NEW ISSUE — BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

*In the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2018A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2018A Subordinate 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, for taxable years beginning before January 1, 2018, corporations, and (2) interest on the Series 2018B Subordinate 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 the City to be delivered upon the issuance of the Series 2018A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2018A-B Subordinate 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 SUBORDINATE REVENUE BONDS

$2,341,710,000
SERIES 2018A (AMT)

$184,365,000
SERIES 2018B (NON-AMT)

Dated: Date of Delivery **Due: December 1, as shown on the inside cover page**

The Series 2018A-B Subordinate Bonds are being issued by authority of the City's home rule charter and ordinances adopted pursuant thereto in order to, together with other available Airport System moneys, (1) pay for and finance a portion of the costs of the Airport's 2018-2022 Capital Program, (2) refund certain Airport System revenue bonds, (3) fund a debt service reserve account for the Series 2018A-B Subordinate Bonds, (4) pay capitalized interest on the Series 2018A-B Subordinate Bonds, and (5) pay the costs of issuing the Series 2018A-B Subordinate Bonds, all as further described herein. *Capitalized terms used on this cover page are defined herein.*

The Series 2018A-B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2018A-B Subordinate Bonds. Beneficial Ownership Interests in the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein. Investors may purchase Series 2018A-B Subordinate Bonds in book-entry form only.

The Series 2018A-B Subordinate Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on December 1, 2018, and semiannually thereafter on each June 1 and December 1, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2018A-B Subordinate 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, on parity with other Subordinate Bonds and Subordinate Obligations of the City and subordinate to Senior Bonds and Senior Obligations. None of the real 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 2018A-B Subordinate Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2018A-B Subordinate Bonds. The Series 2018A-B Subordinate 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.

The purchase and ownership of Beneficial Ownership Interests in the Series 2018A-B Subordinate Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS."

The Series 2018A-B Subordinate Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan Lovells US LLP, Denver, Colorado, Bond Counsel to the City, and Becker Stowe Partners LLC, Denver, Colorado, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Butler Snow LLP, Denver, Colorado. It is expected that delivery of the Series 2018A-B Subordinate Bonds will be made through the facilities of DTC on or about August 28, 2018.

BOFA MERRILL LYNCH **CITIGROUP**

BARCLAYS **GEORGE K. BAUM & COMPANY** **D.A. DAVIDSON & CO.**

DREXEL HAMILTON **ESTRADA HINOJOSA** **HARVESTONS SECURITIES, INC.**

RAMIREZ & CO., INC. **RBC CAPITAL MARKETS** **STIFEL**

Dated: August 14, 2018

MATURITY SCHEDULE

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

(CUSIP© six digit issuer No. 249182)

$2,341,710,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2018A (AMT)

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© No.
2019	$ 3,490,000	5.00%	1.77%	K S4
2020	9,425,000	5.00	1.96	K T2
2021	8,685,000	5.00	2.13	K U9
2022	24,180,000	5.00	2.27	K V7
2023	34,390,000	5.00	2.41	K W5
2024	35,165,000	5.00	2.59	K X3
2025	33,525,000	5.00	2.77	K Y1
2026	63,325,000	5.00	2.92	K Z8
2027	66,490,000	5.00	3.01	L A2
2028	69,815,000	5.00	3.09	L B0
2029	73,305,000	5.00	3.19c	L C8
2030	72,000,000	5.00	3.39	L D6
2031	80,570,000	5.00	3.31c	L E4
2032	84,600,000	5.00	3.36c	L F1
2033	34,000,000	4.00	3.65c	L H7
2033	54,830,000	5.00	3.40c	L Q7
2034	38,000,000	5.00	3.68	L J3
2034	54,930,000	5.00	3.48c	L R5
2035	95,585,000	5.00	3.54c	L G9
2036	65,400,000	5.00	3.77	L K0
2036	34,965,000	5.00	3.57c	L S3
2037	13,000,000	4.00	3.86c	L L8
2037	92,380,000	5.00	3.61c	L T1
2038	38,130,000	3.75	3.95	L M6
2038	72,390,000	5.00	3.62c	L U8

$150,000,000 4.00% Term Bonds Due December 1, 2043 Yield 4.04% CUSIP© No. L N4

$198,830,000 5.00% Term Bonds Due December 1, 2043 Yield 3.69%c CUSIP© No. L V6

$150,000,000 5.25% Term Bonds Due December 1, 2043 Yield 3.60%c CUSIP© No. L X2

$200,000,000 4.00% Term Bonds Due December 1, 2048 Yield 4.07% CUSIP© No. L P9

$240,305,000 5.00% Term Bonds Due December 1, 2048 Yield 3.72%c CUSIP© No. L W4

$150,000,000 5.25% Term Bonds Due December 1, 2048 Yield 3.65%c CUSIP© No. L Y0

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c Yield to first optional call date of December 1, 2028.

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MATURITY SCHEDULE

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

(CUSIP© six digit issuer No. 249182)

$184,365,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2018B (NON-AMT)

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP© No.
2019	$ 235,000	5.00%	1.60%	L Z7
2020	245,000	5.00	1.78	M A1
2021	260,000	5.00	1.93	M B9
2022	275,000	5.00	2.06	M C7
2023	285,000	5.00	2.22	M D5
2024	300,000	5.00	2.37	M E3
2025	315,000	5.00	2.50	M F0
2026	4,605,000	5.00	2.62	M G8
2027	4,835,000	5.00	2.70	M H6
2028	5,080,000	5.00	2.79	M J2
2029	5,335,000	5.00	2.87c	M K9
2030	5,600,000	5.00	2.95c	M L7
2031	5,880,000	5.00	3.00c	M M5
2032	6,175,000	5.00	3.04c	M N3
2033	6,480,000	5.00	3.09c	M P8
2034	2,240,000	3.50	3.59	M S2
2034	4,535,000	5.00	3.16c	M X1
2035	7,080,000	3.50	3.68	M Q6
2036	2,600,000	4.00	3.64c	M T0
2036	4,725,000	5.00	3.24c	M Y9
2037	1,160,000	4.00	3.68c	M U7
2037	6,505,000	5.00	3.28c	M Z6
2038	555,000	4.00	3.70c	M V5
2038	7,485,000	5.00	3.30c	N A0

$21,500,000 4.00% Term Bonds Due December 1, 2043 Yield 3.78%c CUSIP© No. M W3

$23,585,000 5.00% Term Bonds Due December 1, 2043 Yield 3.40%c CUSIP© No. N B8

$56,490,000 5.00% Term Bonds Due December 1, 2048 Yield 3.47%c CUSIP© No. M R4

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c Yield to first optional call date of December 1, 2028.

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SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

Michael B. Hancock

City Council

Jolon Clark, President
Stacie Gilmore, President Pro-Tem

Kendra Black	Robin Kniech
Albus Brooks	Paul D. López
Rafael Espinoza	Wayne New
Kevin Flynn	Deborah Ortega
Christopher Herndon	Mary Beth Susman
Paul Kashmann	

Auditor

Timothy M. O'Brien

Clerk and Recorder, *Ex-Officio* Clerk

Debra Johnson

Cabinet Officials

Allegra "Happy" Haynes	Manager/Executive Director of the Department of Parks and Recreation
Brendan J. Hanlon	Chief Financial Officer, as the Manager of Finance/*ex officio* Treasurer
Kristin M. Bronson, Esq.	City Attorney
Brad Buchanan	Manager/Executive Director of Community Planning and Development
Eulois Cleckley	Manager/Executive Director of the Department of Public Works
Kim Day	Manager/Chief Executive Officer of the Department of Aviation
Donald J. Mares	Manager/Executive Director of the Department of Human Services
Robert M. McDonald	Manager/Executive Director of the Department of Environmental Health
Troy Riggs	Manager/Executive Director of the Department of Safety
Murphy Robinson	Manager/Executive Director of the Department of General Services

Department of Aviation

Gisela Shanahan	Executive Vice President/Chief Financial Officer and Acting Chief Operating Officer
Cristal Torres DeHerrera	Executive Vice President/Chief of Staff
Patrick Heck	Executive Vice President/Chief Commercial Officer
Darryl Jones	Executive Vice President/Chief Real Estate Officer
Xavier S.L. DuRán, Esq.	General Counsel

Airport Consultant

WJ Advisors LLC
Denver, Colorado

Municipal Advisor

Frasca & Associates, LLC
New York, NY

Bond Counsel

Hogan Lovells US LLP Denver, Colorado	Becker Stowe Partners LLC Denver, Colorado

Special Counsel

Ballard Spahr LLP
Denver, Colorado

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2018A-B Subordinate 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 Municipal Advisor 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 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 2018A-B Subordinate 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 2018A-B Subordinate 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 2018A-B Subordinate 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: HTTP://WWW.MUNIOS.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.

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 PART OF, THEIR RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

In connection with the offering of the Series 2018A-B Subordinate Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2018A-B Subordinate Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2018A-B Subordinate Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the MATURITY SCHEDULE and such public offering prices may be changed from time to time by the Underwriters.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendices thereto, 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," "forecast," "anticipate," "intend," "expect," "plan," "projected" and similar expressions identify forward–looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain such risks and possible variations in results, see "CERTAIN INVESTMENT CONSIDERATIONS."

TABLE OF CONTENTS

APPENDICES

OFFICIAL STATEMENT

RELATING TO

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

AIRPORT SYSTEM SUBORDINATE REVENUE BONDS

\$2,341,710,000 **SERIES 2018A (AMT)**	**\$184,365,000** **SERIES 2018B (NON-AMT)**

INTRODUCTION

This Official Statement, which includes the 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 Subordinate Revenue Bonds, Series 2018A (AMT) (the "**Series 2018A Subordinate Bonds**"), and its Airport System Subordinate Revenue Bonds, Series 2018B (Non-AMT) (the "**Series 2018B Subordinate Bonds**") referred to herein collectively as the "**Series 2018A-B Subordinate Bonds**" and individually as a "**Series**."

Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B — GLOSSARY OF TERMS."

Changes from the Preliminary Official Statement

This Official Statement contains certain information which was not available for inclusion in the Preliminary Official Statement dated August 6, 2018, as supplemented on August 7, 2018 and August 13, 2018 (collectively, the "**POS**"), including the final principal amounts, maturity dates, interest rates, yields, redemption provisions, and other final terms of the Series 2018A-B Subordinate Bonds.

In addition to the foregoing updates, this Official Statement includes the following updated information which has changed from the POS. The City has determined not to accept the commitment from Assured Guaranty Municipal Corp. to provide a bond insurance policy with respect to any portion of the Series 2018A-B Subordinate Bonds. The Series 2017C Subordinate Bonds will be the only Refunded Bonds. No other series of bonds will be refunded with a portion of proceeds of the Series 2018A-B Subordinate Bonds.

The Issuer

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.

