "Bond Purchase Agreement").

I have examined the documents referred to in the Bond Purchase Agreement and such other documents and records of the City and any other papers as I have deemed relevant and necessary as the basis of the opinions hereinafter set forth. Based upon the foregoing, I am of the opinion that:

The City has been duly and validly created as a home-rule city existing under the laws of the State of Colorado, with full power and authority (a) to enter into and perform its obligations under the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental Agreement and the Concession Agreements; and (b) to adopt and perform its obligations under the Ordinance and authorize, issue, sell and deliver the Series 2007D Bonds under the Ordinance.

The officials of the City named in the Official Statement have been duly elected or appointed and are as of the date hereof legally qualified to serve in their respective positions.

The Ordinance, which authorizes the issuance of the Series 2007D Bonds and authorizes or ratifies the execution of the Bond Purchase Agreement and the Continuing Disclosure Undertaking, has been duly adopted by, and the Basic Airport Leases, the Intergovernmental Agreement, the Pricing Certificates, the Bond Purchase Agreement and the Continuing Disclosure Undertaking have been duly authorized, executed and delivered by, the City, and assuming due authorization, execution and delivery by the other parties thereto, such instruments constitute valid and binding obligations of the City enforceable in accordance with their respective terms (except as may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies).

To the best of my knowledge, the execution and delivery of the Ordinance, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement and the Continuing Disclosure Undertaking by the City and compliance with the provisions thereof will not conflict with or constitute a breach or default under any applicable law, administrative regulation, court order or consent decree of Colorado or of the United States of America or of any department, division, agency or instrumentality of either or any ordinance, agreement, note, resolution, indenture or other instrument to which the City is a party or by which it is bound.

All approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction that would constitute conditions precedent to the performance by the City of its obligations under the Ordinance, the Pricing Certificates, the Series 2007D Bonds, the Basic Airport Leases, the Intergovernmental Agreement, the Concession Agreements, the Bond Purchase Agreement or the Continuing Disclosure Undertaking and that can reasonably be obtained at this time have been obtained.

To the best of my knowledge, the use of the Airport complies with all applicable federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, the environment and safety. All permits, licenses or other requirements that are necessary for the operation of the Airport have been obtained.

The City has title to or legal possession of the site for the Airport, together with such easements and rights of way as are necessary for access and utility service.

Except as disclosed in the Official Statement, no legal proceedings of which the City has received written notice are pending or threatened: (a) contesting or affecting the validity or authority for the issuance of the Series 2007D Bonds or seeking to restrain or enjoin the issuance or delivery of the Series 2007D Bonds; (b) contesting or affecting the operation of the Airport or the validity or enforceability of the Ordinance, the Pricing Certificates, the Basic Airport Leases, the Intergovernmental Agreement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking; (c) contesting or affecting the validity of the Concession Agreements, (d) seeking to restrain or enjoin the collection of revenues pledged under the Ordinance that, if determined

August 29, 2007

Page 3

adversely to the City, would have a material impact on the City's collection of the income or revenues pledged under the Ordinance, or the pledge thereof; (e) contesting the completeness or accuracy of the Official Statement; or (f) contesting the power of the officials of the City or their authority with respect to the Ordinance, the Pricing Certificates, the Series 2007D Bonds, the Official Statement, the Bond Purchase Agreement or the Continuing Disclosure Undertaking.

With respect to the section entitled "LITIGATION" in the Official Statement, all information therein is complete and accurate.

Based on my examination and the participation of the representatives of my office at conferences at which the Official Statement was discussed, I have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the Appendices thereto and the sections entitled "BOND INSURANCE," "TAX MATTERS" and other financial and statistical information and data included in the Official Statement, as to which no opinion is expressed).

Sincerely,

A handwritten signature in black ink, appearing to read "A. D. [unclear]", written in a cursive style.



44

August 29, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Goldman, Sachs & Co.,  
as representative of the Underwriters  
for the Series 2007A-B Bonds  
85 Broad Street, 24<sup>th</sup> Floor  
New York, New York 10004

Re: City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A-B

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation (the "Department"), in connection with an Official Statement dated August 6, 2007 (the "Official Statement"), relating to \$188,350,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" and \$24,250,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (collectively the "Series 2007A-B Bonds") that are being delivered pursuant to a Bond Purchase Agreement dated August 1, 2007, between the City and Goldman, Sachs & Co., as representative of the Underwriters. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007A-B Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Department, the City's independent Airport

City and County of Denver  
Goldman, Sachs & Co.,  
as representative of the Underwriters  
for the Series 2007A-B Bonds  
August 29, 2007  
Page 2

Consultant, Bond Counsel, the City Attorney and the Financial Advisors at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein and in the Appendices thereto, and except for the material described in the next paragraph, all as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding, the information in the Official Statement under the captions "BOND INSURANCE" and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007A-B Bonds from federal or state income taxation or the qualification of the Series 2007A-B Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the addressees hereof and is issued for the sole purpose of the transaction specifically referred to herein. No person other than such addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees hereof for any other purpose whatsoever and may not be quoted by such addressees without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

*Peck, Shaffer & Williams LLP*

August 29, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Citi,  
as representative of the Underwriters  
for the Series 2007C Bonds  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013

Re: City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation (the "Department"), in connection with an Official Statement dated August 6, 2007 (the "Official Statement"), relating to \$34,635,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Series 2007C Bonds"), that are being delivered pursuant to a Bond Purchase Agreement dated August 1, 2007, between the City and Citi, as representative of the Underwriters. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007C Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Department, the City's independent Airport Consultant, Bond Counsel, the City Attorney and the Financial Advisors at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official Statement (except for the financial

City and County of Denver  
Citi,  
as representative of the Underwriters  
for the Series 2007C Bonds  
August 29, 2007  
Page 2

statements and other financial and statistical data contained therein and in the Appendices thereto, and except for the material described in the next paragraph, all as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding, the information in the Official Statement under the captions "BOND INSURANCE" and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007C Bonds from federal or state income taxation or the qualification of the Series 2007C Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the addressees hereof and is issued for the sole purpose of the transaction specifically referred to herein. No person other than such addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees hereof for any other purpose whatsoever and may not be quoted by such addressees without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

*Peck, Shaffer & Williams LLP*

August 29, 2007

City and County of Denver  
City and County Building  
Denver, Colorado 80202

Lehman Brothers,  
as representative of the Underwriters  
for the Series 2007D Bonds  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, New York 10022

Re: City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

We have acted as special counsel to the City and County of Denver, Colorado (the "City"), for and on behalf of its Department of Aviation (the "Department"), in connection with an Official Statement dated August 20, 2007 (the "Official Statement"), relating to \$147,815,000 aggregate principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds") that are being delivered pursuant to a Bond Purchase Agreement dated August 16, 2007, between the City and Lehman Brothers, as representative of the Underwriters. All capitalized terms used herein and not defined shall have the meanings given them in the Official Statement.

In our capacity as special counsel to the City in connection with the Official Statement, we have examined originals or copies, certified or otherwise identified as such to our satisfaction, of the documents delivered at the closing for the Series 2007D Bonds on the date hereof, and have relied on such documents without having independently verified the truth or accuracy of the matters contained therein. We have also reviewed and are relying upon the legal opinions delivered at such closing.

While we have not verified and are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements in the Official Statement, we have participated in the preparation of the Official Statement. Such participation included, among other things, general discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain records, documents and proceedings. We also participated in conferences with representatives of the City and the Department, the City's independent Airport Consultant, Bond Counsel, the City Attorney and the Financial Advisors at which the contents of the Official Statement were discussed and revised. In the course of such activities, no facts came to our attention that lead us to believe that the Official Statement (except for the financial

City and County of Denver  
Lehman Brothers,  
as representative of the Underwriters  
for the Series 2007D Bonds

August 29, 2007

Page 2

statements and other financial and statistical data contained therein and in the Appendices thereto, and except for the material described in the next paragraph, all as to which we express no opinion), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Our review and participation were not intended to enable us to pass upon, and we express no opinion regarding, the information in the Official Statement under the captions "BOND INSURANCE" and "TAX MATTERS," the Appendices to the Official Statement or corresponding information contained elsewhere in the Official Statement.

We call your attention to the fact that, as special counsel to the City in connection with the Official Statement, our responsibility to and representation of the City is limited to those specific matters as to which our attention was required for the purpose of rendering this opinion. Consequently, we express no opinion on matters not specifically addressed in this opinion, including, without limitation, the exemption of the interest on the Series 2007D Bonds from federal or state income taxation or the qualification of the Series 2007D Bonds for sale in any jurisdiction.

This letter is issued to and for the sole benefit of the addressees hereof and is issued for the sole purpose of the transaction specifically referred to herein. No person other than such addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees hereof for any other purpose whatsoever and may not be quoted by such addressees without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

*Peck, Shaffer & Williams LLP*

45



**Sherman & Howard L.L.C.**

ATTORNEYS & COUNSELORS AT LAW  
633 SEVENTEENTH STREET, SUITE 3000  
DENVER, COLORADO 80202  
TELEPHONE: 303 297-2900  
FAX: 303 298-0940  
OFFICES IN: COLORADO SPRINGS  
RENO • LAS VEGAS • PHOENIX

August 29, 2007

Goldman, Sachs & Co.  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, New York 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Goldman, Sachs & Co., acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August 6, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the

City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,



# Greenberg Traurig

August 29, 2007

Goldman, Sachs & Co.  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
85 Broad Street, 24th Floor  
New York, New York 10004

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007A

City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007B

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Goldman, Sachs & Co., acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the

ALBANY  
AMSTERDAM  
ATLANTA  
BOCA RATON  
BOSTON  
CHICAGO  
DALLAS  
DELAWARE  
DENVER  
FORT LAUDERDALE  
HOUSTON  
LAS VEGAS  
LOS ANGELES  
MIAMI  
MILAN\*  
NEW JERSEY  
NEW YORK  
ORANGE COUNTY, CA  
ORLANDO  
PHILADELPHIA  
PHOENIX  
ROME\*  
SACRAMENTO  
SILICON VALLEY  
TALLAHASSEE  
TOKYO\*  
TYSONS CORNER  
WASHINGTON, D.C.  
WEST PALM BEACH  
ZURICH

\*Strategic Alliance  
Tokyo-Office/Strategic Alliance

transactions contemplated by the Official Statement relating to the Bonds, dated August 6, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policies and the Bond Insurers, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or relied upon by any other party for any other

Goldman, Sachs & Co.  
August 29, 2007  
Page 3 of 3

purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,

*Greenberg Young LLP*

Sherman & Howard L.L.C.

ATTORNEYS & COUNSELORS AT LAW  
633 SEVENTEENTH STREET, SUITE 3000  
DENVER, COLORADO 80202  
TELEPHONE: 303 297-2900  
FAX: 303 298-0940  
OFFICES IN: COLORADO SPRINGS  
RENO • LAS VEGAS • PHOENIX

August 29, 2007

Citi  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Citi, acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August 6, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,



August 29, 2007

Citigroup Global Markets Inc.  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007C

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Citigroup Global Markets Inc., acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 1, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the

ALBANY  
AMSTERDAM  
ATLANTA  
BOCA RATON  
BOSTON  
CHICAGO  
DALLAS  
DELAWARE  
DENVER  
FORT LAUDERDALE  
HOUSTON  
LAS VEGAS  
LOS ANGELES  
MIAMI  
MILAN\*  
NEW JERSEY  
NEW YORK  
ORANGE COUNTY, CA  
ORLANDO  
PHILADELPHIA  
PHOENIX  
ROME\*  
SACRAMENTO  
SILICON VALLEY  
TALLAHASSEE  
TOKYO\*  
TYSONS CORNER  
WASHINGTON, D.C.  
WEST PALM BEACH  
ZURICH

\* Strategic Alliances  
Tokyo-Office/Strategic Alliance



transactions contemplated by the Official Statement relating to the Bonds, dated August 6, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

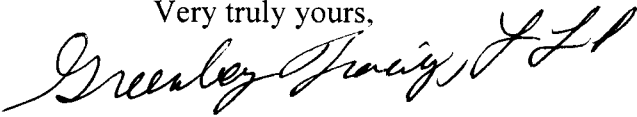
The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or relied upon by any other party for any other

Citigroup Global Markets Inc.  
August 29, 2007  
Page 3 of 3

purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gregory J. L.", written in black ink.

**Sherman & Howard L.L.C.**

ATTORNEYS & COUNSELORS AT LAW  
633 SEVENTEENTH STREET, SUITE 3000  
DENVER, COLORADO 80202  
TELEPHONE: 303 297-2900  
FAX: 303 298-0940  
OFFICES IN: COLORADO SPRINGS  
RENO • LAS VEGAS • PHOENIX

August 29, 2007

Lehman Brothers  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
399 Park Avenue, 16th Floor  
New York, New York 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Lehman Brothers, acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 16, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the transactions contemplated by the Official Statement relating to the Bonds, dated August 20, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the

Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or related upon by any other party for any other purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,



August 29, 2007

Lehman Brothers Inc.  
as Syndicate Representative  
for Underwriters listed in the Bond Purchase Agreement  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, New York 10022

City and County of Denver, Colorado,  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds, Series 2007D

Ladies and Gentlemen:

We have acted as co-underwriter's counsel to Lehman Brothers Inc., acting as Syndicate Representative of the underwriting syndicate (collectively, the "Syndicate") in connection with your purchase on this date of the above captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated August 16, 2007 (the "Agreement"), between the City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "City") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The scope of our engagement has been limited as described in this letter. In our capacity as co-underwriters' counsel to the Syndicate, we have reviewed the Official Statement prepared on behalf of the City by its special counsel and we have provided legal advice to the Syndicate in performing its due diligence investigation about the City and the Airport System, other obligated persons, the security for the Bonds and in satisfying its obligations with respect to continuing disclosure provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). In the course of our engagement, we have examined such law as we deemed relevant and necessary as a basis for this letter and originals or copies, certified or otherwise identified to our satisfaction, of records, documents, agreements, certificates and opinions relating to the Bonds or to the

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CHICAGO  
DALLAS  
DELAWARE  
DENVER  
FORT LAUDERDALE  
HOUSTON  
LAS VEGAS  
LOS ANGELES  
MIAMI  
MILAN\*  
NEW JERSEY  
NEW YORK  
ORANGE COUNTY, CA  
ORLANDO  
PHILADELPHIA  
PHOENIX  
ROME\*  
SACRAMENTO  
SILICON VALLEY  
TALLAHASSEE  
TOKYO\*  
TYSONS CORNER  
WASHINGTON, D.C.  
WEST PALM BEACH  
ZURICH

\* Strategic Alliances  
Tokyo-Office/Strategic Alliance

transactions contemplated by the Official Statement relating to the Bonds, dated August 20, 2007 (the "Official Statement") and have relied on the statements of fact and opinions contained therein without independently verifying the truth or accuracy of such statements and opinions. We have participated in conferences and consulted with officials and representatives of the City and the Airport System, the City's independent certified public accountants, its Financial Consultants, its independent Airport Consultant, bond counsel, special counsel to the City, the City Attorney, and representatives of the Syndicate concerning the preparation of the Official Statement. Our procedures followed in providing legal advice to the Syndicate in connection with obtaining and reviewing the Official Statement included certain inquiries and investigations.