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 for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers in 2016 and served approximately 58.3 million passengers in 2016. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded these numbers in 2017, servicing 61.4 million passengers and ranking the 5th busiest airport in the nation, though moving to the 20th busiest airport in the world. See "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. There are 26 passenger airlines currently providing scheduled service at the Airport, including ten major/national passenger airlines, ten foreign flag passenger airlines, and six regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including FedEx Corporation and United Parcel Service, provide service at the Airport.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 30.7 million enplaned passengers (passengers embarking on airplanes) in 2017, constituting an approximate 5.4% increase compared to 2016, and approximately 29.1 million enplaned passengers in 2016, constituting an approximate 7.9% increase compared to 2015. In 2017, the Airport experienced the highest number of annual enplaned passengers since it opened in 1995. Approximately 64.0% of passengers originated their travel at the Airport in 2017, compared to approximately 63.6% in 2016. Approximately 36.0% of passengers made connecting flights at the Airport in 2017, compared to approximately 36.4% in 2016. For the first six months of 2018, the Airport served approximately 15.4 million enplaned passengers compared to 14.8 million enplaned passengers for the first six months of 2017, constituting an approximate 4.1% increase.

For the six-month period ended June 30, 2018, as compared to the six-month period ended June 30, 2017, operating revenues at the Airport were $399.0 million, an increase of $15.9 million, or 4.2%. For the sixth-month period ended June 30, 2018, as compared to the sixth-month period ended June 30, 2017, operating expenses at the Airport, exclusive of depreciation and amortization, were $222.0 million, an increase of $17.4 million, or 8.5%. For a discussion of operating revenues and expenses for 2017 compared to 2016 and additional information regarding the six-month period ended June 30, 2018 as compared to the six-month period ended June 30, 2017, see "FINANCIAL INFORMATION — Management's Discussion and Analysis of Financial Performance."

Future levels of aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors. These factors include economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport. See "CERTAIN INVESTMENT CONSIDERATIONS."

For further information regarding passenger traffic at the Airport and financial information concerning the Airport System, see generally "SECURITY AND SOURCES OF PAYMENT — Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements," "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements," "FINANCIAL INFORMATION — Historical

Financial Operations, — Management's Discussion and Analysis of Financial Performance, and — Passenger Facility Charges" and "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Major Air Carriers Operating at the Airport. The principal air carrier operating at the Airport is United Airlines, together with its United Express regional commuter affiliates ("**United**" or the "**United Group**"), accounting for 42.3% of passenger enplanements at the Airport in 2017, and 42.9% of passenger enplanements at the Airport for the first six months of 2018. 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 54 full-service contact gates and 14 ground loading positions.

Southwest Airlines ("**Southwest**") had the second largest market share at the Airport in 2017. Since commencing its service at the Airport in 2006, Southwest has had strong and continued growth in airline service, accounting for 29.7% of passenger enplanements at the Airport in 2017 and 29.6% of passenger enplanements at the Airport for the first six months of 2018. The Department completed an expansion of Concourse C in November 2014 that added additional gates for Southwest. Southwest currently leases 25 gates at the Airport under a Use and Lease Agreement with the City.

Frontier Airlines Inc. and its affiliates ("**Frontier**" or the "**Frontier Group**") had the third largest market share at the Airport in 2017, accounting for 11.4% of passenger enplanements at the Airport in 2017 and 11.1% of passenger enplanements at the Airport for the first six months of 2018. The Airport is presently Frontier's only hub and in 2017 was the busiest airport in the Frontier system. Frontier currently leases eight gates at the Airport under a Use and Lease Agreement with the City. In November 2013, Frontier was acquired by Indigo Partners LLC from Republic Holdings and transformed its business model from a low-cost carrier to an ultra-low-cost carrier in 2015. As a result, the carrier has cut back its connecting traffic at the Airport; however, overall increases in passenger traffic have allowed Frontier to continue to grow.

American Airlines Group ("**American**") and Delta Airlines ("**Delta**") were, respectively, the Airport's fourth and fifth single largest passenger carriers in 2017. American and Delta have very little connecting enplaned passenger traffic at the Airport, and neither carrier uses the Airport as a hub. In 2017, American and Delta accounted for 5.5% and 5.3% of passenger enplanements, respectively. In the first six months of 2018, American and Delta accounted for 5.3% and 5.4% of passenger enplanements at the Airport.

Except for the United Group, Southwest, Frontier, American, and Delta, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2017 or more than 5% of any of the airline rentals, fees, and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2017.

For further information regarding the major air carriers operating at the Airport, see "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements," "CERTAIN INVESTMENT CONSIDERATIONS," and "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

The Airport Capital Program. The Department's current capital program, for the years 2018 through 2022 (the "**2018-2022 Capital Program**") includes approximately $3.5 billion of major capital projects such as the expansion of Concourses A, B and C to add gates and airline and concessions space, the Great Hall Project (defined below), and the rehabilitation of certain runways, taxiways and apron areas. Projects currently included in the 2018-2022 Capital Program are described in the Report of the

Airport Consultant included herein as "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT" and in "CAPITAL PROGRAM" below.

The Series 2018A-B Subordinate Bonds

Authorization. The Series 2018A-B Subordinate Bonds are being issued by authority of the City's home rule charter (the "**City Charter**"), the State's Supplemental Public Securities Act, the Amended and Restated Airport System General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented (the "**General Subordinate Bond Ordinance**"), and a supplemental subordinate bond ordinance (the "**Series 2018 Supplemental Subordinate Ordinance**") approved by the Denver City Council (the "**City Council**") prior to the issuance of the Series 2018A-B Subordinate Bonds. The General Subordinate Bond Ordinance and the Series 2018 Supplemental Subordinate Ordinance and any Supplemental Subordinate Ordinances adopted by the City Council after the adoption of the Series 2018 Supplemental Subordinate Ordinance are referred to herein collectively as the "**Subordinate Bond Ordinance**." The covenants and undertakings of the City with respect to the Subordinate Bond Ordinance and the Series 2018A-B Subordinate Bonds are covenants and undertakings of the City, for and on behalf of the Department. See "THE SERIES 2018A-B SUBORDINATE BONDS — Authorization," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Purpose. The proceeds of the Series 2018A-B Subordinate Bonds, together with other available Airport System moneys, will be used to (i) pay for and finance a portion of the costs of the Airport's 2018-2022 Capital Program, (ii) refund the Refunded Bonds (as defined below), (iii) fund a debt service reserve account for the Series 2018A-B Subordinate Bonds, (iv) pay capitalized interest on the Series 2018A-B Subordinate Bonds, and (v) pay the costs of issuing the Series 2018A-B Subordinate Bonds. See "PLAN OF FINANCING."

Maturities, Principal, and Interest. The Series 2018A-B Subordinate Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series 2018A-B Subordinate Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on December 1, 2018, and semiannually thereafter on each June 1 and December 1 (each an "**Interest Payment Date**"). The Series 2018A-B Subordinate Bonds are subject to redemption prior to maturity as described in "THE SERIES 2018A-B SUBORDINATE BONDS — Redemption Prior to Maturity."

Book-Entry Only System. The Series 2018A-B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2018A-B Subordinate Bonds. Ownership interests in the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2018A-B SUBORDINATE BONDS — General Provisions" and "APPENDIX D — DTC BOOK-ENTRY SYSTEM."

Special Obligations. The Series 2018A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Subordinate Bonds and Subordinate Obligations and subordinate to Senior Bonds and Senior Obligations. None of the real 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 2018A-B Subordinate Bonds and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2018A-B Subordinate Bonds. The Series 2018A-B Subordinate 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 — Subordinate Pledge of Net Revenues."

Subordinate Pledge of Net Revenues. The Series 2018A-B Subordinate Bonds are payable from Net Revenues on a basis that is (i) subordinate to bonds that have been issued or may be issued in the future and that are outstanding from time to time (collectively, the "**Senior Bonds**") under the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of Ordinance No. 0777, Series of 2018 (the "**General Bond Ordinance**") and Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds which have a lien on Net Revenues on a parity with the lien on the Senior Bonds (collectively, the "**Senior Obligations**"), and (ii) on a parity with all other bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance (the "**Subordinate Bonds**"), and Subordinate Obligations that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance. The General Bond Ordinance, as it may be amended or supplemented from time to time is referred to herein as the "**Senior Bond Ordinance**." See "SECURITY AND SOURCES OF PAYMENT — Subordinate Pledge of Net Revenues" and "FINANCIAL INFORMATION — Outstanding Subordinate Bonds, — Subordinate Obligations." See "APPENDIX B — GLOSSARY OF TERMS" for the definitions of Hedge Facility Obligations and Credit Facility Obligations.

The Subordinate Bond Ordinance creates four categories of obligations that are payable from Net Revenues on a basis that is subordinate to the Senior Bonds and the Senior Obligations and on a parity with each other, such obligations being (i) Subordinate Bonds, generally comprised of bonds, notes, certificates, and commercial paper, (ii) Subordinate Contract Obligations, generally comprised of capital leases, installment purchase agreements, guaranty agreements and other similar contracts, (iii) Subordinate Hedge Facility Obligations, generally comprised of rate swap transactions, basis swap transactions, cap and floor transactions and collar transactions, and (iv) Subordinate Credit Facility Obligations, generally comprised of letters of credit, bond insurance policies, surety bonds, guarantees and similar instruments issued by a financial, insurance, or other institution and which provide security or liquidity in respect of Subordinate Bonds. Subordinate Contract Obligations, Subordinate Hedge Facility Obligations and Subordinate Credit Facility Obligations are collectively referred to herein as "**Subordinate Obligations**." See "FINANCIAL INFORMATION — Subordinate Obligations."

Further Information. For further information regarding the Series 2018A-B Subordinate Bonds, see generally "THE SERIES 2018A-B SUBORDINATE BONDS," "FINANCIAL INFORMATION," "APPENDIX B — GLOSSARY OF TERMS," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Tax Matters

In the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2018A-B Subordinate Bonds, under existing law and assuming compliance by 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 2018A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2018A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2018A Subordinate 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, for taxable years beginning before January 1, 2018, corporations, and (2) interest on the Series 2018B Subordinate 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 the City to be delivered upon the issuance of the Series 2018A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2018A-B Subordinate 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.

Outstanding Senior Bonds, Subordinate Bonds, Subordinate Obligations, and Junior Lien Obligations

There is approximately $2,795,495,000 aggregate principal amount of Senior Bonds Outstanding. The City, for and on behalf of the Department, has entered into various Credit Facility Obligations in connection with the Credit Facilities that additionally secure certain of the outstanding Senior Bonds. See "FINANCIAL INFORMATION — Outstanding Senior Bonds" for a description of outstanding Credit Facility Obligations.

Upon the issuance of the Series 2018A-B Subordinate Bonds and the refunding of the Refunded Bonds, there will be approximately $3,396,160,000 aggregate principal amount of Subordinate Bonds Outstanding. The City, for and on behalf of the Department, also has incurred Subordinate Contract Obligations and has entered into various Subordinate Hedge Facility Obligations relating to Senior Bonds that are secured by a pledge of Net Revenues that is subordinate to that of the Senior Bonds and Senior Obligations and on a parity with the Subordinate Bonds. See "FINANCIAL INFORMATION — Outstanding Subordinate Bonds, — Subordinate Obligations, and — Master Derivatives Policy."

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. Pursuant to the Subordinate Bond Ordinance, the City adopted Ordinance No. 17-0972, Series of 2017, designated as the General Junior Lien Bond Ordinance (the "**Junior Lien Bond Ordinance**"). The City, for and on behalf of the Department, has previously incurred the Hotel Junior Lien Obligation (defined herein) which constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. In addition, the City, for and on behalf of the Department, has previously incurred the Great Hall Junior Lien Obligation (defined herein) evidencing the City's obligation to make monthly Supplemental Payments (defined herein) under the Great Hall Agreement (defined herein). The Great Hall Junior Lien Obligation constitutes a Junior Lien Obligation under the Junior Lien Bond Ordinance. No Junior Lien Bonds have been issued by the City or are currently outstanding. See "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center — *The Airport Hotel,*" "CAPITAL

PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*," and "FINANCIAL INFORMATION — Junior Lien Bonds and Junior Lien Obligations."

Additional Senior Bonds and Senior Obligations, Subordinate Bonds and Subordinate Obligations, and Junior Lien Bonds and Junior Lien Obligations

The City, for and on behalf of the Department, may issue additional Senior Bonds and incur additional Senior Obligations upon the satisfaction of conditions set forth in the Senior Bond Ordinance, may issue additional Subordinate Bonds and incur additional Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance, and may issue Junior Lien Bonds and incur additional Junior Lien Obligations upon the satisfaction of certain conditions set forth in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Additional Senior Bonds, — Additional Subordinate Bonds" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Report of the Airport Consultant

WJ Advisors LLC (the "**Airport Consultant**") has been retained by the City as its Airport Consultant and in such capacity has prepared the Report of the Airport Consultant dated August 6, 2018 in connection with the issuance of the Series 2018A-B Subordinate Bonds (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 fiscal years ending December 31, 2018 through December 31, 2025 (the "**Forecast Period**"), as well as, among other things, an overview of the Airport; descriptions and/or analysis of airline traffic trends, factors affecting future airline traffic, airline traffic forecasts, Airport facilities and capital program, and financial framework and other economic factors, and the assumptions upon which such forecasts are based. The Report of the Airport Consultant also incorporates certain elements of the funding plan for the 2018-2022 Capital Program and includes a forecast of debt service coverage for the Senior Bonds and Subordinate Bonds during the Forecast Period. 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 "REPORT OF THE AIRPORT CONSULTANT" herein.

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of the Airport Consultant. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties; therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The financial forecasts in the Report of the Airport Consultant are based upon certain information and assumptions that were provided or reviewed and agreed to by the Department. No assurances can be given that the forecasts and expectations discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the forecasts are based will be realized.

See also "AVIATION ACTIVITY AND AIRLINES — Airline Information" and "CERTAIN INVESTMENT CONSIDERATIONS — Report of the Airport Consultant," for a discussion of, among other things, the factors that may impact forecasts related to air transportation and the Airport.

Continuing Disclosure

Pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time ("**Rule 15c2-12**"), the City will deliver a Continuing Disclosure Undertaking in respect to the Series 2018A-B Subordinate Bonds in which it will agree to provide or cause to be provided annually via the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("**EMMA**") system certain additional financial information and operating data concerning the Airport System and to provide contemporaneous notice of certain specified events. See "CONTINUING DISCLOSURE" and "APPENDIX G — FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertaking.

Additional Information

Brief descriptions of the Series 2018A-B Subordinate Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance, the Subordinate 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 2018A-B Subordinate Bonds, copies of the Subordinate Bond Ordinance and the Senior Bond Ordinance may be obtained from the City by contacting R. O. Gibson, Manager of Cash, Risk and Capital Funding, at (720) 913-9383 and from the Department by contacting the Department of Aviation — Finance at (303) 342-2000.

Investment Considerations

The purchase and ownership of Beneficial Ownership Interests in the Series 2018A-B Subordinate Bonds involve certain investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS."

Forward-Looking Statements

This Official Statement, including Appendices thereto, 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 "CERTAIN INVESTMENT CONSIDERATIONS — Forward Looking Statements."

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 2018A-B Subordinate Bonds.

PLAN OF FINANCING

Purpose of the Series 2018A-B Subordinate Bonds

The proceeds of the Series 2018A-B Subordinate Bonds, together with other available Airport System moneys, will be used to (i) pay for and finance a portion of the costs of the Airport's 2018-2022 Capital Program, (ii) refund and redeem the Refunded Bonds, (iii) fund a debt service reserve account for the Series 2018A-B Subordinate Bonds, (iv) pay capitalized interest on the Series 2018A-B Subordinate Bonds, and (v) pay the costs of issuing the Series 2018A-B Subordinate Bonds.

A portion of the proceeds of the Series 2018A-B Subordinate Bonds will be used to refund and redeem all of the Airport System Subordinate Revenue Bonds, Series 2017C (the "**Series 2017C Subordinate Bonds**" or "**Refunded Bonds**"), an interim financing for a portion of the costs of the 2018-2022 Capital Program currently outstanding in the aggregate principal amount of $300,000,000, in order to replace such interim financing with a permanent one and to move from a variable interest rate to a fixed interest rate.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2018A-B Subordinate Bonds.

Sources:	Series 2018A Bonds	Series 2018B Bonds	Total
Principal Amount	$2,341,710,000.00	$184,365,000.00	$2,526,075,000.00
Net Original Issue Premium[1]	250,125,859.95	22,612,255.50	272,738,115.45
Other Available Airport Moneys[2]	92,174,776.37	--	92,174,776.37
Total	$2,684,010,636.32	$206,977,255.50	$2,890,987,891.82
Uses:			
Refund the Series 2017C Subordinate Bonds	$ 290,596,810.16	$ 9,834,526.09	$ 300,431,336.25
Deposit to the Subordinate Bond Reserve Account[3]	169,276,156.23	13,327,268.77	182,603,425.00
Deposit to the Project Fund[4]	1,944,054,775.27	168,681,286.72	2,112,736,061.99
Deposit to the Capitalized Interest Account[5]	271,181,690.77	14,419,432.61	285,601,123.38
Cost of Issuance[6]	8,901,203.89	714,741.31	9,615,945.20
Total	$2,684,010,636.32	$206,977,255.50	$2,890,987,891.82

1 See "UNDERWRITING" and "TAX MATTERS."

2 Include unexpended proceeds of the Series 2017C Subordinate Bonds.

3 Under the Series 2018 Supplemental Subordinate Ordinance, a subaccount is established within the Subordinate Bond Reserve Account for deposit of proceeds from the Series 2018A-B Subordinate Bonds. This amount is equal to the Series 2018A-B Minimum Subordinate Bond Reserve in accordance with the Series 2018 Supplemental Subordinate Ordinance. See "SECURITY AND SOURCES OF PAYMENT – Series 2018A-B Subordinate Bond Reserve Subaccount."

4 Under the Series 2018 Supplemental Subordinate Ordinance, separate accounts are established within the Project Fund for deposit of proceeds from each series of the Series 2018A-B Subordinate Bonds.

5 Under the Series 2018 Supplemental Subordinate Ordinance, separate accounts are established within the Capitalized Interest Account of the Project Fund for each series of the Series 2018A-B Subordinate Bonds.

6 Includes Underwriters' discount, rating agencies' fees, legal fees and other costs of issuance for the Series 2018A-B Subordinate Bonds. See also "UNDERWRITING."

THE SERIES 2018A-B SUBORDINATE BONDS

The following is a summary of certain provisions of the Series 2018A-B Subordinate Bonds during such time as the Series 2018A-B Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2018A-B Subordinate Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX B — GLOSSARY OF TERMS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance and the Subordinate Bond Ordinance, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2018A-B Subordinate Bonds upon an Event of Default (as defined herein) under the Subordinate Bond Ordinance, provisions relating to amendments of the Subordinate Bond Ordinance, and procedures for defeasance of the Series 2018A-B Subordinate Bonds.

Authorization

Pursuant to the home rule article of the State constitution, the State's Supplemental Public Securities Act, and the City Charter and the Subordinate Bond Ordinance, the City, for and on behalf of the Department, may issue bonds payable solely from and secured by a subordinate pledge of 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 State constitution. The Department is owned by the City, and the Chief Executive Officer of the Department of Aviation (the "**Manager**") is the governing body of the Department. See "MANAGEMENT OF THE AIRPORT SYSTEM." The Department has the authority to issue its own revenue 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 2018A-B Subordinate Bonds will be issued pursuant to the Subordinate Bond Ordinance, including the Series 2018 Supplemental Subordinate Ordinance to be approved by the City Council prior to the issuance of the Series 2018A-B Subordinate Bonds and any amendments that may be adopted after issuance of the Series 2018A-B Subordinate Bonds. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

The City has appointed ZB, National Association dba Zions Bank, Denver, Colorado, to serve as paying agent (the "**Paying Agent**") and registrar (the "**Registrar**") for the Series 2018A-B Subordinate Bonds.

DTC Book-Entry System

The Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds. Beneficial Ownership Interests in the Series 2018A-B Subordinate

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 affected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2018A-B Subordinate 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 D — DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2018A-B Subordinate Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2018A-B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D — DTC BOOK-ENTRY SYSTEM."

None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2018A-B Subordinate Bonds 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 2018A-B Subordinate Bonds under the Subordinate Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Subordinate Bond Ordinance with respect to the Series 2018A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2018A-B Subordinate Bonds or (5) any other related matter.

General Provisions

The Series 2018A-B Subordinate Bonds will be issued in the aggregate principal amount, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover page hereof. The Series 2018A-B Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described below in "— Redemption Prior to Maturity." Interest on the Series 2018A-B Subordinate Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on December 1, 2018, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2018A-B Subordinate Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2018A-B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX D — DTC BOOK-ENTRY SYSTEM."

Redemption Prior to Maturity

Optional Redemption. The Series 2018A Subordinate Bonds maturing on or prior to December 1, 2028 and the following Series 2018A Subordinate Bonds are not subject to redemption prior to maturity (collectively, the "**Series 2018A Non-Callable Bonds**"):

Year of Maturity (December 1)	Principal Amount	Interest Rate	CUSIP©
2030	$72,000,000	5.00%	249182L D6
2034	38,000,000	5.00	249182L J3
2036	65,400,000	5.00	249182L K0

Except for the Series 2018A Non-Callable Bonds, the Series 2018A-B Subordinate Bonds maturing on and after December 1, 2029 are subject to redemption prior to maturity at the option of the City, on any date on and after December 1, 2028, in whole or in part, in principal amounts equal to authorized denominations, at a price equal to 100% of the principal amount of the Series 2018A-B Subordinate Bonds to be redeemed plus accrued interest to the date of redemption (the "**Redemption Date**").

Mandatory Sinking Fund Redemption. The Series 2018A Subordinate Bonds maturing on December 1, 2043 and bearing interest at a rate of 4.00%, the Series 2018A Subordinate Bonds maturing on December 1, 2043 and bearing interest at a rate of 5.00%, and the Series 2018A Subordinate Bonds maturing on December 1, 2043 and bearing interest at a rate of 5.25% (collectively, the "**Series 2018A 2043 Term Bonds**"), are all subject to mandatory sinking fund redemption prior to their respective maturities at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on December 1 in each of the years and in the principal amounts set forth in the following table.