Pursuant to federal securities laws, the City, acting through its City Council, is responsible for the statements contained in the Official Statement. Consequently, we cannot and do not assume responsibility for or pass upon the accuracy, completeness, or fairness of such statements. Subject to the foregoing, our work in connection with this matter did not disclose any information that caused the attorneys in our firm rendering legal services on this matter to believe that the Official Statement, as of its date and as of the date hereof (except for the financial statements of the Airport System, the Report of the Airport Consultant, engineering, demographic, economic, financial or statistical data, any statements of trends, forecasts, estimates, projections and assumptions, any expressions of opinion, information concerning the Bond Insurance Policy and the Bond Insurer, information concerning The Depository Trust Company and its procedures, contained in the Official Statement and its Appendices, as to which we express no view) included or includes any untrue statement of a material fact or omitted or omits a material fact required to be stated therein or necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In addition to the foregoing, we are of the opinion that the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended. We expressly disclaim any responsibility for rendering an opinion on any security other than the Bonds. Further, we are of the opinion that the Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended.

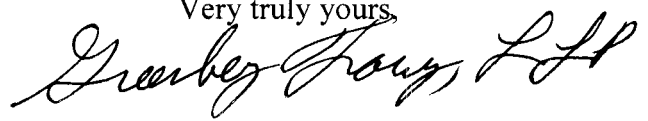
The Continuing Disclosure Undertaking, together with the Official Statement and the Ordinance, provide a reasonable basis for your determination pursuant to the Rule, that the City and all other Obligated Persons, as defined in the Rule, for whom financial or operating data is presented in the Official Statement, have undertaken for the benefit of the owners of the Bonds to provide the information required by the Rule at the times and in the manner required by the Rule.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this letter. This letter is prepared solely for your use in connection with the Syndicate's initial purchase of the Bonds pursuant to the Agreement and may not be relied upon by you or relied upon by any other party for any other

Lehman Brothers Inc.  
August 29, 2007  
Page 3 of 3

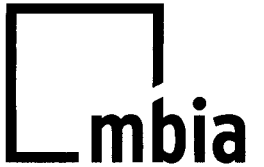
purpose (other than its inclusion in the closing transcript for the Bonds) without the prior written consent of this firm.

Very truly yours,

A handwritten signature in black ink, appearing to read "Granby Hong, L.L.", written in a cursive style.

46





WISDOM IN ACTION<sup>SM</sup>

August 29, 2007

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

Goldman, Sachs & Co.  
85 Broad Street, 24th Floor  
New York, New York 10004

\$188,350,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 500180 (the "Policy") relating to \$188,350,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A.

In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.



Page 2

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

A handwritten signature in black ink that reads "Daniel E. McManus, Jr." in a cursive script.

Daniel McManus  
Deputy General Counsel



## CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Stephanie Taylor Ciavarello, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated August 6, 2007 under the captions "Bond Insurance: Series 2007A Bonds and Series 2007C Bonds" and "Appendix I: Specimen of the MBIA Policy", regarding \$188,350,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A and \$34,635,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 29th day of August, 2007.

  
Assistant Secretary

August 29, 2007

City and County of Denver  
144 West Colfax Avenue  
Denver, CO 80202

First Albany Capital Inc.  
29 North Wacker Drive  
Chicago, IL 60606

Goldman, Sachs & Co.,  
as Representative of the Underwriters  
85 Broad Street  
New York, NY 10004

Hogan & Hartson, L.L.P.  
1200 Seventeenth Street  
Denver, CO 80202

Bookhardt & O'Toole  
1675 Broadway  
Denver, CO 80202

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("Ambac Assurance"), in connection with the issuance by Ambac Assurance of a certain Financial Guaranty Insurance Policy, effective as of the date hereof (the "Policy"), insuring \$24,250,000 in aggregate principal amount of City and County of Denver, Colorado, for and on behalf of its Department of Aviation (the "Obligor"), Airport System Revenue Bonds, Series 2007B, dated their date of delivery (the "Obligations").

In connection with my opinion herein, I have examined the Policy and such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Obligor dated August 6, 2007 relating to the Obligations (the "Official Statement") under the headings "BOND INSURANCE – Series 2007B Bonds" and "APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY".

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. Ambac Assurance is a stock insurance corporation duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of Colorado.
2. Ambac Assurance has full corporate power and authority to execute and deliver the Policy, and the Policy has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms, except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

**Ambac**



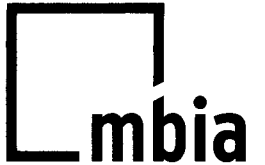
3. The execution and delivery by Ambac Assurance of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.
4. Proceedings legally required for the issuance of the Policy have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.
5. The statements contained in the Official Statement under the heading "BOND INSURANCE – Series 2007B Bonds", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe Ambac Financial Group, Inc. (the "Company") and Ambac Assurance, fairly and accurately describe the Company and Ambac Assurance as of the date of the Official Statement.
6. The form of the Policy contained in the Official Statement under the heading "APPENDIX J – SPECIMEN OF THE AMBAC ASSURANCE POLICY" is a true and complete copy of the form of the Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

A handwritten signature in cursive script that reads "Nicholas A. Concilio".

Nicholas A. Concilio  
Vice President and  
Assistant General Counsel



WISDOM IN ACTION<sup>SM</sup>

August 29, 2007

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

Citigroup Global Markets, Inc.  
1625 Broadway, 3<sup>rd</sup> Floor  
Denver, Colorado 80202

\$34,635,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007C

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 500190 (the "Policy") relating to \$34,635,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C.

In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.



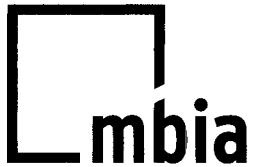
Page 2

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

A handwritten signature in black ink that reads "Daniel E. McManus, Jr." in a cursive script.

Daniel McManus  
Deputy General Counsel



WISDOM IN ACTION<sup>SM</sup>

August 29, 2007

City and County of Denver  
144 West Colfax Avenue  
Denver, Colorado 80202

Lehman Brothers  
399 Park Avenue, 16<sup>th</sup> Floor  
New York, New York 10022

\$147,815,000  
City and County of Denver  
For and on Behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 500870 (the "Policy") relating to \$147,815,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D.

In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

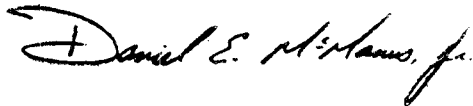
Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York.



2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,



Daniel McManus  
Deputy General Counsel



## CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Stephanie Taylor Ciavarello, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated August 20, 2007 under the captions "Bond Insurance" and "Appendix I: Specimen of the MBIA Policy", regarding \$147,815,000 City and County of Denver, For and on Behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 29th day of August, 2007.

  
Assistant Secretary

47

**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007A-B**  
**DELIVERY CERTIFICATE AND CROSS RECEIPT**

I hereby certify that I am duly chosen, qualified and acting Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer (the "Treasurer"), of the City and County of Denver, Colorado (the "City"). All capitalized terms herein shall have the same meanings as in Ordinance No. 626, Series of 1984, as amended and supplemented (the "General Bond Ordinance"), except as otherwise defined herein. I further certify as follows:

1. On August 29, 2007, I caused to be delivered to Goldman, Sachs & Co., Harvestons Securities, Inc., J.P. Morgan Securities Inc., and RBC Capital Markets, (the "Underwriters") through the facilities of The Depository Trust Company ("DTC"), bonds in typewritten form duly executed and authenticated by the City, for and on behalf of its Department of Aviation (the "Department"), of \$188,350,000 principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "Series 2007A Bonds") and \$24,250,000 principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "Series 2007B Bonds" and collectively with the Series 2007A Bonds the "Delivered Bonds"). The Delivered Bonds were duly registered in the name of Cede & Co., as nominee for DTC, in accordance with the instructions of the Underwriters.

2. On the date hereof, I received from the Underwriters, in full payment for the Delivered Bonds and otherwise in accordance with the Series 2007A-B Bond Purchase Agreement dated August 1, 2007 (the "Bond Purchase Agreement") between the City, for and on behalf of the Department, and the Underwriters, the purchase price computed as follows:

**Series 2007A Bonds**

Principal:	\$ 188,350,000.00
Plus Premium	\$ 4,049,319.05
Less Underwriters' Discount	\$ (1,120,682.50)
 Total Purchase Price:	
Less Bond Insurance Premium (paid by Underwriters to MBIA Insurance Corporation on behalf of City)*	\$ (1,327,237.24)
 Net Received at Closing:	 \$ 189,951,399.31

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\* Treated as received by City and accounted for in Series 2007A Project Account.

### Series 2007B Bonds

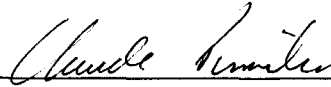
Principal:	\$ 24,250,000.00
Plus Premium	\$ 821,590.00
Less Underwriters' Discount	\$ (144,287.50)
Total Purchase Price:	
Less Bond Insurance Premium (paid by Underwriters to Ambac Assurance Corporation on behalf of City) <sup>†</sup>	\$ (234,623.06)
Net Received at Closing:	\$ 24,692,679.44

3. Upon their receipt, pursuant to Section 401 of the Series 2007A-B Airport System Supplemental Bond Ordinance, I caused the proceeds of the Series 2007A Bonds to be applied as follows:
  - a. \$9,856,983.34 to the Bond Reserve Fund to fund the Minimum Bond Reserve upon the issuance of the Delivered Bonds;
  - b. \$9,179,398.32 to the Project Fund for credit to the Series 2007A Capitalized Interest Subaccount for such period as necessary to pay capitalized interest on a portion of the Delivered Bonds; and
  - c. \$170,386,774.65 to the Project Fund for credit to the Series 2007A Project Account therein, for the payment of costs of the Series 2007A Improvement Project.
  
4. Upon their receipt, pursuant to Section 401 of the Series 2007A-B Airport System Supplemental Bond Ordinance, I caused the proceeds of the Series 2007B Bonds to be applied as follows:
  - d. \$1,147,833.33 to the Bond Reserve Fund to fund the Minimum Bond Reserve upon the issuance of the Delivered Bonds;
  - e. \$2,285,341.61 to the Project Fund for credit to the Series 2007B Capitalized Interest Subaccount for such period as necessary to pay capitalized interest on a portion of the Delivered Bonds; and
  - f. \$21,189,631.50 to the Project Fund for credit to the Series 2007B Project Account therein, for the payment of costs of the Series 2007B Improvement Project.

---

<sup>†</sup> Treated as received by City and accounted for in Series 2007B Project Account.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.



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Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver

The undersigned hereby accepts delivery this 29th day of August 2007 of the Series 2007A Bonds, certifies that the Underwriters have paid the bond insurance premium identified in Section 2 of this certificate by wire transfer to MBIA Insurance Corporation and acknowledges compliance by the City, to the satisfaction of the Underwriters, with the terms of the Bond Purchase Agreement (any unsatisfied conditions to the Underwriters' obligation thereunder being hereby waived).

GOLDMAN, SACHS & CO.  
as Representative of the Underwriters

By: Goldman, Sachs + Co  
Title: \_\_\_\_\_

The undersigned hereby accepts delivery this 29th day of August 2007 of the Series 2007B Bonds, certifies that the Underwriters have paid the bond insurance premium identified in Section 2 of this certificate by wire transfer to Ambac Assurance Corporation and acknowledges compliance by the City, to the satisfaction of the Underwriters, with the terms of the Bond Purchase Agreement (any unsatisfied conditions to the Underwriters' obligation thereunder being hereby waived).

GOLDMAN, SACHS & CO.  
as Representative of the Underwriters

By: Goldman, Sachs + Co  
Title: \_\_\_\_\_





**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007C**  
**DELIVERY CERTIFICATE AND CROSS RECEIPT**

I hereby certify that I am duly chosen, qualified and acting Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer (the "Treasurer"), of the City and County of Denver, Colorado (the "City"). All capitalized terms herein shall have the same meanings as in Ordinance No. 626, Series of 1984, as amended and supplemented (the "General Bond Ordinance"), except as otherwise defined herein. I further certify as follows:

1. On August 29, 2007, I caused to be delivered to Citigroup Global Markets Inc., J.P. Morgan Securities Inc., and Ramirez & Co. Inc. (the "Underwriters"), through the facilities of The Depository Trust Company ("DTC"), bonds in typewritten form duly executed and authenticated by the City, for and on behalf of its Department of Aviation (the "Department"), of \$34,635,000 principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "Delivered Bonds"). The Delivered Bonds were duly registered in the name of Cede & Co., as nominee for DTC, in accordance with the instructions of the Underwriters.

2. On the date hereof, I received from the Underwriters, in full payment for the Delivered Bonds and otherwise in accordance with the Series 2007C Bond Purchase Agreement dated August 1, 2007 (the "Bond Purchase Agreement") between the City, for and on behalf of the Department, and the Underwriters, the purchase price computed as follows:

Principal:	\$	34,635,000.00
Plus Premium	\$	1,409,701.70
Less Underwriters' Discount	\$	(251,223.75)
Total Purchase Price:		
Less Bond Insurance Premium (paid by Underwriters to MBIA Insurance Corporation on behalf of City)*	\$	(255,105.70)
Net Received at Closing:	\$	35,538,372.25

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\* Treated as received by City and accounted for in Series 2007C Project Account.

3. Upon their receipt, pursuant to Section 401 of the Series 2007C Airport System Supplemental Bond Ordinance, I caused the proceeds of the Series 2007C Bonds to be applied as follows:

a. \$35,336,431.88 to the Series 2003B Escrow Account as required to purchase the initial securities and to fund the initial cash balance for the Series 2007C Refunding Project.

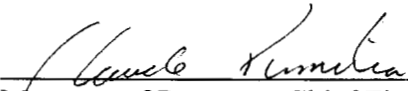
b. \$457,046.07 to the Project Fund for the credit of the Series 2007C Project Account therein, for the payment of the costs of the Series 2007C Refunding Project.