Series 2018A 2043 Term Bonds

Year of Redemption (December 1)	4.00%	5.00%	5.25%
2039	$30,000,000	$43,220,000	$30,000,000
2040	30,000,000	37,490,000	30,000,000
2041	30,000,000	37,695,000	30,000,000
2042	30,000,000	37,880,000	30,000,000
2043	30,000,000 [1]	42,545,000 [1]	30,000,000 [1]

[1] Final maturity, not a sinking fund payment.

The Series 2018A Subordinate Bonds maturing on December 1, 2048 and bearing interest at a rate of 4.00%, the Series 2018A Subordinate Bonds maturing on December 1, 2048 and bearing interest at a rate of 5.00%, and the Series 2018A Subordinate Bonds maturing on December 1, 2048 and bearing interest at a rate of 5.25% (collectively, the "**Series 2018A 2048 Term Bonds**"), are all subject to mandatory sinking fund redemption prior to their respective maturities at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on December 1 in each of the years and in the principal amounts set forth in the following table.

Series 2018A 2048 Term Bonds

Year of Redemption (December 1)	4.00%	5.00%	5.25%
2044	$40,000,000	$37,450,000	$30,000,000
2045	40,000,000	42,495,000	30,000,000
2046	40,000,000	47,795,000	30,000,000
2047	40,000,000	53,360,000	30,000,000
2048	40,000,000 [1]	59,205,000 [1]	30,000,000 [1]

[1] Final maturity, not a sinking fund payment.

The Series 2018B Subordinate Bonds maturing on December 1, 2043 and bearing interest at a rate of 4.00%, the Series 2018B Subordinate Bonds maturing on December 1, 2043 and bearing interest at a rate of 5.00%, and the Series 2018B Subordinate Bonds maturing on December 1, 2048 and bearing interest at a rate of 5.00% (collectively, the "**Series 2018B Term Bonds**"), are all subject to mandatory sinking fund redemption prior to their respective maturities at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on December 1 in each of the years and in the principal amounts set forth in the following table.

Series 2018B Term Bonds

Year of Redemption (December 1)	4.00% Interest Rate	5.00% Interest Rate	5.00% Interest Rate
2039	$4,300,000	$4,135,000	
2040	4,300,000	4,265,000	
2041	4,300,000	4,650,000	
2042	4,300,000	5,055,000	
2043	4,300,000 [1]	5,480,000 [1]	
2044			$10,225,000
2045			10,735,000
2046			11,270,000
2047			11,835,000
2048			12,425,000

[1] Final maturity, not a sinking fund payment.

The City has the option of reducing the principal amount of the Series 2018A 2043 Term Bonds, the Series 2018A 2048 Term Bonds, and the Series 2018B Term Bonds to be redeemed on any applicable mandatory sinking fund Redemption Date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2018 Supplemental Subordinate Ordinance or whole multiples of such smallest denominations) up to the principal amount of the Series 2018A 2043 Term Bonds, the Series 2018A 2048 Term Bonds, and the Series 2018B Term Bonds, as applicable, which have been redeemed prior to or will be redeemed on such Redemption Date under any other provision of the Series 2018 Supplemental Subordinate 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 the Series 2018A 2043 Term Bonds, the Series 2018A 2048 Term Bonds, the Series 2018B Term Bonds, as applicable). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such Redemption Date, a written notice stating the amount of such reduction.

Partial Redemption of the Series 2018A-B Subordinate Bonds. If less than all of the Series 2018A-B Subordinate Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the Treasurer is required to select the Series 2018A-B Subordinate Bonds or the respective portions thereof to be redeemed by lot in such manner as the Treasurer shall deem equitable (giving proportionate weight to the Series 2018A-B Subordinate Bonds in denominations larger than a single unit of authorized denomination). The 2018 Supplemental Subordinate Ordinance provides that notwithstanding the foregoing, so long as the Series 2018A-B Subordinate Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2018A-B Subordinate Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See "DTC Book-Entry System" above and "APPENDIX D — DTC BOOK-ENTRY SYSTEM."

Notice of Redemption. Notice of redemption is to be given not more than 60 nor less than 20 days prior to the Redemption Date by mailing a copy of such notice by certified or first-class postage prepaid mail to the Owners of the Series 2018A-B Subordinate Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2018A-B Subordinate Bonds Registrar, or in the event that the Series 2018A-B Subordinate Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. The actual receipt by DTC or its nominee of written notice of redemption of Series 2018A-B Subordinate 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.

Each notice of redemption must specify the Series 2018A-B Subordinate Bonds to be redeemed, the Redemption Price to be paid and the redemption date.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the redemption date sufficient to pay the principal of, interest on and any redemption premium due on the Series 2018A-B Subordinate Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2018A-B Subordinate Bonds called for redemption.

Redemption of Beneficial Ownership Interests. The Registrar will be required to send notice of redemption of the Series 2018A-B Subordinate Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. 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 D — 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 2018A-B Subordinate Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Subordinate Pledge of Net Revenues

The Series 2018A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues on a parity with all other outstanding Subordinate Bonds and Subordinate Obligations. The Series 2018A-B Subordinate Bonds are also payable under certain circumstances from the Series 2018A-B Subordinate Bond Reserve Subaccount as discussed in "— Series 2018A-B Subordinate Bond Reserve Subaccount" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Subordinate Bond Fund and the Series 2018A-B Subordinate Bond Reserve Subaccount to the payment of the Series 2018A-B Subordinate Bonds and other Subordinate Bonds. The Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2018A-B Subordinate Bonds.

The pledge of Net Revenues and funds on deposit in the Subordinate Bond Fund to the payment of the Subordinate Bonds, including the Series 2018A-B Subordinate Bonds, is expressly subordinate to the pledge of Net Revenues for the payment of Senior Bonds and Senior Obligations which may be issued and outstanding from time to time.

Upon the issuance of the Series 2018A-B Subordinate Bonds and the refunding of the Refunded Bonds, the aggregate principal amount of all outstanding Senior Bonds and Subordinate Bonds will be $2,795,495,000 and $3,396,160,000, respectively. The City, for and on behalf of the Department, has also incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior

Bonds, but senior to the lien of the Subordinate Bonds and Subordinate Obligations, (2) Subordinate Obligations that have a lien on Net Revenues on parity with the lien of Subordinate Bonds, but subordinate to the lien of Senior Bonds and Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See "FINANCIAL INFORMATION — Outstanding Senior Bonds, — Outstanding Subordinate Bonds, — Subordinate Obligations, and — Junior Lien Bonds and Junior Lien Obligations."

"**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 constitute 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. "**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.

Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("**PFCs**"), imposed to finance certain eligible projects of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Pursuant to the Prior PFC Supplemental Ordinances, the City has included, and through December 31, 2018, will continue to include, one-third of PFC revenues (net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues) received by the City in Gross Revenues under the Senior Bond Ordinance. Pursuant to the 2018 PFC Supplemental Ordinance to be adopted prior to the issuance of the Series 2018A-B Subordinate Bonds, beginning on January 1, 2019, the City will include all PFC revenues (net of collection fees) received by the City in Gross Revenues under each of the Senior Bond Ordinance, Subordinate Bond Ordinance and Junior Lien Bond Ordinance (collectively, the "**Bond Ordinances**") until such time, if any, that the Manager determines, in his or her sole discretion, that all or a portion of such PFCs shall no longer be included in Gross Revenues for purposes of the Bond Ordinances, as further described under "FINANCIAL INFORMATION — Passenger Facility Charges." PFC revenues that are included in Gross Revenues may be applied for any lawful purpose authorized by PFC applications approved by the FAA, including paying debt service on debt issued to finance PFC-eligible projects. The City's current authorization to impose PFCs permits it to use PFC revenues to pay Debt Service Requirements on certain outstanding Senior Bonds. The City may apply to the FAA for new authorizations and use PFCs to pay PFC-eligible debt service and/or project costs. The City has no obligation to continue including PFC revenues received by the City in Gross Revenues for purposes of the Bond Ordinances.

In addition, in any Fiscal Year the City is permitted to transfer Other Available Funds in the amount determined appropriate by the Manager from the Capital Fund to the Revenue Fund for purposes of meeting rate maintenance covenants for such Fiscal Year under the Senior Bond Ordinance and the Subordinate Bond Ordinance. In no event can "**Other Available Funds**" exceed (i) under the Senior Bond Ordinance, 25% of the aggregate Debt Service Requirements for Senior Bonds for such Fiscal Year and (ii) under the Subordinate Bond Ordinance, the greater of 25% of the aggregate Debt Service Requirements for Senior Bonds or 10% of the sum of the aggregate Debt Service Requirements for Senior Bonds and Subordinate Debt Service Requirements for such Fiscal Year. See "APPENDIX B — GLOSSARY OF TERMS" and "— Rate Maintenance Covenants" below. For the complete definitions of Gross Revenues, Operation and Maintenance Expenses and Other Available Funds, see "APPENDIX B — GLOSSARY OF TERMS."

Flow of Funds; Revenue Fund

The application of Gross Revenues is governed by the provisions of the Bond Ordinances. The Senior Bond Ordinance creates the "City and County of Denver, Airport System Fund" (the "**Airport System Fund**"), and within the Airport System Fund a special fund designated the "City and County of Denver, Airport System Gross Revenue Fund" (the "**Revenue Fund**"). See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — The Airport System Fund." The City is required to set aside in the Revenue Fund 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, the Subordinate Bond Ordinance, and the Junior Lien Bond Ordinance. Under the Series 2018 Supplemental Subordinate Ordinance, a debt service reserve account within the Subordinate Bond Fund has been created and funded with respect to the Series 2018A-B Subordinate Bonds. See "Series 2018A-B Subordinate Bond Reserve Subaccount" below. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Application of Revenues" for a further description of the application of Gross Revenues. The flow of funds under these ordinances is illustrated in the following diagram.

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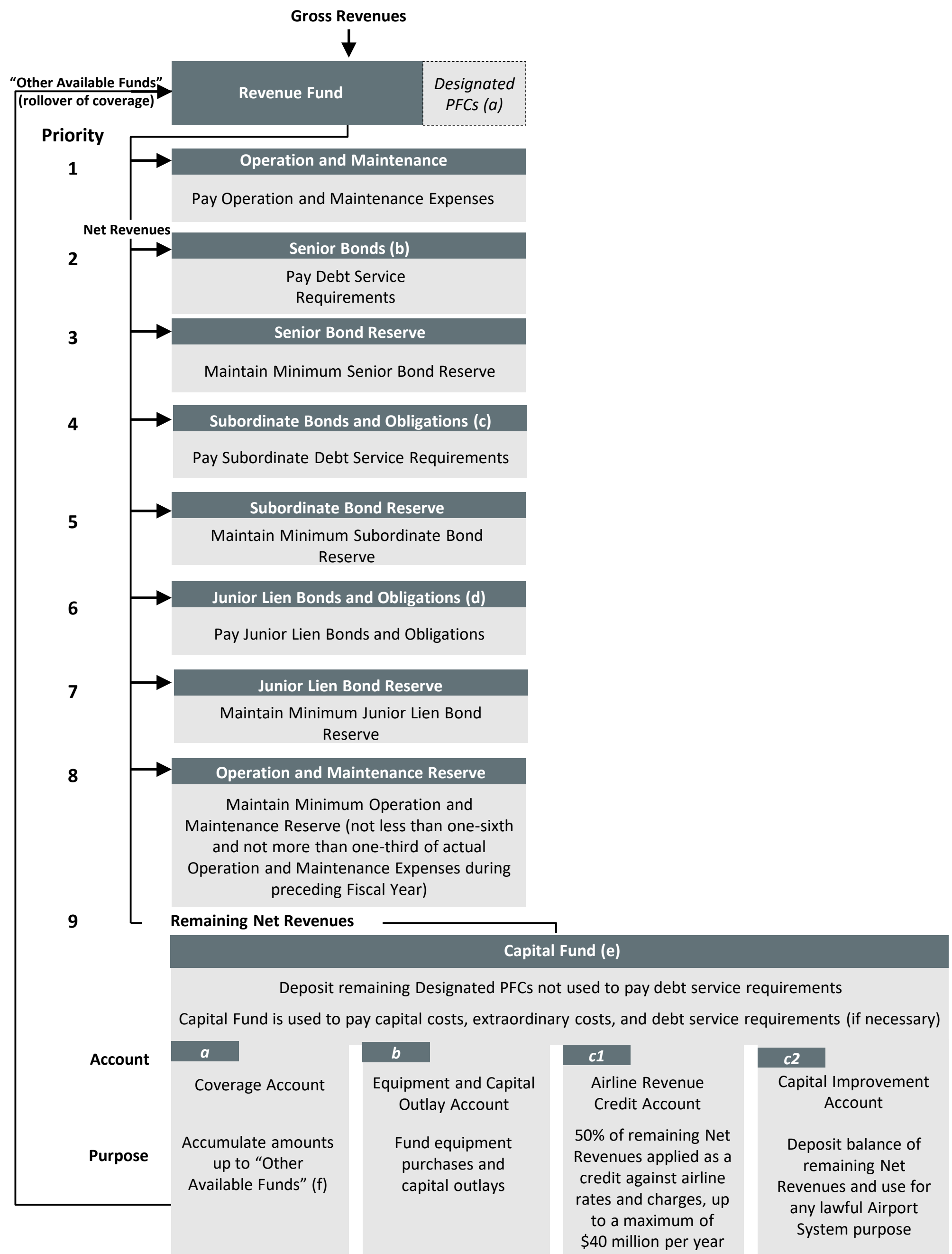
Flow of Funds Under the Senior Bond Ordinance, Subordinate Bond Ordinance, and Junior Lien Bond Ordinance



(a) Designated Passenger Facility Charges: For Fiscal Year 2018, represent one-third of the PFC revenues (the $1.50 portion of the $4.50 PFC, net of the PFC collection fees retained by airlines) received by the City that are included in Gross Revenues for purposes of the Senior Bond Ordinance. In Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) will be included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues. See "FINANCIAL INFORMATION — Passenger Facility Charges."

(b) Committed Passenger Facility Charges: Represent two-thirds of the PFC revenues (the $3.00 portion of the $4.50 PFC, net of the PFC collection fees retained by airlines) received by the City that are irrevocably committed through 2018 to the payment of Debt Service Requirements on other Senior Bonds. The City has determined not to extend such irrevocable commitment after December 31, 2018. From January 1, 2019, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) will be Designated Passenger Facilities Charges as described in footnote (a) above. See "FINANCIAL INFORMATION — Passenger Facility Charges."

[Footnotes continue on next page]

(c) The Series 2018A-B Subordinate Bonds will be issued under the Subordinate Bond Ordinance on parity with other Subordinate Bonds and Subordinate Obligations. See "FINANCIAL INFORMATION — Outstanding Subordinate Bonds" and " — Subordinate Obligations."

(d) The City adopted the Junior Lien Bond Ordinance, which affirmed the Junior Lien Obligations Fund (as defined herein) and an account therein previously created by an ordinance in connection with the operation of the Airport Hotel. Pursuant to the Great Hall Ordinance (as defined herein), the City authorized the incurrence of the Great Hall Junior Lien Obligation (as defined herein) and the creation of the "Great Hall Junior Lien Obligation Account" within the Junior Lien Obligations Fund in connection with the Great Hall Project (as defined herein). See "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center," "CAPITAL PROGRAM — Major Projects for the 2018-2022 Capital Program — *Jeppesen Terminal*," and "FINANCIAL INFORMATION — Junior Lien Bonds and Junior Lien Obligations."

(e) The account structure for the Capital Fund may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance and the Subordinate Bond Ordinance.

(f) Other Available Funds determined by the Manager cannot exceed (i) 25% of Debt Service Requirements (under the Senior Bond Ordinance) or (ii) the greater of (A) 25% of Debt Service Requirements or (B) 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements under the Subordinate Bond Ordinance.

Series 2018A-B Subordinate Bond Reserve Subaccount

The Subordinate Bond Ordinance creates the Subordinate Bond Reserve Fund within the Subordinate Bond Fund, and the Series 2018 Supplemental Subordinate Ordinance creates within the Subordinate Bond Reserve Account a debt service reserve subaccount for the Series 2018A-B Subordinate Bonds (the "**Series 2018A-B Subordinate Bond Reserve Subaccount**"). The Series 2018A-B Subordinate Bond Reserve Subaccount is to be funded with the proceeds of the Series 2018A-B Subordinate Bonds in the amount which is the lesser of (i) the maximum amount of Subordinate Bond Requirements with respect to the Series 2018A-B Subordinate Bonds in any Fiscal Year, or (ii) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2018A-B Subordinate Bonds, or (iii) 10% of the lesser of the proceeds or the stated aggregate principal amount of the Series 2018A-B Subordinate Bonds (the "**Series 2018A-B Minimum Subordinate Bond Reserve**").

Amounts on deposit in the Series 2018A-B Subordinate Bond Reserve Subaccount are available to pay debt service only on the Series 2018A-B Subordinate Bonds. Pursuant to the Subordinate 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 Subordinate Bond Fund, to credit Net Revenues to the Series 2018A-B Subordinate Bond Reserve Subaccount in substantially equal monthly installments so as to accumulate the Series 2018A-B Minimum Subordinate Bond Reserve within 60 months of the first day of the month next succeeding each date on which the Series 2018A-B Subordinate Bonds are issued or on which the amounts credited to the Series 2018A-B Subordinate Bond Reserve Subaccount are less than the Series 2018A-B Minimum Subordinate Bond Reserve. Because the Series 2018A-B Minimum Subordinate Bond Reserve will be funded with the proceeds of the Series 2018A-B Subordinate Bonds, the City will not be required to fund it within 60 months from the date of issuance. Subject to certain limitations, a Subordinate Credit Facility may be deposited in the Series 2018A-B Subordinate Bond Reserve Subaccount in full or partial satisfaction of the Series 2018A-B Minimum Subordinate Bond Reserve, provided that any such Subordinate Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Series 2018A-B Subordinate Bond Reserve Subaccount. To date, the City has funded the Subordinate Bond Reserve Account solely with bond proceeds and available Airport System moneys.

Capital Fund

The Senior Bond Ordinance also creates the "City and County of Denver, Airport System Capital Improvement and Replacement Fund" (the "**Capital Fund**") within the Airport System Fund, which may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities (as defined in "APPENDIX B — GLOSSARY OF TERMS"), to the extent such costs are not Operation and Maintenance Expenses; 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 the Bond Requirements (as defined in "APPENDIX B — GLOSSARY OF TERMS") of any Senior Bonds, or payments due for Subordinate Bonds, if such payment is necessary to prevent any default in such payment. The Capital Fund is to be funded from Net Revenues and certain other amounts as provided in the Senior Bond Ordinance.

The account structure for the Capital Fund is not mandated by either the Senior Bond Ordinance or the Subordinate Bond Ordinance, but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue Credit Account, and the Capital Improvement Account for the purposes described in the flow of funds diagram set forth above in the subsection entitled "Flow of Funds; Revenue Fund."

The amount on deposit in the Capital Fund as of December 31, 2017, was approximately $482.1 million. Such amount has been designated for use by the City as follows: (1) $65.8 million for the Coverage Account (constituting Other Available Funds) and (2) $416.3 million for any lawful Airport System purpose. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Application of Revenues, — Insurance, and — Disposal of Airport Property." See "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*."

Rate Maintenance Covenants

The City has covenanted in the Senior Bond Ordinance (the "**Senior 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 calendar year (each, a "**Fiscal Year**") 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 greater of either:

(1) the amounts needed for making the required cash deposits to the credit of several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of several accounts and subaccounts of 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 on the Senior Bonds for the Fiscal Year. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Flow of Funds; Revenue Fund," "Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" below, as well as "SECURITY AND SOURCES OF PAYMENT — Capital Fund."

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts described 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 Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

In addition, the City has covenanted in the Subordinate Bond Ordinance (the "**Subordinate 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 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 greater 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 or any similar account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, and the Operation and Maintenance Reserve Account, or

(2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds and the aggregate Subordinate Debt Service Requirements for such Fiscal Year.

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts described 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 Subordinate Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Subordinate Bond Ordinance will be deemed to have occurred even though 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 Senior Rate Maintenance Covenant or the Subordinate Rate Maintenance Covenant, or both, in addition to or in lieu of the foregoing, the City may reduce the Operation and Maintenance Expenses, and as permitted by the Senior Bond Ordinance and the Subordinate Bond Ordinance, reduce the Debt Service Requirements on Senior Bonds or Subordinate Debt Service Requirements or both by irrevocably committing additional amounts to pay Debt Service Requirements or Subordinate Debt Service Requirements, respectively. See "APPENDIX B – GLOSSARY OF TERMS" for definitions of the Debt Service Requirements and Subordinate 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 "CERTAIN 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, pursuant to the Use and Lease Agreements that have been executed between the City and various airlines operating at the Airport (the "**Signatory Airlines**"), the Signatory Airlines acknowledge that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds, must be sufficient to satisfy the Senior Rate Maintenance Covenant, and the Signatory Airlines agree to pay such rentals, rates, fees and charges. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

For more information see "CERTAIN INVESTMENT CONSIDERATIONS — Ability to Meet Rate Maintenance Covenants" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Further, the City has covenanted in the Junior Lien Bond Ordinance 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 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 greater 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 with respect to the Senior Bonds, and to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, the Junior Lien Obligations Fund, and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds, the aggregate Subordinate Debt Service Requirements, and the aggregate debt service requirements for Junior Lien Bonds and Junior Lien Obligations for such Fiscal Year.

Additional Senior Bonds

The City may issue additional Senior Bonds under the Senior Bond Ordinance ("**Additional Senior Bonds**") to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds, Subordinate Obligations or other securities or obligations. As described more fully in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Additional Senior Parity Bonds," in order to issue Additional Senior Bonds, other than for any refunding of Senior Bonds, the City is required to satisfy certain requirements (the "**Additional Senior Bonds Test**"), including obtaining, among other things, a report of an Airport Consultant estimating the ability of the Airport System to meet the requirements of the Senior Rate Maintenance Covenant in each year of the Forecast Period, and a certificate 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 Senior Bonds, as determined by the Independent Accountant, (1) Net Revenues, together with any Other Available Funds, for such period and (2) the aggregate Debt Service Requirements for the Outstanding Senior Bonds, for such period; and demonstrating that for such period 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 for the Senior Bonds and to the credit of the Bond Reserve Fund for the Senior Bonds and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for the Outstanding Senior Bonds for such period.