4. On the date hereof, I caused a total of \$466,512.50<sup>†</sup> in other legally available moneys in the Bond Fund to be transferred to the Series 2003B Escrow Account to purchase the initial securities and to fund the initial cash Balance for the Series 2007C Refunding Project.

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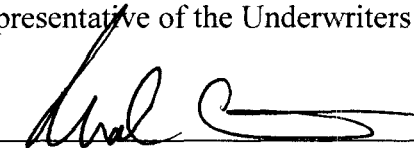
<sup>†</sup> Certain amounts will be debited from the Bond Fund to pay costs of issuance solely for purposes of minimizing wire transfers. For all purposes of this financing, the total amount of \$466,512.50 will be allocated to the Series 2003B Escrow Account.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.

  
\_\_\_\_\_  
Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver

The undersigned hereby accepts delivery this 29th day of August 2007 of the Series 2007C Bonds, certifies that the Underwriters have paid the bond insurance premium identified in Section 2 of this certificate by wire transfer to MBIA Insurance Corporation and acknowledges compliance by the City, to the satisfaction of the Underwriters, with the terms of the Bond Purchase Agreement (any unsatisfied conditions to the Underwriters' obligation thereunder being hereby waived).

CITIGROUP GLOBAL MARKETS INC.  
as Representative of the Underwriters

By:   
Title: Director

The undersigned hereby acknowledges receipt of the total amount of \$35,802,944.38 from the City, and certifies that it shall apply such amount as provided by the Series 2003B Escrow Agreement between the City and Zions First National Bank.

ZIONS FIRST NATIONAL BANK

By:   
Authorized Officer



**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS, SERIES 2007D**  
**DELIVERY CERTIFICATE AND CROSS RECEIPT**

I hereby certify that I am duly chosen, qualified and acting Manager of Revenue, Chief Financial Officer, *ex officio* Treasurer (the "Treasurer"), of the City and County of Denver, Colorado (the "City"). All capitalized terms herein shall have the same meanings as in Ordinance No. 626, Series of 1984, as amended and supplemented (the "General Bond Ordinance"), except as otherwise defined herein. I further certify as follows:

1. On August 29, 2007, I caused to be delivered to Lehman Brothers Inc., Piper Jaffray & Co., Citigroup Global Markets Inc. and RBC Capital Markets (the "Underwriters"), through the facilities of The Depository Trust Company ("DTC"), bonds in typewritten form duly executed and authenticated by the City, for and on behalf of its Department of Aviation (the "Department"), of \$147,815,000 principal amount of "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "Series 2007D Bonds" or the "Delivered Bonds"). The Delivered Bonds were duly registered in the name of Cede & Co., as nominee for DTC, in accordance with the instructions of the Underwriters.

2. On the date hereof, I received from the Underwriters, in full payment for the Delivered Bonds and otherwise in accordance with the Series 2007D Bond Purchase Agreement dated August 16, 2007 (the "Bond Purchase Agreement") between the City, for and on behalf of the Department, and the Underwriters, the purchase price computed as follows:

**Series 2007D Bonds**

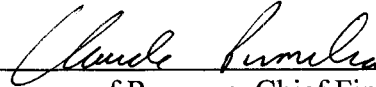
Principal:	\$ 147,815,000.00
Plus Premium	\$ 6,786,366.65
Less Underwriters' Discount	\$ (845,415.58)
 Total Purchase Price:	
Less Bond Insurance Premium (paid by Underwriters to MBIA Insurance Corporation on behalf of City)*	\$ (677,000.00)
Net Received at Closing:	\$ 153,078,951.07

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\* Treated as received by City and accounted for in Series 2007D Project Account.

3. Upon their receipt, pursuant to Section 401 of the Series 2007D-E Airport System Supplemental Bond Ordinance, I caused the proceeds of the Series 2007D Bonds to be applied as follows:
  - a. \$10,372,025.83 to the Bond Reserve Fund to fund the Minimum Bond Reserve upon the issuance of the Delivered Bonds;
  - b. \$24,639,851.23 to the Project Fund for credit to the Series 2007D Capitalized Interest Subaccount for such period as necessary to pay capitalized interest on a portion of the Delivered Bonds; and
  - c. \$117,449,781.01 to the Project Fund for credit to the Series 2007D Project Account therein, for the payment of costs of the Series 2007D Improvement Project.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August 2007.



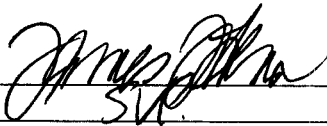
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Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer of the City and County  
of Denver



The undersigned hereby accepts delivery this 29th day of August 2007 of the Series 2007D Bonds, certifies that the Underwriters have paid the bond insurance premium identified in Section 2 of this certificate by wire transfer to MBIA Insurance Corporation and acknowledges compliance by the City, to the satisfaction of the Underwriters, with the terms of the Bond Purchase Agreement (any unsatisfied conditions to the Underwriters' obligation thereunder being hereby waived).

LEHMAN BROTHERS INC.  
as Representative of the Underwriters

By:  \_\_\_\_\_  
Title: SV

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

---

**AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

# CAUSEY DEMGEN & MOORE INC.

Certified Public Accountants and Consultants

Suite 4650  
1801 California Street  
Denver, Colorado 80202-2681  
Telephone: (303) 296-2229  
Facsimile: (303) 296-3731  
www.cdmcpa.com

August 29, 2007

City and County of Denver  
Department of Revenue  
144 West Colfax  
Denver, Colorado 80202

Denver International Airport  
8500 Pena Boulevard  
Denver, Colorado 80249

First Albany Capital Inc.  
One Penn Plaza  
New York, New York 10119

Citigroup Global Markets Inc.  
1625 Broadway  
Denver, Colorado 80202

Hogan & Hartson LLP  
1200-17<sup>th</sup> Street  
Denver, Colorado 80202

Bookhardt & O'Toole  
1675 Broadway  
Denver, Colorado 80202

MBIA Insurance Corporation  
113 King Street  
Armonk, New York 10504

Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004

We have completed our engagement to verify the mathematical accuracy of (a) the computations relating to the adequacy of cash plus U.S. Treasury Securities to be held in escrow to pay the debt service requirements of the Airport System Revenue Bonds, Series 2003B (only those bonds as described in Exhibit B-1) (herein referred to as the "Refunded Bonds") issued by the City and County of Denver, Colorado, for and on Behalf of its Department of Aviation (herein referred to as the "City"), (b) the computations supporting the conclusion of Bond Counsel that the following bonds (herein referred to as the "2007 Bonds") to be issued by the City:

- Airport System Revenue Bonds, Series 2007A (herein referred to as the 2007A Bonds")
- Airport System Revenue Bonds, Series 2007B (herein referred to as the 2007B Bonds")
- Airport System Revenue Bonds, Series 2007C (herein referred to as the 2007C Bonds")

are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, and (c) the present value savings associated with the refunding transaction. We express no opinion on the attainability of the assumptions underlying the computations or the tax-exempt status of the 2007 Bonds. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by First Albany Capital Inc. (herein referred to as the "Financial Advisor"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A through E attached hereto and made a part hereof.

**CDM**

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

### **OUR UNDERSTANDING OF THE TRANSACTION**

The 2007 Bonds are to be issued on August 29, 2007 to advance refund the Refunded Bonds and to finance certain capital improvements. A portion of the proceeds of the 2007C Bonds will be used to purchase U.S. Treasury Securities and to provide cash which will be placed into an escrow account, together with cash and a U.S. Treasury Security to be purchased with certain funds to be contributed from the Debt Service Fund associated with the Refunded Bonds, to advance refund the Refunded Bonds.

The Escrow Agent will pay the debt service requirements of the Refunded Bonds on each scheduled payment date through and including November 15, 2013 and will redeem the Refunded Bonds at a redemption price equal to 100% of par, on November 15, 2013, which is the first optional redemption date for these bonds.

### **ESCROW ACCOUNT TRANSACTIONS**

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to advance refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by the purchase of U.S. Treasury Securities (as described in Exhibit A-3) plus \$2.38 in cash. The securities and cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to principal amounts, interest rates, interest payment dates, maturity dates, and redemption provisions. We assumed this document to be accurate and all debt service payments on the Refunded Bonds to be current as of August 29, 2007. We compared the above information set forth in the document with the related information contained in the schedules provided to us and found the information to be consistent.

We compared the subscribed interest rates of the U.S. Treasury Securities (State and Local Government Series) to be purchased and placed in escrow with the maximum allowable interest rates as published in the SLGS Securities Daily Rate Table by the Bureau of the Public Debt for August 1, 2007 and found the subscribed rates to be less than or equal to the maximum allowable rates that were in effect on the subscription date for each respective maturity date.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A through B, which indicate that the cash and securities proposed to be placed in escrow by the City will produce the amounts necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

### **BLENDYIELD ON THE 2007 BONDS**

We verified the mathematical accuracy of the accompanying computations of the blended yield on the 2007 Bonds as of August 29, 2007. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and procedures set forth herein, discounts the adjusted payments to be made on the 2007 Bonds to an amount equal to the target purchase price of the 2007 Bonds. The computations were made using a 360-day year with interest compounded semi-annually and treated, \$6,280,610.75 as the original issue premium (of which \$4,049,319.05 is allocable to the 2007A Bonds, \$821,590.00 is allocable to the 2007B Bonds, and \$1,409,701.70 is allocable to the 2007C Bonds) and \$1,816,966.00 as the bond insurance premium (of which \$1,327,237.24 is allocable to the 2007A Bonds, \$234,623.06 is allocable to the 2007B Bonds, and \$255,105.70 is allocable the 2007C Bonds) (which results in a target purchase price of \$251,698,644.75).

In conducting our verification, we assumed that the re-offering prices of the 2007 Bonds are as described in Exhibits C-1 through C-3, that the 2007 Bonds stated to mature on or before November 15, 2017 are not optionally callable, and that the 2007 Bonds stated to mature on November 15, 2018 and thereafter are optionally callable at 100% of par on November 15, 2017 and thereafter. We tested to determine whether any combination of optional redemptions of the (a) 2007A Bonds stated to mature on November 15, 2023 and November 15, 2024, (b) the 2007B Bonds stated to mature on November 15, 2032, and (c) the 2007C Bonds stated to mature on November 15, 2033 (which represent the only callable maturities with reoffering prices in excess of the safe harbor limit of 102.500%) (herein referred to as the "Callable Premium Bonds") would result in a lower yield on the 2007 Bonds than that realized by assuming that such bonds are retired on their stated maturity dates. We assumed that all other maturities of the 2007 Bonds would be retired on the dates and in the amounts set forth in Exhibits C-1 through C-3.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibits C through C-3, which indicate that the blended yield on the 2007 Bonds, assuming the Callable Premium Bonds are redeemed at par on November 15, 2017, is 4.83697%, are mathematically correct. It is our opinion that computing the aforementioned yield on the 2007 Bonds by treating the Callable Premium Bonds as redeemed at par on November 15, 2017 results in the lowest yield on the 2007 Bonds of all possible payment permutations thereon.

### **YIELD ON THE INVESTMENT IN THE ESCROWED OBLIGATIONS PURCHASED WITH 2007 BOND PROCEEDS**

We verified the mathematical accuracy of the accompanying computation of the yield on the investment in the escrowed U.S. Treasury Securities purchased with 2007 Bond proceeds based on an assumed settlement date of August 29, 2007 and a purchase price of \$35,336,430.00. For purposes of this calculation, yield is defined as the rate of interest which, using the assumptions and

procedures set forth herein, discounts the cash receipts from the escrowed securities to an amount equal to the purchase price of the escrowed securities. The computations were made using a 360-day year with interest compounded semi-annually and were based on the dates the funds are to be received in the escrow account, and assume that all cash balances are not reinvested.

Based upon the procedures and information set forth above, the computations provided to us and represented in Exhibit D, which indicate that the yield on the escrowed securities purchased with 2007 Bond proceeds is 4.60118% (which is less than the yield on the 2007 Bonds), are mathematically correct.

### **PRESENT VALUE SAVINGS**

We verified the mathematical accuracy of the accompanying computation of the present value savings resulting from the advanced refunding of the Refunded Bonds based on an assumed settlement date of August 29, 2007. The computation was made using a 360-day year with interest compounded semi-annually. The computation was based on the assumptions that (1) the debt service requirements of the Refunded Bonds would have been paid on the regularly scheduled payment dates, without optional redemption prior to maturity, (2) the debt service requirements of the 2007A Bonds will be paid on the regularly scheduled payment dates, without optional redemption prior to maturity, (3) the Issuer will contribute cash on the settlement date in the amount of \$466,512.50 from the Debt Service Fund associated with the Refunded Bonds, and (4) the annual discount rate for purposes of this calculation is 4.83697%.

Based on the procedures and information set forth above, the computations in Exhibit E which indicate that the present value savings associated with this refunding transaction is \$1,287,530.99, are mathematically correct.

### **USE OF THIS REPORT**

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the 2007 Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in the Official Statement for the 2007 Bonds in the section captioned "Verification of Mathematical Computations," (ii) reference may be made to the report in the purchase contract or in any closing documents pertaining to the issuance of the 2007 Bonds, (iii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iv) the report may be included in the transcripts pertaining to the issuance of the 2007 Bonds, (v) the report may be relied upon by Bond Counsel in connection with its opinions concerning the Refunded Bonds and the 2007 Bonds, (vi) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the 2007 Bonds, and (vii) the report may be relied upon by the Escrow Agent for the Refunded Bonds.