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 Senior Bonds. See "— Rate Maintenance Covenants" above, "— Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" and "FINANCIAL INFORMATION — Outstanding Senior Bonds."

Under the Subordinate Bond Ordinance, the City has agreed for the benefit of the Owners of Subordinate Bonds that the City will not issue Additional Senior Bonds if, upon the issuance of such Additional Senior Bonds, the City would fail to comply with the Subordinate Rate Maintenance Covenant. See "Rate Maintenance Covenants" above and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Additional Senior Parity Bonds."

Additional Subordinate Bonds and Subordinate Obligations

The City may issue additional Subordinate Bonds and Subordinate Obligations under the Subordinate Bond Ordinance to pay the cost of acquiring, improving, or equipping Airport System facilities. As described more fully in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Additional Subordinate Parity Bonds, and — Additional Senior Bonds and Obligations Permitted" before the City can issue additional Subordinate Bonds or any Subordinate Obligations, including the Series 2018A-B Subordinate Bonds, (1) the Manager must certify that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance, and (2) the City must file: (i) 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 Subordinate Bonds or Subordinate Obligations, as determined by the Independent Accountant, certain information demonstrating that Net Revenues, together with Other Available Funds are at least equal to the larger of (A) the amounts needed to make the required deposits to several subaccounts of certain funds with respect to such Subordinate Bonds or Subordinate Obligations, or (B) the amount necessary in order to meet the requirements of the Subordinate Rate Maintenance Covenant for such period, and (ii) a report of the Airport Consultant demonstrating the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds for each of the five Fiscal Years of the forecast period to meet the requirements of the Subordinate Rate Maintenance Covenant in each year of the forecast period.

See "APPENDIX A —REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Additional Subordinate Parity Bonds, and — Additional Senior Bonds and Obligations Permitted" for a more detailed discussion of the requirements for the issuance of additional parity Subordinate Bonds and Subordinate Obligations. See also "— Rate Maintenance Covenants" above, "— Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" and "FINANCIAL INFORMATION — Outstanding Subordinate Bonds, — Subordinate Obligations, and — Junior Lien Bonds and Junior Lien Obligations."

Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2013 through 2017. PFCs set forth in the following table reflect amounts actually received in the applicable Fiscal Year, plus investment earnings thereon, and will differ from the PFCs appearing in the financial statements of the Airport System and elsewhere in this Official Statement that are reported on an accrual basis. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

For a comparison of historical debt service coverage from 2013 through 2017 under the Prior PFC Ordinances and recalculated debt service coverage assuming all annual PFC revenues from 2013 through 2017 were Designated Passenger Facility Charges under the 2018 PFC Supplemental Ordinance to be adopted prior to the issuance of the Series 2018A-B Subordinate Bonds, see Table 19 in section entitled "DEBT SERVICE COVERAGE" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Table 1
Historical Net Revenues and Debt Service Coverage
of the Senior Bonds and Subordinate Debt Service Requirements
(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31				
	2013	**2014**	**2015**	**2016**	**2017**
Gross Revenues, not including Designated Passenger Facility Charges[1,]	$708,846	$751,428[7]	$754,688[7]	$808,110[7]	$838,815[7]
Designated Passenger Facility Charges [2]	34,255	34,977	35,328	35,133	37,656
Gross Revenues [1,]	743,101	786,405[7]	790,016[7]	843,243[7]	876,471[7]
Operation and Maintenance Expenses [1]	(349,987)	(355,769)	(377,199)	(417,140)	(425,005)
Net Revenues	393,114	430,636	412,817	426,103	451,466
Other Available Funds [3]	50,409	54,833	50,320	51,574	47,090
Total Amount Available for Debt Service	$443,524	$485,469	$463,137	$477,677	$498,556
Senior Bond Debt Service [4]	$271,268	$289,287	$271,935	$276,562	$264,814
Committed Passenger Facility Charges [5]	(68,510)	(69,953)	(70,656)	(70,267)	(76,454)
Debt Service Requirements for the Senior Bonds	$202,758	$219,334	$201,279	$206,295	$188,360
Debt Service Coverage for the Senior Bonds	219%	221%	230%	232%	265%
Subordinate Debt Service Requirements [6]	$40,059	$49,088	$61,233	$88,619	$93,891
Debt Service Requirements for the Senior Bonds	$202,758	$219,334	$201,279	206,295	188,360
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	$242,817	$268,422	$262,512	$294,914	$282,251
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	183%	181%	176%	162%	177%

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1 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 also "— Subordinate Pledge of Net Revenues" above in this section and "APPENDIX B — GLOSSARY OF TERMS."

2 Reflects that portion of PFC revenues included in the Airport System's Gross Revenues for Fiscal Years 2013 through 2017. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Treatment of PFCs under Prior PFC Supplemental Ordinances*."

3 For description and definition of Other Available Funds see "— Subordinate Pledge of Net Revenues" above and "APPENDIX B — GLOSSARY OF TERMS."

4 Senior Bond debt service is not reduced by the irrevocably Committed Passenger Facility Charges in such Fiscal Years but is reduced by capitalized interest and certain other available moneys irrevocably committed to the payment of Senior Bonds Debt Service Requirements, including the debt service on certain Senior Bonds that have been economically defeased. See "FINANCIAL INFORMATION — Outstanding Senior Bonds" and "— Passenger Facility Charges." Senior Bond debt service is reduced by any estimated Build America Bond subsidy payments from the United States Treasury. As of December 31, 2017, the total projected subsidy to maturity of such bonds is approximately $35.5 million which amount is subject to change.

5 Reflects that portion of PFC revenues which was irrevocably committed to the payment of Senior Bonds Debt Service Requirements in each of the Fiscal Years 2013 through 2017. See "FINANCIAL INFORMATION — Passenger Facility Charges."

6 Includes amounts required to pay any Subordinate Bonds and any Subordinate Obligations, including Subordinate Hedge Facility Obligations. See "FINANCIAL INFORMATION — Subordinate Obligations."

7 These amounts exclude $17,214,474, $18,597,856, $19,883,456, and $19,491,735 of rental car customer facility charges ("**CFCs**") received in 2014, 2015, 2016, and 2017 respectively. Prior to 2014, CFCs were pledged to Special Facilities Bonds that financed certain rental car facilities. Such Special Facilities Bonds were repaid on January 1, 2014 and CFCs have not been pledged to other Special Facilities Bonds since that time. Accordingly, in 2014 through 2017 they were included as gross revenues in the Airport's audited financial statements attached hereto as "APPENDIX E," but for purposes of this table, they are excluded from calculations of Gross Revenues. In the future, CFCs may be pledged to Special Facilities Bonds and excluded from the definition of "Gross Revenues" (as defined in the Senior Bond Ordinance) by a Supplemental Ordinance.

Sources: Audited financial statements of the Airport System for Fiscal Years 2013-2017, and Department of Aviation management records.

MANAGEMENT OF THE AIRPORT SYSTEM

Under the City Charter, the management, operation and control of the Airport System are delegated to the Department of Aviation under the direction of the Manager appointed by and responsible directly to the Mayor. The Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer of the City (the "**City's Chief Financial Officer**") is appointed by the Mayor and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. The following section describes the senior management of the Airport.

Kim Day was appointed Manager/Chief Executive Officer of the Department of Aviation in March 2008 and was reappointed to this position by Michael B. Hancock, Mayor of the City, in July 2011. By Executive Order 140, Ms. Day's title was changed to Chief Executive Officer in 2015. Ms. Day has more than 35 years of experience in the aviation industry and is a registered architect in California. She had previously served as the Executive Director of Los Angeles World Airports ("**LAWA**"), the agency that manages the airports owned and operated by the City of Los Angeles, California, including Los Angeles International Airport, after having served as Deputy Director of Project and Facilities Development for LAWA. Prior to joining LAWA, Ms. Day worked for over 20 years as an architect, specializing in the planning and design of aviation projects.

Brendan Hanlon is the Deputy Mayor and Chief Financial Officer for the City. Mr. Hanlon served as the City's Budget Director for five years before being appointed to Chief Financial Officer by Mayor Hancock in February 2016. Mr. Hanlon has worked in the Mayor's Office and the Budget Management Office in a variety of roles since 2002. He served as a member of the Denver Sheriff Department's Reform Implementation Committee, acted as the budget analyst for Denver's bid to win the 2008 Democratic Convention, managed the Better Denver bond process, and has brought his budget expertise to issues facing the city from health insurance to affordable housing. Mr. Hanlon holds a Bachelor's degree in both history and political science and Master's degree with a concentration in public budgeting from the University of Connecticut.

Gisela Shanahan became the Chief Financial Officer and Executive Vice President of the Airport in 2015. Ms. Shanahan directs the financial and strategic management of the Airport's revenues and capital program. She has more than 10 years of airport experience and more than 20 years of experience in managing finances for complex, multi-unit organizations. Her role at the Airport encompasses budget, finance, accounting, capital planning and funding, business management services, internal audit, and financial planning and analysis. Prior to joining the Airport, Ms. Shanahan served as Chief Financial Officer of the Colorado Springs Airport before becoming controller and financial manager of Denver's Wastewater Enterprise. Ms. Shanahan holds a Bachelor of Science degree in Business Administration and Accounting with honors from the University of Maryland and a Master of Business Administration in Finance from the University of Nebraska. She is a Certified Public Accountant (Md.) and Chartered Global Management Accountant.

In addition, following the retirement of the Airport's Chief Operating Officer in July 2018, Ms. Shanahan was appointed as Acting Chief Operating Officer of the Airport. In that role, Ms. Shanahan leads the business unit that includes Airport infrastructure management, technologies, Airport operations, the Hotel and Transit Center, special projects and administration, which consists of the Office of Human Resources and employee engagement and diversity.

Adam Giombetti has been the Senior Vice President of Finance since 2017 and was appointed as Acting Chief Financial Officer of the Airport in July 2018 when Ms. Gisela Shanahan assumed the role of Acting Chief Operating Officer of the Airport. Mr. Giombetti's role at the Airport encompasses Finance, Financial Accounting, Business Management Services, Internal Audit and Culture and Strategy. Prior to joining DEN, Mr. Giombetti worked at Bank of America Merrill Lynch global equity group and Time Warner's Financial Planning & Analysis Division as well as an auditor at Deloitte & Touche. Mr. Giombetti has a Bachelor of Science in Accounting with honors from Pennsylvania State University.