\* \* \* \* \*

City and County of Denver

August 29, 2007

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The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

*Consey Dungen & Moore Inc.*



EXHIBIT A

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

ESCROW ACCOUNT CASH FLOW  
 AS OF AUGUST 29, 2007

Date	Cash Receipts From U.S. Treasury Securities Purchased with		Total Cash Receipts From U.S. Treasury Securities	Cash Disbursements From Escrow (Exhibit B)	Cash Balance
	the DSF Contribution (Exhibit A-1)	2007 Bond Proceeds (Exhibit A-2)			
Beginning Balance:					\$2.38
15-Nov-07	\$471,463.13	\$461,561.26	\$933,024.39	\$933,025.00	1.77
15-May-08		933,024.58	933,024.58	933,025.00	1.35
15-Nov-08		933,025.64	933,025.64	933,025.00	1.99
15-May-09		933,024.34	933,024.34	933,025.00	1.33
15-Nov-09		933,025.06	933,025.06	933,025.00	1.39
15-May-10		933,024.54	933,024.54	933,025.00	0.93
15-Nov-10		933,025.25	933,025.25	933,025.00	1.18
15-May-11		933,025.30	933,025.30	933,025.00	1.48
15-Nov-11		933,025.09	933,025.09	933,025.00	1.57
15-May-12		933,024.36	933,024.36	933,025.00	0.93
15-Nov-12		933,024.88	933,024.88	933,025.00	0.81
15-May-13		933,025.88	933,025.88	933,025.00	1.69
15-Nov-13		34,473,023.31	34,473,023.31	34,473,025.00	0.00
	<u>\$471,463.13</u>	<u>\$45,197,859.49</u>	<u>\$45,669,322.62</u>	<u>\$45,669,325.00</u>	

**EXHIBIT A-1**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A, 2007B AND 2007C**

**CASH RECEIPT FROM THE ESCROWED SECURITY**  
**PURCHASED WITH THE DSF CONTRIBUTION**  
**AS OF AUGUST 29, 2007**

<b>Payment Date</b>	<b>\$466,512.00 4.980000% SLGS (1) 15-Nov-07</b>	<b>Total Cash Receipts</b>
15-Nov-07	\$471,463.13	\$471,463.13
	\$471,463.13	\$471,463.13

(1) U.S. Treasury Certificate of Indebtedness  
(State and Local Government Series).

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

CASH RECEIPTS FROM THE ESCROWED SECURITIES  
 PURCHASED WITH 2007 BOND PROCEEDS  
 AS OF AUGUST 29, 2007

Payment Date	\$118,181.00 4.980000% SLGS (1) 15-Nov-07	\$121,721.00 4.900000% SLGS (1) 15-May-08	\$125,959.00 4.810000% SLGS (2) 15-Nov-08	\$128,987.00 4.680000% SLGS (2) 15-May-09	\$132,006.00 4.540000% SLGS (2) 15-Nov-09	\$135,002.00 4.510000% SLGS (2) 15-May-10	\$138,047.00 4.510000% SLGS (2) 15-Nov-10	\$141,160.00 4.520000% SLGS (2) 15-May-11	\$144,350.00 4.540000% SLGS (2) 15-Nov-11	\$147,626.00 4.550000% SLGS (2) 15-May-12	\$150,985.00 4.570000% SLGS (2) 15-Nov-12	\$154,436.00 4.580000% SLGS (2) 15-May-13	\$33,697,970.00 4.600000% SLGS (2) 15-Nov-13	Total Cash Receipts
15-Nov-07	\$119,435.15		\$1,284.17	\$1,279.49	\$1,270.27	\$1,290.52	\$1,319.62	\$1,352.37	\$1,389.05	\$1,423.71	\$1,462.50	\$1,499.20	\$328,555.21	461,561.26
15-May-08		\$125,957.96	3,029.31	3,018.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.16	933,024.58
15-Nov-08			128,988.31	3,018.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.18	933,025.64
15-May-09				132,005.30	2,996.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.19	933,024.34
15-Nov-09					135,002.54	3,044.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.21	933,025.06
15-May-10						138,046.30	3,112.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.23	933,024.54
15-Nov-10							141,159.96	3,190.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.24	933,025.25
15-May-11								144,350.22	3,276.75	3,358.49	3,450.01	3,536.58	775,053.25	933,025.30
15-Nov-11									147,626.75	3,358.49	3,450.01	3,536.58	775,053.26	933,025.09
15-May-12										150,984.49	3,450.01	3,536.58	775,053.28	933,024.36
15-Nov-12											154,435.01	3,536.58	775,053.29	933,024.88
15-May-13												157,972.58	775,053.30	933,025.88
15-Nov-13													34,473,023.31	34,473,023.31
	\$119,435.15	\$125,957.96	\$133,301.79	\$139,321.39	\$145,262.43	\$151,514.02	\$158,044.38	\$164,843.91	\$171,953.05	\$179,276.12	\$186,947.60	\$194,837.58	\$43,327,164.11	\$45,197,859.49

(1) U.S. Treasury Certificate of Indebtedness (State and Local Government Series).  
 (2) U.S. Treasury Note or Bond (State and Local Government Series).

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

**DESCRIPTION OF THE ESCROWED SECURITIES  
AS OF AUGUST 29, 2007**

<b>Type</b>	<b>Settlement Date</b>	<b>Maturity Date</b>	<b>Par Amount</b>	<b>Coupon Rate</b>	<b>Price</b>	<b>Total Cost</b>
<b>Security Purchased with the DSF Contribution:</b>						
SLGS	29-Aug-07	15-Nov-07	\$466,512.00	4.980%	100.000000%	\$466,512.00
<b>Securities Purchased with 2007 Bond Proceeds:</b>						
SLGS	29-Aug-07	15-Nov-07	\$118,181.00	4.980%	100.000000%	\$118,181.00
SLGS	29-Aug-07	15-May-08	121,721.00	4.900%	100.000000%	121,721.00
SLGS	29-Aug-07	15-Nov-08	125,959.00	4.810%	100.000000%	125,959.00
SLGS	29-Aug-07	15-May-09	128,987.00	4.680%	100.000000%	128,987.00
SLGS	29-Aug-07	15-Nov-09	132,006.00	4.540%	100.000000%	132,006.00
SLGS	29-Aug-07	15-May-10	135,002.00	4.510%	100.000000%	135,002.00
SLGS	29-Aug-07	15-Nov-10	138,047.00	4.510%	100.000000%	138,047.00
SLGS	29-Aug-07	15-May-11	141,160.00	4.520%	100.000000%	141,160.00
SLGS	29-Aug-07	15-Nov-11	144,350.00	4.540%	100.000000%	144,350.00
SLGS	29-Aug-07	15-May-12	147,626.00	4.550%	100.000000%	147,626.00
SLGS	29-Aug-07	15-Nov-12	150,985.00	4.570%	100.000000%	150,985.00
SLGS	29-Aug-07	15-May-13	154,436.00	4.580%	100.000000%	154,436.00
SLGS	29-Aug-07	15-Nov-13	33,697,970.00	4.600%	100.000000%	33,697,970.00
			<u>\$35,336,430.00</u>			<u>\$35,336,430.00</u>
			<u>\$35,802,942.00</u>			<u>\$35,802,942.00</u>

**EXHIBIT B****CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C****ESCROW ACCOUNT DISBURSEMENT  
REQUIREMENTS FOR THE REFUNDED BONDS  
AS OF AUGUST 29, 2007**

<b>Payment Date</b>	<b>Rate</b>	<b>Payment For</b>		<b>Total</b>
		<b>Principal Redeemed</b>	<b>Interest</b>	
15-Nov-07			\$933,025.00	\$933,025.00
15-May-08			933,025.00	933,025.00
15-Nov-08			933,025.00	933,025.00
15-May-09			933,025.00	933,025.00
15-Nov-09			933,025.00	933,025.00
15-May-10			933,025.00	933,025.00
15-Nov-10			933,025.00	933,025.00
15-May-11			933,025.00	933,025.00
15-Nov-11			933,025.00	933,025.00
15-May-12			933,025.00	933,025.00
15-Nov-12			933,025.00	933,025.00
15-May-13			933,025.00	933,025.00
15-Nov-13	Various	\$33,540,000.00	933,025.00	34,473,025.00
		<u>\$33,540,000.00</u>	<u>\$12,129,325.00</u>	<u>\$45,669,325.00</u>

EXHIBIT B-1

CITY AND COUNTY OF DENVER, COLORADO  
 FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
 AIRPORT SYSTEM REVENUE BONDS  
 SERIES 2007A, 2007B AND 2007C

DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS  
 ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY  
 AS OF AUGUST 29, 2007

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For		Total Debt Payment
		Principal	Interest	
15-Nov-07			\$933,025.00	\$933,025.00
15-May-08			933,025.00	933,025.00
15-Nov-08			933,025.00	933,025.00
15-May-09			933,025.00	933,025.00
15-Nov-09			933,025.00	933,025.00
15-May-10			933,025.00	933,025.00
15-Nov-10			933,025.00	933,025.00
15-May-11			933,025.00	933,025.00
15-Nov-11			933,025.00	933,025.00
15-May-12			933,025.00	933,025.00
15-Nov-12			933,025.00	933,025.00
15-May-13			933,025.00	933,025.00
15-Nov-13			933,025.00	933,025.00
15-May-14			933,025.00	933,025.00
15-Nov-14			933,025.00	933,025.00
15-May-15			933,025.00	933,025.00
15-Nov-15			933,025.00	933,025.00
15-May-16			933,025.00	933,025.00
15-Nov-16	5.750%	\$3,730,000.00	933,025.00	4,663,025.00
15-May-17			825,787.50	825,787.50
15-Nov-17	5.750%	4,810,000.00	825,787.50	5,635,787.50
15-May-18			687,500.00	687,500.00
15-Nov-18			687,500.00	687,500.00
15-May-19			687,500.00	687,500.00
15-Nov-19			687,500.00	687,500.00
15-May-20			687,500.00	687,500.00
15-Nov-20			687,500.00	687,500.00
15-May-21			687,500.00	687,500.00
15-Nov-21			687,500.00	687,500.00
15-May-22			687,500.00	687,500.00
15-Nov-22			687,500.00	687,500.00
15-May-23			687,500.00	687,500.00
15-Nov-23			687,500.00	687,500.00
15-May-24			687,500.00	687,500.00
15-Nov-24			687,500.00	687,500.00
15-May-25			687,500.00	687,500.00
15-Nov-25			687,500.00	687,500.00
15-May-26			687,500.00	687,500.00
15-Nov-26			687,500.00	687,500.00
15-May-27			687,500.00	687,500.00
15-Nov-27			687,500.00	687,500.00
15-May-28			687,500.00	687,500.00
15-Nov-28			687,500.00	687,500.00
15-May-29			687,500.00	687,500.00
15-Nov-29			687,500.00	687,500.00
15-May-30			687,500.00	687,500.00
15-Nov-30			687,500.00	687,500.00
15-May-31			687,500.00	687,500.00
15-Nov-31			687,500.00	687,500.00
15-May-32			687,500.00	687,500.00
15-Nov-32			687,500.00	687,500.00
15-May-33			687,500.00	687,500.00
15-Nov-33	5.500%	25,000,000.00	687,500.00	25,687,500.00
		\$33,540,000.00	\$41,379,050.00	\$74,919,050.00

EXHIBIT C

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

BLENDED YIELD ON THE 2007 BONDS  
AS OF AUGUST 29, 2007

Payment Date	Adjusted Payment For			Total Adjusted Debt Payment	Present Value at August 29, 2007 Using a Semi-Annually Compounded Yield of 4.83697%
	2007C Bonds (Exhibit C-1)	2007A Bonds (Exhibit C-2)	2007B Bonds (Exhibit C-3)		
15-Nov-07	\$365,591.67	\$1,988,138.89	\$255,972.22	\$2,609,702.78	\$2,583,503.62
15-May-08	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,974,335.78
15-Nov-08	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,833,259.12
15-May-09	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,695,513.81
15-Nov-09	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,561,021.20
15-May-10	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,429,704.46
15-Nov-10	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,301,488.60
15-May-11	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,176,300.41
15-Nov-11	865,875.00	4,708,750.00	606,250.00	6,180,875.00	5,054,068.39
15-May-12	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,934,722.72
15-Nov-12	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,818,195.26
15-May-13	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,704,419.45
15-Nov-13	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,593,330.32
15-May-14	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,484,864.42
15-Nov-14	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,378,959.81
15-May-15	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,275,556.01
15-Nov-15	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,174,593.97
15-May-16	865,875.00	4,708,750.00	606,250.00	6,180,875.00	4,076,016.02
15-Nov-16	4,680,875.00	4,708,750.00	606,250.00	9,995,875.00	6,436,182.93
15-May-17	770,500.00	4,708,750.00	606,250.00	6,085,500.00	3,825,828.25
15-Nov-17	31,590,500.00	47,818,750.00	24,856,250.00	104,265,500.00	64,001,694.78
15-May-18		3,631,000.00		3,631,000.00	2,176,199.64
15-Nov-18		3,631,000.00		3,631,000.00	2,124,811.34
15-May-19		3,631,000.00		3,631,000.00	2,074,636.51
15-Nov-19		3,631,000.00		3,631,000.00	2,025,646.49
15-May-20		3,631,000.00		3,631,000.00	1,977,813.32
15-Nov-20		3,631,000.00		3,631,000.00	1,931,109.67
15-May-21		3,631,000.00		3,631,000.00	1,885,508.87
15-Nov-21		3,631,000.00		3,631,000.00	1,840,984.87
15-May-22		3,631,000.00		3,631,000.00	1,797,512.26
15-Nov-22		3,631,000.00		3,631,000.00	1,755,066.20
15-May-23		3,631,000.00		3,631,000.00	1,713,622.45
15-Nov-23		3,631,000.00		3,631,000.00	1,673,157.34
15-May-24		3,631,000.00		3,631,000.00	1,633,647.77
15-Nov-24		3,631,000.00		3,631,000.00	1,595,071.17
15-May-25		3,631,000.00		3,631,000.00	1,557,405.51
15-Nov-25		3,631,000.00		3,631,000.00	1,520,629.28
15-May-26		3,631,000.00		3,631,000.00	1,484,721.47
15-Nov-26		30,076,000.00		30,076,000.00	12,007,717.35
15-May-27		2,969,875.00		2,969,875.00	1,157,711.09
15-Nov-27		30,739,875.00		30,739,875.00	11,699,997.24
15-May-28		2,275,625.00		2,275,625.00	845,679.88
15-Nov-28		31,430,625.00		31,430,625.00	11,404,597.46
15-May-29		1,546,750.00		1,546,750.00	547,985.05
15-Nov-29		32,161,750.00		32,161,750.00	11,125,253.04
15-May-30		781,375.00		781,375.00	263,907.28
15-Nov-30		32,036,375.00		32,036,375.00	10,564,692.87
	\$52,127,341.67	\$365,018,388.89	\$36,630,972.22	\$453,776,702.78	\$251,698,644.75

Dated Date: 29-Aug-07  
Delivery Date: 29-Aug-07

The above aggregate present value of the future payments equals the following:

	2007C Bonds	2007A Bonds	2007B Bonds	Total
Par Value of the Issue	\$34,635,000.00	\$188,350,000.00	\$24,250,000.00	\$247,235,000.00
Original Issue Premium	1,409,701.70	4,049,319.05	821,590.00	6,280,610.75
Bond Insurance Premium	(255,105.70)	(1,327,237.24)	(234,623.06)	(1,816,966.00)
Proceeds on Delivery Date	\$35,789,596.00	\$191,072,081.81	\$24,836,966.94	\$251,698,644.75