Cristal Torres DeHerrera was named Chief of Staff and Executive Vice President of the Airport in February 2018 and assumed her new role in April 2018. Ms. DeHerrera is responsible for managing the Airport's External Affairs business unit, which includes overseeing the Airport's Executive Office and Government and Community Affairs. Ms. DeHerrera leads development of the Airport's strategies, policies, and plans related to legislative and regulatory activities at the local, state, and federal levels. She also works with the Airport Executive Office on the Airport's priority initiatives, including the Great Hall Project. Ms. DeHerrera previously served as the deputy city attorney for the City and County of Denver for four years. Ms. DeHerrera obtained her law degree from the University of California, Berkeley.

Patrick Heck returned to the Airport in 2016 as Chief Commercial Officer and Executive Vice President for Global Development after serving five years as the Airport's Chief Financial Officer from 2009 to 2014. Mr. Heck is responsible for all Airport commercial revenue programs including the retail, food and beverage, commercial property, car rental, parking and ground transportation businesses. He is also in charge of airline affairs and air service development. Prior to his return to the Airport, Mr. Heck served as the Vice President of Commercial for Manchester Airports Group USA, leading the parking and public-private partnership aspects of the business. Prior to that position, he was the Chief Financial Officer for Continuum Partners, a Denver-based real estate development firm. Mr. Heck began his nearly 20-year aviation career at United Airlines, holding several positions in finance, operations and sales and marketing. Mr. Heck holds a Master of Public Policy from the University of Chicago and a Bachelor of Arts in public policy and music from the University of Denver.

Darryl Jones was named Chief Real Estate Officer and Executive Vice President of the Airport in June 2016. Mr. Jones is responsible for the continued development and economic expansion of the Airport's real estate program on 17,000 developable acres. Prior to his service at the Airport, Mr. Jones was vice president and development manager of Coventry Development Corporation, where he managed major land planning and development projects in Colorado, Florida, and Texas. Mr. Jones has also served as the director of planning and government affairs for Oakwood Homes and as planning manager for the Community Development Department of the City of Greenwood Village, Colorado. He holds a Master of City Planning from the Massachusetts Institute of Technology and a Bachelor of Arts in Landscape Architecture from the University of California, Berkeley. He currently serves as a member of the Greenwood Village city council.

Xavier S. L. DuRán, Esq. became Director of the Airport Legal Services section of the City Attorney's Office in July 2009. In this capacity, Mr. DuRán is responsible for managing the legal staff and representing the Airport in various matters related to aviation, airport finance, real estate, and concessions. Mr. DuRán has been with the City since July 1990. Prior to his tenure at the Airport, he served in a variety of positions, including as Director of the Litigation Section, until July 2009.

DENVER INTERNATIONAL AIRPORT

The Airport serves as the primary air carrier airport for the Rocky Mountain region, and according to statistics compiled by Airports Council International for 2016, the Airport was ranked as the 6^{th} busiest airport in the nation and the 18^{th} busiest airport in the world based on total passengers. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded these numbers in 2017, servicing 61.4 million passengers and ranking the 5^{th} busiest airport in the nation, though moving to the 20^{th} busiest airport in the world. See "AVIATION ACTIVITY AND AIRLINES." 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 that connects with Interstate 70 and intersects with the E-470 toll highway.

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 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 currently having a total of 111 full-service contact gates and 38 ground loading positions (ground loading positions increased by six from 2017 to 2018 due to completion of construction of the new ground loading facility in the north portion of Concourse A), (3) the Airport Office Building, and (4) the Hotel and Transit Center (described below). 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 (referred to herein as "**Jeppesen 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. Renovations and reconfiguration of Jeppesen Terminal to improve the security screening area, curbside space, and commercial concessions commenced July 13, 2018 and are expected to be completed by November 2021 (see "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*"). Concourse A, nearest to the Jeppesen Terminal, encompasses approximately 1.36 million square feet and includes 28 full-service contact gates, of which eight gates are configured for international flights, as well as facilities dedicated to commuter airline operations. Concourse B encompasses approximately 2.1 million square feet and includes 54 full-service contact gates plus facilities dedicated for commuter airline operations. Concourse C encompasses approximately 902,500 square feet and currently includes 29 full-service contact gates of which two gates are configured for international flights. The Airport was designed to facilitate expansion to more than 250 full-service contact gates either through lengthening of the existing concourses or the construction of two additional concourses. On May 29, 2018, the Airport officially broke ground on constructing an additional 39 gates across all three concourses, which are currently anticipated to be operational by spring 2021. See "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Concourses A, B and C*." 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" and "— Other Agreements."

Two multi-level parking structures adjacent to Jeppesen Terminal provide in excess of 16,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces.

See "CAPITAL PROGRAM — 2018-2022 Capital Program" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Other Agreements — *Public Parking.*"

Hotel and Transit Center

The Hotel and Transit Center includes the 519-room Westin Denver International Airport hotel (the "**Airport Hotel**"), a 37,500 square-foot conference center, an 82,000 square-foot open-air plaza, and a train station (the "**Airport Transit Center**") to serve RTD's commuter rail service to downtown Denver.

The Airport Hotel. The Airport Hotel is managed and operated by Westin DIA Hotel Operator, LLC, a Delaware limited liability company ("**Westin**") pursuant to a Hotel Management Agreement (the "**HMA**") between the City and Westin. Under the HMA, the City has engaged Westin to manage the Airport Hotel as the exclusive operator until November 2030 unless the HMA is terminated earlier pursuant to the provisions thereof. Westin has the right and the duty under the HMA to operate the Airport Hotel as a "first class" hotel in accordance with certain standards, policies and programs and in a manner reasonably calculated to optimize the financial performance of the Airport Hotel. The City and Westin intend for the HMA to constitute a "Qualified Management Agreement" for purposes of the Tax Code.

The City has the right to terminate the HMA based on, among other things, failure of Westin (or any other permitted successor or assign under the HMA, the "**Hotel Manager**") to pay amounts due or to timely deposit revenues, as well as actions of Westin (or any other Hotel Manager) causing any Bonds issued to finance the capital costs of the Airport Hotel to lose their tax-exempt status. In addition, the HMA separately sets forth performance termination rights for failure of Westin (or any other Hotel Manager) to achieve certain performance tests in any two consecutive years beginning with the fourth operating year. In the event of a termination, Westin (or any other Hotel Manager) is required to cooperate with the Airport to minimize expenses, provide a final accounting and deliver all non-proprietary books and records, licenses, permits and contracts, and to facilitate the orderly transfer of electronic records and data.

Consistent with the Senior Bond Ordinance, the HMA and the Cash Management Agreement entered into by the City, for and on behalf of its Department of Aviation, Westin and U.S. Bank National Association, as depository bank, the form of which is attached to the HMA (the "**CMA**"), provide that all Gross Operating Revenues (generally defined in the HMA as all revenue and income derived from operations at the Hotel) of the Airport Hotel will initially be deposited to a separate account created within the Revenue Fund for such purpose (the "**Hotel Operating Account**") and that such deposited amounts shall constitute Gross Revenues (as defined in the Senior Bond Ordinance).

Amounts remaining in the Hotel Operating Account after the payment of operations and maintenance expenses relating to the Airport Hotel as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund by the Hotel Manager each month for application in accordance with the provisions of the Senior Bond Ordinance and the Hotel Ordinance (as defined herein).

The obligations of the City under the HMA are in all respects subject to, and subordinate to, the Senior Bond Ordinance and the Subordinate Bond Ordinance and to any other bond ordinances that amend, supplement, or replace such bond ordinances. In the event that the Senior Bond Ordinance is amended after the date of the HMA, and such amendment imposes a material adverse burden on the Hotel Manager not otherwise contemplated by the HMA, the Hotel Manager is required to amend the HMA with the City in order to comply with the amendments to the Senior Bond Ordinance. The City has agreed to compensate the Hotel Manager in order to maintain or restore to the Hotel Manager the benefits expected to be received pursuant to the original terms of the HMA.

Airport Transit Center. The Airport Transit Center opened in April 2016 and serves as the terminus on Regional Transportation District's ("**RTD**") commuter rail service from downtown Denver to the Airport.

In 2016, the City and RTD entered into an Intergovernmental Agreement for Fastracks East Corridor/Denver International Airport which contemplates the implementation of the Airport Transit Center, Peña Boulevard Station, and additional Gateway Stations on the East Corridor Line, which, according to RTD's website, is a 22.8 mile electric commuter rail line between Denver's Union Station and the Airport. All such stations have been completed and are operational.

Other Facilities

Various other facilities at the Airport include general aviation facilities, remote facilities for rental car companies (including customer service and vehicle maintenance operations), facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and other Airport 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 LSG Sky Chefs (the brand name of LSG Lufthansa Service Holding AG) and support facilities originally built for Continental Airlines ("**Continental**"), which has since merged with and is a subsidiary of United, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Other Building and Ground Leases" and "FINANCIAL INFORMATION — Outstanding Senior Bonds; and — Special Facilities Bonds."

CAPITAL PROGRAM

It is Airport management's practice to develop a capital program for the Airport System and reevaluate the capital needs of the Airport System on a regular basis to reflect changes in, among other things (i) the type of projects that it plans to undertake based on current and projected aviation demand and major maintenance needs of facilities and/or equipment, (ii) the scope and timing of individual projects, (iii) project costs, and (iv) the timing and amount of available funding sources. In November 2017, Airport management adopted a new capital program for the Airport for the years 2018 through 2022 (the "**2018-2022 Capital Program**").

2018-2022 Capital Program

The 2018-2022 Capital Program includes projects with a total cost of approximately \$3.5 billion (adjusted for inflation using the Consumer Price Index ("**CPI**") through 2022) in the following areas of the Airport:

Table 2

	in billions
Concourses A, B, and C	\$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	\$3.5

Source: Department of Aviation; Report of the Airport Consultant.

The projects included in the 2018-2022 Capital Program and described herein and in the Report of the Airport Consultant are expected to be periodically evaluated by the Department with respect to their timing, costs, availability of funding, Airport cash position, any environmental issues that may arise and other factors that might affect the implementation of the 2018-2022 Capital Program. Accordingly, projects currently included in the 2018-2022 Capital Program, their timing and costs are subject to change.

Major Projects in the 2018-2022 Capital Program

Concourses A, B, and C. Major projects include the concourse gate expansion, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program.

Gate Expansion Project. In May, 2018, the City commenced the expansion of the Airport's concourses as part of the 2018-2022 Capital Program. This project includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as an increase in the amount of airline and concessions space, including outdoor space, on each concourse. Airport management expects that a majority of the additional gates and space will be revenue-producing in the near and longer term due to current and future airline demand.

On Concourse A, the project will add 12 new mainline gates on the west side of the concourse, with a portion of these gates configured to accommodate both domestic and international operations. The Concourse B expansion will add four new mainline gates on the west side of the concourse and a net of seven new narrow-body mainline gates on the east side of the concourse, as it will replace certain ground loading and regional jet facility operations to increase capacity. The Concourse C expansion will add 16 new mainline gates on the east side of the concourse. All 39 gates are anticipated to be operational by spring 2021, with Concourse B's four west-side gates operational by 2020.

Jeppesen Terminal. Major projects include the Great Hall project, development of two new Checked Bag Resolution Areas ("**CBRAs**") and other baggage system upgrades, additional AGTS train sets and the AGTS car replacement program.