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007C BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$365,591.67	\$365,591.67			\$365,591.67			
15-May-08			865,875.00	865,875.00			865,875.00			
15-Nov-08			865,875.00	865,875.00			865,875.00			
15-May-09			865,875.00	865,875.00			865,875.00			
15-Nov-09			865,875.00	865,875.00			865,875.00			
15-May-10			865,875.00	865,875.00			865,875.00			
15-Nov-10			865,875.00	865,875.00			865,875.00			
15-May-11			865,875.00	865,875.00			865,875.00			
15-Nov-11			865,875.00	865,875.00			865,875.00			
15-May-12			865,875.00	865,875.00			865,875.00			
15-Nov-12			865,875.00	865,875.00			865,875.00			
15-May-13			865,875.00	865,875.00			865,875.00			
15-Nov-13			865,875.00	865,875.00			865,875.00			
15-May-14			865,875.00	865,875.00			865,875.00			
15-Nov-14			865,875.00	865,875.00			865,875.00			
15-May-15			865,875.00	865,875.00			865,875.00			
15-Nov-15			865,875.00	865,875.00			865,875.00			
15-May-16			865,875.00	865,875.00			865,875.00			
15-Nov-16	5.000%	\$3,815,000.00	865,875.00	4,680,875.00			4,680,875.00	106.288%	\$239,887.20	\$4,054,887.20
15-May-17			770,500.00	770,500.00			770,500.00			
15-Nov-17	5.000%	4,870,000.00	770,500.00	5,640,500.00	\$25,950,000.00		31,590,500.00	106.410%	312,167.00	5,182,167.00
15-May-18			648,750.00	648,750.00						
15-Nov-18			648,750.00	648,750.00						
15-May-19			648,750.00	648,750.00						
15-Nov-19			648,750.00	648,750.00						
15-May-20			648,750.00	648,750.00						
15-Nov-20			648,750.00	648,750.00						
15-May-21			648,750.00	648,750.00						
15-Nov-21			648,750.00	648,750.00						
15-May-22			648,750.00	648,750.00						
15-Nov-22			648,750.00	648,750.00						
15-May-23			648,750.00	648,750.00						
15-Nov-23			648,750.00	648,750.00						
15-May-24			648,750.00	648,750.00						
15-Nov-24			648,750.00	648,750.00						



CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007C BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-May-25			648,750.00	648,750.00		(648,750.00)				
15-Nov-25			648,750.00	648,750.00		(648,750.00)				
15-May-26			648,750.00	648,750.00		(648,750.00)				
15-Nov-26			648,750.00	648,750.00		(648,750.00)				
15-May-27			648,750.00	648,750.00		(648,750.00)				
15-Nov-27			648,750.00	648,750.00		(648,750.00)				
15-May-28			648,750.00	648,750.00		(648,750.00)				
15-Nov-28			648,750.00	648,750.00		(648,750.00)				
15-May-29			648,750.00	648,750.00		(648,750.00)				
15-Nov-29			648,750.00	648,750.00		(648,750.00)				
15-May-30			648,750.00	648,750.00		(648,750.00)				
15-Nov-30			648,750.00	648,750.00		(648,750.00)				
15-May-31			648,750.00	648,750.00		(648,750.00)				
15-Nov-31			648,750.00	648,750.00		(648,750.00)				
15-May-32			648,750.00	648,750.00		(648,750.00)				
15-Nov-32			648,750.00	648,750.00		(648,750.00)				
15-May-33			648,750.00	648,750.00		(648,750.00)				
15-Nov-33	5.000%	25,950,000.00	648,750.00	26,598,750.00	(25,950,000.00)	(648,750.00)		103.305%	857,647.50	26,807,647.50
		<u>\$34,635,000.00</u>	<u>\$38,252,341.67</u>	<u>\$72,887,341.67</u>	<u>\$0.00</u>	<u>(\$20,760,000.00)</u>	<u>\$52,127,341.67</u>		<u>\$1,409,701.70</u>	<u>\$36,044,701.70</u>

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$1,988,138.89	\$1,988,138.89			\$1,988,138.89			
15-May-08			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-08			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-09			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-09			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-10			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-10			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-11			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-11			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-12			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-12			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-13			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-13			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-14			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-14			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-15			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-15			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-16			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-16			4,708,750.00	4,708,750.00			4,708,750.00			
15-May-17			4,708,750.00	4,708,750.00			4,708,750.00			
15-Nov-17			4,708,750.00	4,708,750.00	\$43,110,000.00		47,818,750.00			
15-May-18			4,708,750.00	4,708,750.00		(\$1,077,750.00)	3,631,000.00			
15-Nov-18			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-19			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-19			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-20			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-20			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-21			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-21			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-22			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-22			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-May-23			4,708,750.00	4,708,750.00		(1,077,750.00)	3,631,000.00			
15-Nov-23	5.000%	\$17,925,000.00	4,708,750.00	22,633,750.00	(17,925,000.00)	(1,077,750.00)	3,631,000.00	102.730%	\$489,352.50	\$18,414,352.50
15-May-24			4,260,625.00	4,260,625.00		(629,625.00)	3,631,000.00			
15-Nov-24	5.000%	25,185,000.00	4,260,625.00	29,445,625.00	(25,185,000.00)	(629,625.00)	3,631,000.00	102.567%	646,498.95	25,831,498.95

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007A BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-May-25			3,631,000.00	3,631,000.00			3,631,000.00			
15-Nov-25			3,631,000.00	3,631,000.00			3,631,000.00			
15-May-26			3,631,000.00	3,631,000.00			3,631,000.00			
15-Nov-26	5.000%	26,445,000.00	3,631,000.00	30,076,000.00			30,076,000.00	102.240%	592,368.00	27,037,368.00
15-May-27			2,969,875.00	2,969,875.00			2,969,875.00			
15-Nov-27	5.000%	27,770,000.00	2,969,875.00	30,739,875.00			30,739,875.00	102.078%	577,060.60	28,347,060.60
15-May-28			2,275,625.00	2,275,625.00			2,275,625.00			
15-Nov-28	5.000%	29,155,000.00	2,275,625.00	31,430,625.00			31,430,625.00	101.916%	558,609.80	29,713,609.80
15-May-29			1,546,750.00	1,546,750.00			1,546,750.00			
15-Nov-29	5.000%	30,615,000.00	1,546,750.00	32,161,750.00			32,161,750.00	101.916%	586,583.40	31,201,583.40
15-May-30			781,375.00	781,375.00			781,375.00			
15-Nov-30	5.000%	31,255,000.00	781,375.00	32,036,375.00			32,036,375.00	101.916%	598,845.80	31,853,845.80
		<u>\$188,350,000.00</u>	<u>\$190,860,638.89</u>	<u>\$379,210,638.89</u>	<u>\$0.00</u>	<u>(\$14,192,250.00)</u>	<u>\$365,018,388.89</u>		<u>\$4,049,319.05</u>	<u>\$192,399,319.05</u>

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-07			\$255,972.22	\$255,972.22			\$255,972.22			
15-May-08			606,250.00	606,250.00			606,250.00			
15-Nov-08			606,250.00	606,250.00			606,250.00			
15-May-09			606,250.00	606,250.00			606,250.00			
15-Nov-09			606,250.00	606,250.00			606,250.00			
15-May-10			606,250.00	606,250.00			606,250.00			
15-Nov-10			606,250.00	606,250.00			606,250.00			
15-May-11			606,250.00	606,250.00			606,250.00			
15-Nov-11			606,250.00	606,250.00			606,250.00			
15-May-12			606,250.00	606,250.00			606,250.00			
15-Nov-12			606,250.00	606,250.00			606,250.00			
15-May-13			606,250.00	606,250.00			606,250.00			
15-Nov-13			606,250.00	606,250.00			606,250.00			
15-May-14			606,250.00	606,250.00			606,250.00			
15-Nov-14			606,250.00	606,250.00			606,250.00			
15-May-15			606,250.00	606,250.00			606,250.00			
15-Nov-15			606,250.00	606,250.00			606,250.00			
15-May-16			606,250.00	606,250.00			606,250.00			
15-Nov-16			606,250.00	606,250.00			606,250.00			
15-May-17			606,250.00	606,250.00			606,250.00			
15-Nov-17			606,250.00	606,250.00	\$24,250,000.00		24,856,250.00			
15-May-18			606,250.00	606,250.00						
15-Nov-18			606,250.00	606,250.00						
15-May-19			606,250.00	606,250.00						
15-Nov-19			606,250.00	606,250.00						
15-May-20			606,250.00	606,250.00						
15-Nov-20			606,250.00	606,250.00						
15-May-21			606,250.00	606,250.00						
15-Nov-21			606,250.00	606,250.00						
15-May-22			606,250.00	606,250.00						
15-Nov-22			606,250.00	606,250.00						
15-May-23			606,250.00	606,250.00						
15-Nov-23			606,250.00	606,250.00						
15-May-24			606,250.00	606,250.00						

CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C

2007B BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION  
AS OF AUGUST 29, 2007

Payment Date	Rate	Payment For		Total Debt Payment	Call Adjustments		Adjusted Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest		Principal	Interest				
15-Nov-24			606,250.00	606,250.00		(606,250.00)				
15-May-25			606,250.00	606,250.00		(606,250.00)				
15-Nov-25			606,250.00	606,250.00		(606,250.00)				
15-May-26			606,250.00	606,250.00		(606,250.00)				
15-Nov-26			606,250.00	606,250.00		(606,250.00)				
15-May-27			606,250.00	606,250.00		(606,250.00)				
15-Nov-27			606,250.00	606,250.00		(606,250.00)				
15-May-28			606,250.00	606,250.00		(606,250.00)				
15-Nov-28			606,250.00	606,250.00		(606,250.00)				
15-May-29			606,250.00	606,250.00		(606,250.00)				
15-Nov-29			606,250.00	606,250.00		(606,250.00)				
15-May-30			606,250.00	606,250.00		(606,250.00)				
15-Nov-30			606,250.00	606,250.00		(606,250.00)				
15-May-31			606,250.00	606,250.00		(606,250.00)				
15-Nov-31			606,250.00	606,250.00		(606,250.00)				
15-May-32			606,250.00	606,250.00		(606,250.00)				
15-Nov-32	5.000%	\$24,250,000.00	606,250.00	24,856,250.00	(24,250,000.00)	(606,250.00)		103.388%	\$821,590.00	\$25,071,590.00
		<u>\$24,250,000.00</u>	<u>\$30,568,472.22</u>	<u>\$54,818,472.22</u>	<u>\$0.00</u>	<u>(\$18,187,500.00)</u>	<u>\$36,630,972.22</u>		<u>\$821,590.00</u>	<u>\$25,071,590.00</u>

**EXHIBIT D**  
**CITY AND COUNTY OF DENVER, COLORADO**  
**FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A, 2007B AND 2007C**

**ESCROW YIELD CALCULATION**  
**AS OF AUGUST 29, 2007**

<b>Date</b>	<b>Total Cash Receipts From U.S. Treasury Securities Purchased with 2007 Bond Proceeds (Exhibit A)</b>	<b>Present Value at August 29, 2007 Using a Semi-Annually Compounded Yield of 4.60118%</b>
15-Nov-07	\$461,561.38	\$457,149.98
15-May-08	933,024.73	903,325.50
15-Nov-08	933,025.77	883,012.05
15-May-09	933,024.46	863,153.23
15-Nov-09	933,025.16	843,742.84
15-May-10	933,024.62	824,767.86
15-Nov-10	933,025.32	806,220.68
15-May-11	933,025.36	788,090.02
15-Nov-11	933,025.14	770,366.88
15-May-12	933,024.39	753,041.88
15-Nov-12	933,024.90	736,107.51
15-May-13	933,025.89	719,554.32
15-Nov-13	34,473,023.31	25,987,897.25
	<u>\$45,197,860.43</u>	<u>\$35,336,430.00</u>

**Total Cost of Securities** \$35,336,430.00

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

**PRESENT VALUE SAVINGS (COST)  
AS OF AUGUST 29, 2007**

Date	2007C Bond Debt Service (Exhibit C-1)	Refunded Bond Debt Service (Exhibit B-1)	Savings (Cost)	Annual Savings (Cost)	Present Value of Savings (Cost) at August 29, 2007 4.83697%
15-Nov-07	\$365,591.67	\$933,025.00	\$567,433.33	\$567,433.33	\$561,736.79
15-May-08	865,875.00	933,025.00	67,150.00		64,906.13
15-Nov-08	865,875.00	933,025.00	67,150.00	134,300.00	63,373.45
15-May-09	865,875.00	933,025.00	67,150.00		61,876.96
15-Nov-09	865,875.00	933,025.00	67,150.00	134,300.00	60,415.81
15-May-10	865,875.00	933,025.00	67,150.00		58,989.16
15-Nov-10	865,875.00	933,025.00	67,150.00	134,300.00	57,596.21
15-May-11	865,875.00	933,025.00	67,150.00		56,236.14
15-Nov-11	865,875.00	933,025.00	67,150.00	134,300.00	54,908.20
15-May-12	865,875.00	933,025.00	67,150.00		53,611.61
15-Nov-12	865,875.00	933,025.00	67,150.00	134,300.00	52,345.63
15-May-13	865,875.00	933,025.00	67,150.00		51,109.55
15-Nov-13	865,875.00	933,025.00	67,150.00	134,300.00	49,902.66
15-May-14	865,875.00	933,025.00	67,150.00		48,724.27
15-Nov-14	865,875.00	933,025.00	67,150.00	134,300.00	47,573.71
15-May-15	865,875.00	933,025.00	67,150.00		46,450.31
15-Nov-15	865,875.00	933,025.00	67,150.00	134,300.00	45,353.45
15-May-16	865,875.00	933,025.00	67,150.00		44,282.48
15-Nov-16	4,680,875.00	4,663,025.00	(17,850.00)	49,300.00	(11,493.33)
15-May-17	770,500.00	825,787.50	55,287.50		34,758.11
15-Nov-17	5,640,500.00	5,635,787.50	(4,712.50)	50,575.00	(2,892.69)
15-May-18	648,750.00	687,500.00	38,750.00		23,224.38
15-Nov-18	648,750.00	687,500.00	38,750.00	77,500.00	22,675.97
15-May-19	648,750.00	687,500.00	38,750.00		22,140.50
15-Nov-19	648,750.00	687,500.00	38,750.00	77,500.00	21,617.68
15-May-20	648,750.00	687,500.00	38,750.00		21,107.21
15-Nov-20	648,750.00	687,500.00	38,750.00	77,500.00	20,608.79
15-May-21	648,750.00	687,500.00	38,750.00		20,122.13
15-Nov-21	648,750.00	687,500.00	38,750.00	77,500.00	19,646.97
15-May-22	648,750.00	687,500.00	38,750.00		19,183.03
15-Nov-22	648,750.00	687,500.00	38,750.00	77,500.00	18,730.05
15-May-23	648,750.00	687,500.00	38,750.00		18,287.76
15-Nov-23	648,750.00	687,500.00	38,750.00	77,500.00	17,855.92
15-May-24	648,750.00	687,500.00	38,750.00		17,434.27
15-Nov-24	648,750.00	687,500.00	38,750.00	77,500.00	17,022.59
15-May-25	648,750.00	687,500.00	38,750.00		16,620.62
15-Nov-25	648,750.00	687,500.00	38,750.00	77,500.00	16,228.14
15-May-26	648,750.00	687,500.00	38,750.00		15,844.93
15-Nov-26	648,750.00	687,500.00	38,750.00	77,500.00	15,470.78
15-May-27	648,750.00	687,500.00	38,750.00		15,105.45
15-Nov-27	648,750.00	687,500.00	38,750.00	77,500.00	14,748.76
15-May-28	648,750.00	687,500.00	38,750.00		14,400.48
15-Nov-28	648,750.00	687,500.00	38,750.00	77,500.00	14,060.43
15-May-29	648,750.00	687,500.00	38,750.00		13,728.41
15-Nov-29	648,750.00	687,500.00	38,750.00	77,500.00	13,404.23
15-May-30	648,750.00	687,500.00	38,750.00		13,087.71
15-Nov-30	648,750.00	687,500.00	38,750.00	77,500.00	12,778.66
15-May-31	648,750.00	687,500.00	38,750.00		12,476.90
15-Nov-31	648,750.00	687,500.00	38,750.00	77,500.00	12,182.28
15-May-32	648,750.00	687,500.00	38,750.00		11,894.61
15-Nov-32	648,750.00	687,500.00	38,750.00	77,500.00	11,613.73
15-May-33	648,750.00	687,500.00	38,750.00		11,339.49
15-Nov-33	26,598,750.00	25,687,500.00	(911,250.00)	(872,500.00)	(260,363.98)
Total	<u>\$72,887,341.67</u>	<u>\$74,919,050.00</u>	2,031,708.33	2,031,708.33	1,754,043.49
DSF Contribution			(\$466,512.50)	(\$466,512.50)	(\$466,512.50)
Net Total			<u>\$1,565,195.83</u>	<u>\$1,565,195.83</u>	<u>\$1,287,530.99</u>

**CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2007A, 2007B AND 2007C**

**ESTIMATED SOURCES AND USES OF FUNDS  
AS OF AUGUST 29, 2007**

	<b>2007C Bonds</b>	<b>2007A Bonds</b>	<b>2007B Bonds</b>	<b>Total</b>
<b>Sources of Funds:</b>				
Par Value of Bonds	\$34,635,000.00	\$188,350,000.00	\$24,250,000.00	\$247,235,000.00
Original Issue Premium	1,409,701.70	4,049,319.05	821,590.00	6,280,610.75
DSF Contribution	466,512.50			466,512.50
<b>Total Sources of Funds</b>	<b>\$36,511,214.20</b>	<b>\$192,399,319.05</b>	<b>\$25,071,590.00</b>	<b>\$253,982,123.25</b>
<b>Uses of Funds:</b>				
Beginning Escrow Account Cash Balance		\$2.38		\$2.38
Cost of the Escrowed Securities Purchased with:				
the DSF Contribution	466,512.00			466,512.00
2007 Bond Proceeds	35,336,430.00			35,336,430.00
Bond Insurance Premium	255,105.70	\$1,327,237.24	\$234,623.06	1,816,966.00
Project Fund Deposit		170,386,774.65	21,189,631.50	191,576,406.15
DSRF Deposit		9,856,983.34	1,147,833.33	11,004,816.67
Capitalized Interest Fund Deposit		9,179,398.32	2,285,341.61	11,464,739.93
Underwriter's Discount	251,223.75	1,120,682.50	144,287.50	1,516,193.75
Issuance Costs	201,940.37	528,243.00	69,873.00	800,056.37
<b>Total Uses of Funds</b>	<b>\$36,511,214.20</b>	<b>\$192,399,319.05</b>	<b>\$25,071,590.00</b>	<b>\$253,982,123.25</b>



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**Information Return for Tax-Exempt  
 Private Activity Bond Issues**  
 (Under Internal Revenue Code section 149(e))  
 ▶ See separate instructions.

**Part I Reporting Authority**

Check if Amended Return

<b>1</b> Issuer's name <b>City and County of Denver, Colorado, for and on behalf of its Dept. of Aviation</b>		<b>2</b> Issuer's employer identification number <b>84 : 6000580</b>
<b>3</b> Number and street (or P.O. box if mail is not delivered to street address) <b>250 West Colfax Ave.</b>	Room/suite	<b>4</b> Report number <b>1 -06</b>
<b>5</b> City, town, or post office, state, and ZIP code <b>Denver, Colorado 80202</b>		<b>6</b> Date of issue <b>August 29, 2007</b>
<b>7</b> Name of issue <b>Airport System Revenue Bonds, Series 2007A</b>		<b>8</b> CUSIP number <b>2491814 Q8</b>
<b>9</b> Name and title of officer or legal representative whom the IRS may call for more information <b>Turner West, Manager of Aviation</b>		<b>10</b> Telephone number of officer or legal representative <b>( 303 ) 640-2262</b>

**Part II Type of Issue** (check the applicable box(es) and enter the issue price for each)

Issue Price

<b>11</b> Exempt facility bond:	<b>11a</b>	<b>192,399,319.05</b>
<b>a</b> <input checked="" type="checkbox"/> Airport (sections 142(a)(1) and 142(c))	<b>11b</b>	
<b>b</b> <input type="checkbox"/> Docks and wharves (sections 142(a)(2) and 142(c))	<b>11c</b>	
<b>c</b> <input type="checkbox"/> Water furnishing facilities (sections 142(a)(4) and 142(e))	<b>11d</b>	
<b>d</b> <input type="checkbox"/> Sewage facilities (section 142(a)(5))	<b>11e</b>	
<b>e</b> <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	<b>11f</b>	
<b>f</b> <input type="checkbox"/> Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows:		
Meeting 20-50 test (section 142(d)(1)(A)) <input type="checkbox"/>		
Meeting 40-60 test (section 142(d)(1)(B)) <input type="checkbox"/>		
Meeting 25-60 test (NYC only) (section 142(d)(6)) <input type="checkbox"/>		
Has an election been made for deep rent skewing (section 142(d)(4)(B))? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>g</b> <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	<b>11g</b>	
<b>h</b> <input type="checkbox"/> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	<b>11h</b>	
Facility type.....		
1986 Act section.....		
<b>i</b> <input type="checkbox"/> Qualified enterprise zone facility bonds (section 1394) (see instructions)	<b>11i</b>	
<b>j</b> <input type="checkbox"/> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	<b>11j</b>	
<b>k</b> <input type="checkbox"/> District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions)	<b>11k</b>	
<b>l</b> <input type="checkbox"/> Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	<b>11l</b>	
<b>m</b> <input type="checkbox"/> Other. Describe (see instructions) ▶	<b>11m</b>	
<b>12</b> <input type="checkbox"/> Qualified mortgage bond (section 143(a))	<b>12</b>	
<b>13</b> <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b))	<b>13</b>	
Check the box if you elect to rebate arbitrage profits to the United States <input type="checkbox"/>		
<b>14</b> <input type="checkbox"/> Qualified small issue bond (section 144(a)) (see instructions)	<b>14</b>	
Check the box for \$10 million small issue exemption <input type="checkbox"/>		
<b>15</b> <input type="checkbox"/> Qualified student loan bond (section 144(b))	<b>15</b>	
<b>16</b> <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	<b>16</b>	
<b>17</b> <input type="checkbox"/> Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	<b>17</b>	
<b>18</b> <input type="checkbox"/> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	<b>18</b>	
Check box if 95% or more of net proceeds will be used <b>only</b> for capital expenditures ▶ <input type="checkbox"/>		
<b>19</b> <input type="checkbox"/> Nongovernmental output property bond (treated as private activity bond) (section 141(d))	<b>19</b>	
<b>20</b> <input type="checkbox"/> Other. Describe (see instructions) ▶	<b>20</b>	

**Part III Description of Bonds** (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
<b>21</b>	<b>November 15, 2030</b>	<b>\$ 192,399,319.05</b>	<b>\$ 188,350,000.00</b>	<b>20.26</b> years	<b>4.8369</b> %

<b>Part IV Uses of Proceeds of Issue</b> (including underwriters' discount)				Amount
22	Proceeds used for accrued interest		22	0
23	Issue price of entire issue (enter amount from line 21, column (b))		23	192,399,319.05
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	1,648,925.50	
25	Proceeds used for credit enhancement	25	1,327,237.24	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	9,856,983.34	
27	Proceeds used to currently refund prior issue (complete Part VI)	27	30,042,052.00	
28	Proceeds used to advance refund prior issue (complete Part VI)	28	0	
29	Add lines 24 through 28		29	42,875,198.08
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	149,524,120.97

**Part V Description of Property Financed by Nonrefunding Proceeds**  
**Caution:** The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

<b>31 Type of Property Financed by Nonrefunding Proceeds:</b>		Amount	
a	Land	31a	
b	Buildings and structures	31b	149,524,120.97
c	Equipment with recovery period of more than 5 years	31c	
d	Equipment with recovery period of 5 years or less	31d	
e	Other (describe)	31e	

**32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.**

	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	488119	\$ 149,524,120.97	c		\$
b		\$	d		\$

**Part VI Description of Refunded Bonds** (Complete this part only for refunding bonds.)

33	Enter the remaining weighted average maturity of the bonds to be currently refunded	▶	26.8	years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded	▶	N/A	years
35	Enter the last date on which the refunded bonds will be called	▶	August 31, 2007	
36	Enter the date(s) the refunded bonds were issued	▶	April 4, 2007	

**Part VII Miscellaneous**

37 Name of governmental unit(s) approving issue (see the instructions) ▶ **Mayor of Denver, Colorado;**  
 Date of Hearing **July 27, 2007;** Date of Approval **August 14, 2007**

38 Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶

39 Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶

40 Check the box if you have identified a hedge (see instructions) ▶

41 Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶

Name ▶ **multiple air carriers** EIN : **N/A**

**Part VIII Volume Caps**

		Amount	
42	Amount of state volume cap allocated to the issuer. <b>Attach copy of state certification</b>	42	
43	Amount of issue subject to the unified state volume cap	43	
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44	
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a	192,399,319.05
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b	
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c	
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d	
45a	Amount of issue of qualified veterans' mortgage bonds	45a	
b	Enter the state limit on qualified veterans' mortgage bonds	45b	
46a	Amount of section 1394(f) volume cap allocated to issuer. <b>Attach copy of local government certification</b>	46a	
b	Name of empowerment zone ▶		
47	Amount of section 142(k)(5) volume cap allocated to issuer. <b>Attach copy of state certification.</b>	47	

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**

Signature of officer: Claude Pumilia Date: August 29, 2007

Name of above officer (type or print): Claude Pumilia Title of officer (type or print): CFO and Manager of Revenue



# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

Michel Benitez  
303-899-7365  
[mбенitez@hhlaw.com](mailto:mбенitez@hhlaw.com)

*VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED*

Internal Revenue Service Center  
Ogden, Utah 84201

Attention: Director

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007A - \$188,350,000**

---

Dear Director:

Enclosed herewith are two (2) copies (one originally executed) of the Information Return for Tax-Exempt Private Activity Bond Issues (Form 8038) with respect to the captioned Bonds.

This return is being filed pursuant to Section 149 of the Internal Revenue Code of 1986, as amended. Please file the originally executed form, acknowledge receipt on the copy and return the copy to the undersigned in the pre-addressed envelope provided for your convenience.

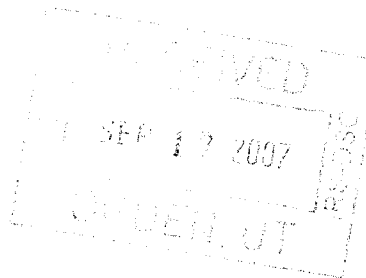
Very truly yours,



Michel Benitez

Enclosures

cc: Claude Pumilia



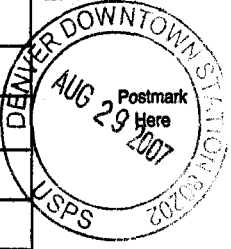
7006 0100 0003 2164 6972

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Postage	\$ .97
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	—
<b>Total Postage &amp; Fees</b>	<b>\$ 5.77</b>



Sent To  
**INTERNAL REVENUE SERVICE CENTER**  
 Street, Apt. No., or PO Box No. **ATTN: DIRECTOR**  
 City, State, ZIP+4 **OGDEN, UTAH 84201**

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
  
**INTERNAL REVENUE SERVICE CENTER**  
**ATTN: DIRECTOR**  
**OGDEN, UTAH 84201**

2. Article Number  
 (Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
 X [Signature] SEP 6 2007  
 B. Received by (Printed Name) C. Date of Delivery  
 [Signature] OGDEN UT  
 D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

7006 0100 0003 2164 6972

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>			If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>City and County of Denver, Colorado, for and on behalf of its Dept. of Aviation</b>	2 Issuer's employer identification number <b>84 : 6000580</b>			
3 Number and street (or P.O. box if mail is not delivered to street address) <b>250 West Colfax Ave.</b>	Room/suite	4 Report number <b>3-02</b>		
5 City, town, or post office, state, and ZIP code <b>Denver, Colorado 80202</b>	6 Date of issue <b>August 29, 2007</b>			
7 Name of issue <b>Airport System Revenue Bonds, Series 2007B and 2007C</b>	8 CUSIP number <b>2491814 U9</b>			
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Turner West, Manager of Aviation</b>	10 Telephone number of officer or legal representative <b>( 303 ) 640-2262</b>			

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input checked="" type="checkbox"/> Transportation	13	<b>61,116,291.70</b>
14 <input type="checkbox"/> Public safety	14	
15 <input type="checkbox"/> Environment (including sewage bonds)	15	
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe ►	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

**Part III Description of Obligations. Complete for the entire issue for which this form is being filed.**

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>November 15, 2033</b>	<b>\$ 61,116,291.70</b>	<b>\$ 58,885,000.00</b>	<b>23.3</b> years	<b>4.8369</b> %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	<b>0</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>61,116,291.70</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>667,324.62</b>
25 Proceeds used for credit enhancement	25	<b>489,728.76</b>
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>1,147,833.33</b>
27 Proceeds used to currently refund prior issues	27	<b>0</b>
28 Proceeds used to advance refund prior issues	28	<b>35,336,431.88</b>
29 Total (add lines 24 through 28)	29	<b>37,641,318.59</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>23,474,973.11</b>

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	<b>N/A</b>	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	<b>22.0</b>	years
33 Enter the last date on which the refunded bonds will be called	<b>November 15, 2013</b>	
34 Enter the date(s) the refunded bonds were issued	<b>May 1, 2003</b>	

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	<b>0</b>
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	<b>0</b>
b Enter the final maturity date of the guaranteed investment contract		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	<b>0</b>
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**

Signature of issuer's authorized representative: Claude Pumilia Date: August 29, 2007 Type or print name and title: Claude Pumilia, CFO & Mgr. of Rev.

# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

Michel Benitez  
303-899-7365  
[mbenitez@hhlaw.com](mailto:mbenitez@hhlaw.com)

*VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED*

Internal Revenue Service Center  
Ogden, Utah 84201

Attention: Director

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007B - \$24,250,000  
Series 2007C - \$34,665,000**

---

Dear Director:

Enclosed herewith are two (2) copies (one originally executed) of the Information Return for Tax-Exempt Governmental Obligations (Form 8038-G) with respect to the captioned Bonds.

This return is being filed pursuant to Section 149(e) of the Internal Revenue Code of 1986, as amended. Please file the originally executed form, acknowledge receipt on the copy and return the copy to the undersigned in the pre-addressed envelope provided for your convenience.

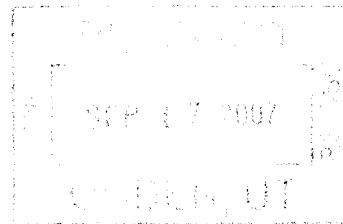
Very truly yours,



Michel Benitez

Enclosures

cc: Claude Pumilia



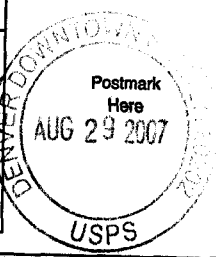
9569 4972 0000 0000 2164 6958  
7006 0100 0003 2164 6900

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Postage	\$ .97
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 5.77



Sent To  
**INTERNAL REVENUE SERVICE CENTER**  
Street, Apt. No.,  
or PO Box No. **ATTN: DIRECTOR**  
City, State, ZIP+4  
**OGDEN, UTAH 84201**

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service  
Center  
Attn: Director  
Ogden, Utah 84201

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature \_\_\_\_\_  Agent  
**X** \_\_\_\_\_  Addressee

B. Received by (Printed Name) \_\_\_\_\_ C. Date of Delivery \_\_\_\_\_

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

OGDEN, UTAH 84201

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number **7006 0100 0003 2164 6958**  
(Transfer from service label)



**Information Return for Tax-Exempt  
 Private Activity Bond Issues**  
 (Under Internal Revenue Code section 149(e))  
 ▶ See separate instructions.

**Part I Reporting Authority**

Check if Amended Return

1 Issuer's name <b>City and County of Denver, Colorado, for and on behalf of its Dept. of Aviation</b>		2 Issuer's employer identification number <b>84 : 6000580</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>250 West Colfax Ave.</b>	Room/suite	4 Report number <b>1 -07</b>
5 City, town, or post office, state, and ZIP code <b>Denver, Colorado 80202</b>		6 Date of issue <b>August 29, 2007</b>
7 Name of issue <b>Airport System Revenue Bonds, Series 2007D</b>		8 CUSIP number <b>2491815 J3</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Turner West, Manager of Aviation</b>		10 Telephone number of officer or legal representative <b>( 303 ) 640-2262</b>

**Part II Type of Issue** (check the applicable box(es) and enter the issue price for each)

Issue Price

11 Exempt facility bond:		
a <input checked="" type="checkbox"/> Airport (sections 142(a)(1) and 142(c)) . . . . .	11a	<b>154,601,366.65</b>
b <input type="checkbox"/> Docks and wharves (sections 142(a)(2) and 142(c)) . . . . .	11b	
c <input type="checkbox"/> Water furnishing facilities (sections 142(a)(4) and 142(e)) . . . . .	11c	
d <input type="checkbox"/> Sewage facilities (section 142(a)(5)) . . . . .	11d	
e <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6)) . . . . .	11e	
f <input type="checkbox"/> Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows: . . . . .	11f	
Meeting 20–50 test (section 142(d)(1)(A)) . . . . . <input type="checkbox"/>		
Meeting 40–60 test (section 142(d)(1)(B)) . . . . . <input type="checkbox"/>		
Meeting 25–60 test (NYC only) (section 142(d)(6)) . . . . . <input type="checkbox"/>		
Has an election been made for deep rent skewing (section 142(d)(4)(B))? <input type="checkbox"/> Yes <input type="checkbox"/> No		
g <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f)) . . . . .	11g	
h <input type="checkbox"/> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions) . . . . .	11h	
Facility type . . . . .		
1986 Act section . . . . .		
i <input type="checkbox"/> Qualified enterprise zone facility bonds (section 1394) (see instructions) . . . . .	11i	
j <input type="checkbox"/> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions) . . . . .	11j	
k <input type="checkbox"/> District of Columbia Enterprise Zone facility bonds (section 1400A) (see instructions) . . . . .	11k	
l <input type="checkbox"/> Qualified public educational facility bonds (sections 142(a)(13) and 142(k)) . . . . .	11l	
m <input type="checkbox"/> Other. Describe (see instructions) ▶ . . . . .	11m	
12 <input type="checkbox"/> Qualified mortgage bond (section 143(a)) . . . . .	12	
13 <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b)) . . . . . ▶	13	
Check the box if you elect to rebate arbitrage profits to the United States . . . . . <input type="checkbox"/>		
14 <input type="checkbox"/> Qualified small issue bond (section 144(a)) (see instructions) . . . . . ▶	14	
Check the box for \$10 million small issue exemption . . . . . <input type="checkbox"/>		
15 <input type="checkbox"/> Qualified student loan bond (section 144(b)) . . . . .	15	
16 <input type="checkbox"/> Qualified redevelopment bond (section 144(c)) . . . . .	16	
17 <input type="checkbox"/> Qualified hospital bond (section 145(c)) (attach schedule—see instructions) . . . . .	17	
18 <input type="checkbox"/> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions) . . . . .	18	
Check box if 95% or more of net proceeds will be used <b>only</b> for capital expenditures ▶ <input type="checkbox"/>		
19 <input type="checkbox"/> Nongovernmental output property bond (treated as private activity bond) (section 141(d)) . . . . .	19	
20 <input type="checkbox"/> Other. Describe (see instructions) ▶ . . . . .	20	

**Part III Description of Bonds** (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>November 15, 2023</b>	<b>\$ 154,601,366.65</b>	<b>\$ 147,815,000.00</b>	<b>12.56</b> years	<b>4.7877 %</b>

Part IV Uses of Proceeds of Issue (including underwriters' discount)			Amount
22	Proceeds used for accrued interest		0
23	Issue price of entire issue (enter amount from line 21, column (b))		154,601,366.65
24	Proceeds used for bond issuance costs (including underwriters' discount)	1,462,708.58	
25	Proceeds used for credit enhancement	677,000.00	
26	Proceeds allocated to reasonably required reserve or replacement fund	10,372,025.83	
27	Proceeds used to currently refund prior issue (complete Part VI)	0	
28	Proceeds used to advance refund prior issue (complete Part VI)	0	
29	Add lines 24 through 28		12,511,734.41
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		142,089,632.24

**Part V Description of Property Financed by Nonrefunding Proceeds**  
**Caution:** The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

31 Type of Property Financed by Nonrefunding Proceeds:		Amount
a	Land	
b	Buildings and structures	142,089,632.24
c	Equipment with recovery period of more than 5 years	
d	Equipment with recovery period of 5 years or less	
e	Other (describe)	

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.					
	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a	488119	\$ 142,089,632.24	c		\$
b		\$	d		\$

**Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)**

33	Enter the remaining weighted average maturity of the bonds to be currently refunded	years
34	Enter the remaining weighted average maturity of the bonds to be advance refunded	years
35	Enter the last date on which the refunded bonds will be called	
36	Enter the date(s) the refunded bonds were issued	

**Part VII Miscellaneous**

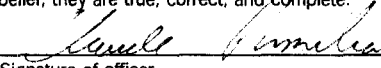
37	Name of governmental unit(s) approving issue (see the instructions) ▶ <b>Mayor of Denver, Colorado;</b> Date of Hearing <b>July 27, 2007;</b> Date of Approval <b>August 14, 2007</b>
38	Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶ <input type="checkbox"/>
39	Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶ <input type="checkbox"/>
40	Check the box if you have identified a hedge (see instructions) ▶ <input type="checkbox"/>
41	Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶ <input checked="" type="checkbox"/>
	Name ▶ <b>multiple air carriers</b> EIN ▶ <b>N/A</b>

**Part VIII Volume Caps**

		Amount
42	Amount of state volume cap allocated to the issuer. <b>Attach copy of state certification</b>	
43	Amount of issue subject to the unified state volume cap	
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	154,601,366.65
b	Under a carryforward election. Attach a copy of Form 8328 to this return	
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	
45a	Amount of issue of qualified veterans' mortgage bonds	
b	Enter the state limit on qualified veterans' mortgage bonds	
46a	Amount of section 1394(f) volume cap allocated to issuer. <b>Attach copy of local government certification</b>	
b	Name of empowerment zone ▶	
47	Amount of section 142(k)(5) volume cap allocated to issuer. <b>Attach copy of state certification.</b>	

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**

Signature of officer  
  
**Claude Pumilia**  
 Name of above officer (type or print)

**August 29, 2007**  
 Date  
**CFO and Manager of Revenue**  
 Title of officer (type or print)



# HOGAN & HARTSON

Hogan & Hartson LLP  
One Tabor Center, Suite 1500  
1200 Seventeenth Street  
Denver, CO 80202  
+1.303.899.7300 Tel  
+1.303.899.7333 Fax

[www.hhlaw.com](http://www.hhlaw.com)

August 29, 2007

Michel Benitez  
303-899-7365  
[mbenitez@hhlaw.com](mailto:mbenitez@hhlaw.com)

*VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED*

Internal Revenue Service Center  
Ogden, Utah 84201

Attention: Director

**City and County of Denver, Colorado  
for and on behalf of its Department of Aviation  
Airport System Revenue Bonds  
Series 2007D - \$147,815,000**

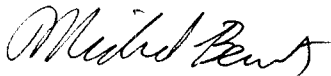
---

Dear Director:

Enclosed herewith are two (2) copies (one originally executed) of the Information Return for Tax-Exempt Private Activity Bond Issues (Form 8038) with respect to the captioned Bonds.

This return is being filed pursuant to Section 149 of the Internal Revenue Code of 1986, as amended. Please file the originally executed form, acknowledge receipt on the copy and return the copy to the undersigned in the pre-addressed envelope provided for your convenience.

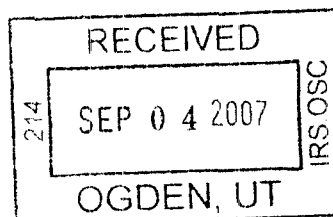
Very truly yours,



Michel Benitez

Enclosures

cc: Claude Pumilia



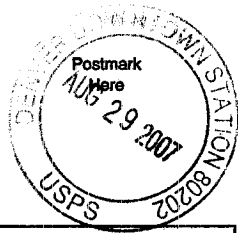
7469 4912 E000 0010 9002

U.S. Postal Service  
**CERTIFIED MAIL<sup>TM</sup> RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ .97
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	—
<b>Total Postage &amp; Fees</b>	<b>\$ 5.77</b>



Sent To: **INTERNAL REVENUE SERVICE CENTER**  
 Street, Apt. No., or PO Box No. **ATTN: DIRECTOR**  
 City, State, ZIP+4 **OGDEN, UTAH 84201**

PS Form 3800, June 2002 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service  
Center  
Attn: Director  
Ogden, Utah 84201

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
**X**  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) **7006 0100 0003 2164 6941**

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**NOTICE OF PRIOR REDEMPTION AND DEFEASANCE  
OF  
THE CITY AND COUNTY OF DENVER, COLORADO  
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION  
AIRPORT SYSTEM REVENUE BONDS  
SERIES 2003B**

NOTICE IS HEREBY GIVEN that the City and County of Denver, Colorado (the "City"), for and on behalf of the Department of Aviation, has caused to be deposited in an escrow account (the "Series 2003B Bonds Escrow Account") with Zions First National Bank refunding bond proceeds and other moneys which have been invested (except for an initial cash balance) in bills, certificates, notes, bonds and similar securities which are direct obligations of, or the principal of and interest on which securities are unconditionally guaranteed by, the United States of America, to refund, pay, and discharge the principal of and interest on certain of the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), issued on May 1, 2003 and maturing as described below (the "Refunded Bonds") as the same become due to and including the Redemption Date, as provided herein.

<u>Maturity Date (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate (Per Annum)</u>	<u>CUSIP</u>
2016	\$ 3,730,000	5.75%	249181 U48
2017	\$ 4,810,000	5.75%	249181 U55
2033	\$25,000,000	5.50%	249181 V21

The Refunded Bonds will be called for prior redemption on November 15, 2013 (the "Redemption Date").

On the Redemption Date, the Refunded Bonds will become due and payable at the Paying Agent for the Refunded Bonds (the Treasurer of the City and County of Denver, Colorado) for a price equal to the principal amount thereof and accrued interest thereon to the Redemption Date. From and after the Redemption Date, interest on the Refunded Bonds will cease to accrue.

The Refunded Bonds must be delivered to the Paying Agent as follows:

If by Hand:

Treasurer  
144 W. Colfax Ave. Room 300  
Denver, CO 80202

If by Mail:

Treasurer  
144 W. Colfax Ave. Room 300  
Denver, CO 80202

Pursuant to the defeasance provisions of the ordinance authorizing the issuance of the Series 2003B Bonds, the pledge and lien and all obligations thereunder with respect to the Refunded Bonds are discharged, and the Refunded Bonds shall no longer be deemed to be Outstanding within the meaning of such ordinance.

Causey Demgen & Moore Inc., certified public accountants, has issued a report verifying the accuracy of mathematical computations showing that the Series 2003B Bonds Escrow Account, including the known minimum yield from the investments therein and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequent, to pay the principal of and interest on, the Refunded Bonds to and including the Redemption Date.

DATED at Denver, Colorado, on this October 15, 2007.

THE CITY AND COUNTY OF DENVER  
for and on behalf of its Department of Aviation

\_\_\_\_\_  
Manager of Revenue, Chief Financial Officer,  
*ex officio* Treasurer

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**CITY AND COUNTY OF DENVER, COLORADO**  
**for and on behalf of its Department of Aviation**  
**AIRPORT SYSTEM REVENUE BONDS**  
**SERIES 2007A - \$188,350,000**  
**SERIES 2007B - \$24,250,000**  
**SERIES 2007C - \$34,635,000**  
**SERIES 2007D - \$147,815,000**

**CLOSING MEMORANDUM**

The closing relating to the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007A" (the "**Series 2007A Bonds**"), "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007B" (the "**Series 2007B Bonds**"), "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007C" (the "**Series 2007C Bonds**"), and "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007D" (the "**Series 2007D Bonds**" and, together with the Series 2007A Bonds, the Series 2007B Bonds, and the Series 2007C Bonds, the "**Series 2007A-D Bonds**") was held at 8:00 a.m., Denver time, in the offices of Hogan & Hartson LLP, in Denver, Colorado, on August 29, 2007 (the "**closing date**"). A preclosing was conducted on August 28, 2007 at 3:00 p.m. Denver time, at the same location. Present at or participating in the closing were, among others, representatives of the City and County of Denver (the "**City**") and its counsel; Goldman, Sachs & Co., Harvestons Securities, Inc., J. P. Morgan Securities Inc., and RBC Capital Markets (the "**2007A-B Underwriters**"); Citigroup Global Markets Inc., J. P. Morgan Securities Inc., and Ramirez & Co., Inc. (the "**2007C Underwriters**"); Lehman Brothers Inc., Piper Jaffray & Co., Citigroup Global Markets Inc., and RBC Capital Markets (the "**2007D Underwriters**," together with the 2007A-B Underwriters and the 2007C Underwriters, the "**Underwriters**"); MBIA Insurance Corporation and Ambac Assurance Corporation (the "**Bond Insurers**"); First Albany Capital Inc. and Estrada Hinojosa & Company, Inc., the Financial Advisors to the City; Sherman & Howard L.L.C. and Greenberg Traurig, LLP, counsel to the Underwriters; Becker Stowe & Bieber LLC, special counsel to the City; and Hogan & Hartson LLP and Bookhardt & O'Toole, bond counsel.

Prior to the closing, forms of the Series 2007A-D Bonds were examined by bond counsel. The following documents, having theretofore been adopted and authorized, were previously or thereupon executed: the Passenger Facility Charges Ordinance, Ordinance No. 380 adopted by the City on July 30, 2007 (the "**Passenger Facility Charges Ordinance**"), the Series 2007A-B Airport System Supplemental Bond Ordinance, Ordinance No. 375, Series of 2007, adopted by the City Council of the City on July 30, 2007 (the "**Series 2007A-B Supplemental Ordinance**"), the Series 2007C Airport System Supplemental Bond Ordinance, Ordinance No. 376, Series of 2007, adopted by the City Council of the City on July 30, 2007 (the "**Series 2007C Supplemental Ordinance**"), the Series 2007D-E Airport System Supplemental Bond Ordinance, Ordinance No. 415, Series of 2007, adopted by the City Council of the City on August 13, 2007 (the "**Series 2007D-E Supplemental Ordinance**" together with the Series 2007A-B



Supplemental Ordinance and the Series 2007C Supplemental Ordinance, the "**Series 2007A-E Supplemental Ordinances**"), the Bond Purchase Agreement with respect to the Series 2007A-B Bonds dated August 1, 2007, the Bond Purchase Agreement with respect to the Series 2007C Bonds dated August 1, 2007, and the Bond Purchase Agreement with respect to the Series 2007D Bonds dated August 16, 2007. Except as otherwise indicated, defined terms herein shall have the meanings set forth in the 1984 Airport System General Bond Ordinance, Ordinance No. 626, Series of 1984 (the "**General Bond Ordinance**"), as amended and supplemented from time to time, including by the Series 2007A-E Supplemental Ordinances.

All transactions at the closing were deemed to have taken place simultaneously, and no transaction to have been completed and no document to have been delivered unless and until all transactions were completed and all documents delivered. Except as otherwise indicated, all of the items listed below were dated as of the closing date.

Counterparts of the transcript were prepared and distributed to the following, among others: the City; Jacobs Consultancy (the "**Airport Consultant**"); each of the counsel to the Underwriters; the special counsel to the City; each of the bond counsel; each of the Underwriters; the Bond Insurers; and the Financial Advisors.

#### DELIVERIES MADE AT CLOSING

##### Delivered by the City:

1. Certificate relating to General Bond Ordinance, with certified copy of General Bond Ordinance attached thereto.
2. Certificate relating to Supplemental Ordinances with excerpts of those Supplemental Ordinances amending the General Bond Ordinance attached thereto.
3. Certificate relating to the Passenger Facility Charges Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 3, 2007 (Exhibits B and C); and a certified copy of the Passenger Facility Charges Ordinance (Exhibit D).
4. Certificate relating to the Series 2007A-B Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 1, 2007 (Exhibits B and C); and a certified copy of the Series 2007A-B Airport System Supplemental Bond Ordinance (Exhibit D).
5. Certificate relating to the Series 2007C Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on July 27, 2007 and August 2, 2007 (Exhibits B and C); and a certified copy of the Series 2007C Airport System Supplemental Bond Ordinance (Exhibit D).
6. Certificate relating to the Series 2007D-E Airport System Supplemental Bond Ordinance including as attached exhibits: minute extracts (Exhibit A); affidavits of publication in *The Daily Journal* on August 10, 2007 and August 16, 2007 (Exhibits B and C); and a certified copy of the Series 2007D-E Airport System Supplemental Bond Ordinance (Exhibit D).

7. Resolutions of Manager of Department of Aviation:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D-E Bonds
8. Notification by Manager of Revenue to President of City Council pursuant to Section 20-93 of the Revised Municipal Code.
9. Omnibus Certificate, with specimens of the Series 2007A Bonds, Series 2007B Bonds, Series 2007C Bonds and Series 2007D Bonds and the CUSIP numbers attached:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
10. Certificate of Record by City Auditor for the Series 2007A-D Bonds.
11. Certificate of City pursuant to Section 704A of the General Bond Ordinance for the Series 2007A-B Bonds and Series 2007D Bonds.
12. Certificate of Manager of Department of Aviation filed with the City Clerk pursuant to Section 704C of the General Bond Ordinance for the Series 2007A-B Bonds and Series 2007D Bonds.
13. Certificate of Treasurer filed with the City Clerk pursuant to Section 705 of the General Bond Ordinance for the Series 2007C Bonds.
14. Certificate of approval of the issuance of obligations by the City and County of Denver, Colorado, for and on behalf of its Department of Aviation with notice of public hearing attached.
15. Tax Certificates (including Certificates of the Underwriters, MBIA, AMBAC and the Financial Advisors):
  - (a) Series 2007A Bonds
  - (b) Series 2007B-C Bonds
  - (c) Series 2007D Bonds
16. Preliminary Official Statement relating to the Series 2007A-C Bonds, dated July 25, 2007.
17. Official Statement relating to the Series 2007A-C Bonds, dated August 6, 2007.
18. Preliminary Official Statement relating to the Series 2007D-E Bonds, dated August 7, 2007.
19. Official Statement relating to the Series 2007D Bonds, dated August 20, 2007.

20. Pricing Certificates of the Treasurer pursuant to Section 302C of the Series 2007A-B Airport System Supplemental Bond Ordinance, pursuant to Section 302B of the Series 2007C Airport System Supplemental Bond Ordinance, and pursuant to Section 302C of the Series 2007D-E Airport System Supplemental Bond Ordinance:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
21. Continuing Disclosure Undertaking for the Series 2007A-C Bonds.
22. Continuing Disclosure Undertaking for the Series 2007D Bonds.
23. DTC Letter of Representations.
24. Report dated July 25, 2007 of the Airport Consultant together with Consent of Airport Consultant pursuant to Section 5(d)(8) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(8) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(8) of the Series 2007D Bond Purchase Agreement (Report included as Appendix A to the Official Statements relating to the Series 2007A-C Bonds and the Series 2007D Bonds, see Document Nos. 17 and 19).
25. Escrow Agreement dated August 29, 2007 relating to the Series 2003B Bonds.

Delivered by the Underwriters or Counsel to the Underwriters:

26. Bond Purchase Agreements:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
27. Consent to Proposed Amendments to the General Bond Ordinance from the Underwriters:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
28. Preliminary and Final Blue Sky Memoranda:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds

Delivered by the Bond Insurers:

29. Bond Insurers' Financial Guaranty Insurance Policies:
  - (a) Series 2007A Bonds
  - (b) Series 2007B Bonds
  - (c) Series 2007C Bonds
  - (d) Series 2007D Bonds

30. Consent to Proposed Amendments to the General Bond Ordinance from the Bond Insurers:
- (a) Series 2007A Bonds and Series 2007C Bonds
  - (b) Series 2007B Bonds
  - (c) Series 2007D Bonds

Delivered by the Rating Agencies:

31. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007A-C Bonds (underlying ratings).
32. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007A-C Bonds (based upon the Bond Insurance Policies).
33. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007D Bonds (underlying ratings).
34. Letters of Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. rating the Series 2007D Bonds (based upon the Bond Insurance Policies).

Delivered by the Financial Advisors:

35. Certificate of Financial Advisors pursuant to Section 5(d)(10) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(10) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(10) of the Series 2007D Bonds:
- (a) First Albany Capital Inc.
  - (b) Estrada Hinojosa & Company, Inc.
36. Financial Advisors' Closing Memorandum.

Legal Opinions:

37. Bond Counsel Opinions:
- (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
38. Reliance Letters to the Bond Insurer:
- (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
39. Supplemental Opinion of bond counsel pursuant to Section 5(d)(1)(ii) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(1)(ii) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(1)(ii) of the Series 2007D Bond Purchase Agreement:
- (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole

40. Supplemental Opinion of bond counsel pursuant to Section 303B of the General Bond Ordinance:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
41. Supplemental Opinion of bond counsel regarding the defeasance of the Series 2003B Bonds:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
42. Reliance Letters to the Bond Insurer:
  - (a) Hogan & Hartson LLP
  - (b) Bookhardt & O'Toole
43. Opinions of City Attorney pursuant to Section 5(d)(2) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(2) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(2) of the Series 2007D Bond Purchase Agreement.
44. Opinions of special counsel to the City pursuant to Section 5(d)(4) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(4) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(4) of the Series 2007D Bond Purchase Agreement.
45. Opinions of counsel to the Underwriters pursuant to Section 5(d)(5) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(5) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(5) of the Series 2007D Bond Purchase Agreement:
  - (a) Sherman & Howard L.L.C.
  - (b) Greenberg Traurig, LLP
46. Opinions of Counsel to the Bond Insurers pursuant to Section 5(d)(3) of the Series 2007A-B Bond Purchase Agreement, pursuant to Section 5(d)(3) of the Series 2007C Bond Purchase Agreement, and pursuant to Section 5(d)(3) of the Series 2007D Bond Purchase Agreement; and Certificates of MBIA regarding Official Statement.

Miscellaneous:

47. Delivery Certificates and Cross Receipts:
  - (a) Series 2007A-B Bonds
  - (b) Series 2007C Bonds
  - (c) Series 2007D Bonds
48. Verification Reports of Causey Demgen & Moore Inc., certified public accountants, relating to the refunding of the Series 2003B Bonds.
49. IRS Information Forms 8038 and 8038-G and Evidence of Mailing.
50. Notice of Prior Redemption and Defeasance of City and County of Denver, Colorado, Airport System Revenue Bonds, Series 2003B.

51. Closing Memorandum.

Closing and Final Procedure:

At the time of closing, the City issued the Series 2007A-B Bonds, Series 2007C Bonds and Series 2007D Bonds, for and on behalf of its Department of Aviation, and caused them to be delivered to The Depository Trust Company. The Underwriters delivered to the City payment for the Series 2007A Bonds, Series 2007B Bonds, Series 2007C Bonds and Series 2007D Bonds in the amount of \$191,278,636.55\*, \$24,927,302.50\*\*, \$35,793,477.95\*\*\*, and \$153,755,951.07,\*\*\*\* respectively. The amount received by the City for the Series 2007A Bonds represents the par amount of the Series 2007A Bonds less an underwriting discount of \$1,120,682.50 plus a net original issue premium of \$4,049,319.05. The amount received by the City for the Series 2007B Bonds represents the par amount of the Series 2007B Bonds less an underwriting discount of \$144,287.50 plus a net original issue premium of \$821,590.00. The amount received by the City for the Series 2007C Bonds represents the par amount of the Series 2007C Bonds less an underwriting discount of \$251,223.75 plus a net original issue premium of \$1,409,701.70. The amount received by the City for the Series 2007D Bonds represents the par amount of the Series 2007D Bonds less an underwriting discount of \$845,415.58 plus a net original issue premium of \$6,786,366.65. The City deposited or directed the application of the payments received for the Series 2007A-D Bonds as required by the General Bond Ordinance and the Series 2007A-B, 2007C and 2007D-E Supplemental Ordinances.

Duly executed copies of the IRS Information Forms 8038 and 8038-G were mailed on August 29, 2007.

A copy of the Official Statement was sent, by first class mail or equally prompt means, to both the Municipal Securities Rulemaking Board and, as directed by the Underwriters, to a nationally recognized municipal securities information repository designated as such by the Securities and Exchange Commission.

Notice of prior defeasance and redemption of the Refunded Bonds will be made in accordance with the Ordinance.

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\* Of such amount, \$1,327,237.24 for the Series 2007A Bond Insurance Policy was paid by the Underwriters to MBIA Insurance Corporation, on behalf of the City.

\*\* Of such amount, \$234,623.06 for the Series 2007B Bond Insurance Policy was paid by the Underwriters to Ambac Assurance Corporation, on behalf of the City.

\*\*\* Of such amount, \$255,105.70 for the Series 2007C Bond Insurance Policy was paid by the Underwriters to MBIA Insurance Corporation, on behalf of the City.

\*\*\*\* Of such amount, \$677,000 for the Series 2007D Bond Insurance Policy was paid by the Underwriters to MBIA Insurance Corporation, on behalf of the City.