Great Hall Project. As part of the 2018-2022 Capital Program, the City is undertaking renovations to Jeppesen Terminal including the Great Hall (an open area of approximately 1 million square feet located on Levels 5 and 6 of Jeppesen Terminal) designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas. The City granted to Denver Great Hall LLC, a Delaware limited liability company (the "**Great Hall Developer**") an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the "**Great Hall Project**"), pursuant to the Development Agreement dated August 24, 2017 (the "**Great Hall Agreement**") between the City, for and on behalf of its Department of Aviation, and the Great Hall Developer. The Great Hall Developer is owned by Denver Great Hall Holdings LLC, which was formed by Ferrovial Airports International Ltd., Saunders Concessions, LLC, and JLC Infrastructure Fund I L.P.A.

Under the Great Hall Agreement, the Great Hall Developer is responsible for, among other things, the renovation and reconfiguration of a portion of the Great Hall and certain other specified areas of the Jeppesen Terminal, including construction of a new TSA screening area on Level 6, construction of commercial concessions in the Jeppesen Terminal and an additional 200,000 square feet of curbside space. Construction for the Great Hall Project commenced July 12, 2018 and is expected to be completed by November, 2021.

After completion of construction, the airline ticket lobbies, passenger screening checkpoint, baggage claim area and much of the associated public circulation space will be operated and maintained by the City, while the Great Hall Developer will operate and maintain substantially all of the concessions in Jeppesen Terminal (all of which are located on Levels 5 and 6). Revenues generated from concessions operated and maintained by the Great Hall Developer (substantially all of which are expected to be generated from food, beverage and retail concessions) will be split 20% to the Great Hall Developer and 80% to the City.

The Great Hall Agreement provides that during the construction period, the City is obligated to make progress payments to the Great Hall Developer up to a maximum total of approximately $479 million (the "**Progress Payments**"), payable monthly, in arrears as a percentage of design and construction costs incurred by the Great Hall Developer in a relevant month. Upon completion of construction of the Great Hall Project and until the termination of the Great Hall Agreement, the City is required to make monthly supplemental payments (the "**Supplemental Payments**") to the Great Hall Developer that includes an operations and maintenance component and a capital component. The Supplemental Payments constitute Junior Lien Obligations under the Junior Lien Bond Ordinance and are estimated to range between approximately $22.9 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) to approximately $57.4 million (adjusted for inflation using CPI) annually in 2051 (the last full year of the Great Hall Agreement being in effect). See "FINANCIAL INFORMATION — Junior Lien Bonds and Junior Lien Obligations."

The total design and construction costs of the Great Hall Project are valued at approximately $650 million, with the Great Hall Developer responsible for approximately $171 million and the City responsible for approximately $479 million, constituting Progress Payments. See "SECURITY AND SOURCES OF PAYMENT — Capital Fund." Progress Payments are expected to be funded from a portion of the proceeds of the Series 2018A-B Subordinate Bonds and balances available in the Airport's Capital Fund and/or additional Airport revenue bonds, which may be issued on parity with, senior to, or junior to the Series 2018A-B Subordinate Bonds. Under the Great Hall Agreement, the City also has agreed to fund an additional approximately $120 million in contingency costs, to the extent required. See

"CERTAIN INVESTMENT CONSIDERATIONS — Construction Risks Related to Projects Within the 2018-2022 Capital Program."

Baggage System Improvements. Major projects in connection with the baggage handling system improvements consist of the development of two new CBRAs that will replace nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new CBRAs; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements.

Airside. Major projects include rehabilitation of certain runways, taxiways, and apron areas as part of the Airport's pavement management system; improvements to airfield drainage, safety areas, and airfield service roads; rehabilitation and installation of lighting; certain safety area upgrades and airfield planning studies.

Landside. Major projects include the East Bound Peña Boulevard reconstruction, realignment, and widening of various sections of Peña Boulevard and associated roadways as well as the replacement of deteriorating concrete. In addition, this includes the replacement of the parking revenue control system and installation of the parking lot entrance and exit canopies, which are designed to improve parking services.

DEN Real Estate. The Department has developed the DEN Strategic Development Plan, which provides guidance on opportunities available for commercial development of about 16,000 acres of non-aviation land. The plan focuses on development districts and infrastructure based on "Smart City" and strategic sustainability concepts. The Department is in the process of finalizing an infrastructure implementation phasing strategy, and planned projects include the funding to construct infrastructure for the initial 1,500 acres of commercial development along the Peña Boulevard corridor, pursuant to the IGA Amendment (as defined herein) with Adams County, to generate additional non-airline revenues to support passenger growth at the Airport.

See "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT — AIRPORT FACILITIES AND CAPITAL PROGRAM — Airport Capital Program" for additional project information.

Environmentally Beneficial Features of 2018-2022 Capital Program Projects

On March 11, 2013, the City Mayor issued Executive Order No. 123 establishing the Office of Sustainability and key sustainability policies for the City, such as requiring that all buildings constructed, renovated or maintained with City funds are to be designed, constructed operated and maintained in accordance with the principles outlined in the LEED® (Leadership in Energy & Environmental Design) program and other applicable best management practices for sustainability and energy efficiency; reducing and recycling infrastructure waste materials; supporting electronic vehicles, and climate resilience. In furtherance of those policies, Airport management adopted a Design Principles and Sustainability Policy outlining its commitment to strategically consider the long-term environmental impacts of all Airport activities. Certain of the 2018-2022 Capital Program projects are designed towards accomplishment of such goals, including the Airport's concourse gate expansion project. Such projects are to offer many environmentally beneficial features, including, for example:

- Improved exterior wall and roof insulation
- Improved window insulation and reduced solar heat gain coefficient

- Electrochromic (dynamic) glass in the passenger comfort zone
- Lighting power density of approximately 40%
- Daylight harvesting and daylighting control of interior lights
- Two-speed conveyances that utilize unoccupied mode
- High-efficiency HVAC with outside air energy recovery, evaporative pre-cooling of outdoor air, and occupant-sensing holdroom VAV controls
- Super-premium efficiency motors

Airport management intends to pursue LEED® certifications for the concourse gate expansion project, Great Hall Project, and other projects within the 2018-2022 Capital Program that would be eligible for a LEED® certification. LEED® is a green building certification program offered by the U.S. Green Building Council. Projects submitted for LEED® certification are reviewed by the Green Building Certification Institute, a third-party organization, and assigned points based on the project's implementations of strategies and solutions aimed at achieving high performance in sustainable site development, water efficiency, energy efficiency, materials selection, and indoor environmental quality, among other sustainable qualities. There can be no assurance that any particular minimum LEED® certification level will be achieved for any of the 2018-2022 Capital Program projects.

Plan of Funding for the 2018-2022 Capital Program

Airport management currently expects that the 2018-2022 Capital Program will be funded with: (i) the Series 2018A-B Subordinate Bonds to fund approximately $2.4 billion in project costs (including approximately $203.6 million of costs funded by the Refunded Bonds), (ii) approximately $1.1 billion of additional Airport system revenue bonds to fund approximately $900 million in project costs, which additional Airport system revenue bonds are expected to consist of Senior Bonds, although all or a portion of such projects may be funded with Subordinate Bonds depending on certain factors existing at the time of issuance (see Exhibit B of "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT"); (iii) amounts on deposit in the Capital Fund in the amount of approximately $161.3 million; (iv) interim financing sources consisting of Subordinate Contract Obligations (described under "FINANCIAL INFORMATION —Subordinate Obligations"); and (v) grants-in-aid from the FAA and/or the Transportation Security Administration ("**TSA**") in the amount of approximately $116.4 million. See "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT — AIRPORT FACILITIES AND CAPITAL PROGRAM — Funding the Airport 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 Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). For certain economic and demographic information with respect to the Denver metropolitan area, see "ECONOMIC BASIS FOR AIRLINE TRAFFIC" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Airlines Serving the Airport

As of August 1, 2018, the following 26 airlines provide scheduled passenger service at the Airport:

Major/National	Regional/Commuter	Foreign Flag
Alaska Airlines[1]	American Eagle	AeroMéxico
Allegiant Air	Boutique Air	Air Canada[3]
American	Delta Connection	British Airways
Delta	Denver Air Connection	Copa Airlines
Frontier	Great Lakes[2]	Edelweiss
jetBlue	United Express	Icelandair
Southwest		Lufthansa German Airlines
Spirit Airlines		Norwegian Air[4]
Sun Country Airlines		Volaris
United		WestJet

1 Alaska Airlines includes Virgin America, which was acquired by Alaska Airlines in December 2016.

2 Great Lakes announced the cessation of all scheduled operations in March 2018 but continues to provide scheduled service at the Airport through the Great Lakes Jet Express brand, operated by Aerodynamics, Inc.

3 Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.

4 Norwegian Air includes Norwegian Air Shuttle ASA Limited and Norwegian Air UK LTD.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the table above, as of July 1, 2018, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, ABX Air Inc., Alpine Air Express, Inc., Atlas Air (Prime Air), Bemidji Aviation Services, Inc., FedEx Corporation, DHL Express (USA), Inc., Great Lakes Jet Express, Key Lime Air Corporation, Southern Air, and United Parcel Service. The regional/commuter airline brands listed in the table above include flights operated by Compass Airlines, Endeavor Air, Envoy Air, ExpressJet, GoJet Airlines, Mesa Airlines, Pinnacle Airlines (now Endeavor Air), Republic Airlines, Shuttle America Corporation, SkyWest Airlines and Trans States Airlines. Air Canada includes Sky Regional Airlines, Inc. and Jazz Aviation LP.

Airline Information

The United Group. United is the principal air carrier operating at the Airport. The Airport is a primary connecting hub in United's route system both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.). Under its Use and Lease Agreement, which expires in 2035, United currently leases 54 full-service contact gates and 14 ground loading positions. Upon the completion of the gate expansion project pursuant to the 2018-2022 Capital Program, 11 new gates are expected to be added to Concourse B and leased to United. See "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Concourses A, B, and C — Gate Expansion Project*."

The United Group (United and United Express) accounted for approximately 42.0% and 42.3% of passenger enplanements at the Airport in 2016 and in 2017, respectively. In addition, the Airport ranked as the 4th busiest airport in the United route network based on enplaned passenger data for 2017.

The City makes no representations regarding the financial conditions of United Continental Holdings or United or their future plans generally or with regard to the Airport in particular. 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*," "FINANCIAL INFORMATION — Special Facilities Bonds" and "CERTAIN INVESTMENT CONSIDERATIONS — Financial Condition of the Airlines — Risk of Airline Bankruptcies."

Southwest. Southwest had the second largest market share at the Airport in 2016 and 2017. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 62 cities to which it currently provides nonstop service from the Airport. In 2017, the Airport was the 4th busiest airport in the Southwest system based on scheduled seats.

Southwest leases 25 gates at the Airport pursuant to a Use and Lease Agreement with the City which expires on December 31, 2018, with an option (available only to the City) to extend such term until December 31, 2020. As of the date of this Official Statement, the City intends to exercise its first one-year option to extend the Southwest Use and Lease Agreement through December 31, 2019. When the Southwest Use and Lease Agreement expires (either on December 31, 2019 after its first one-year extension, or on December 31, 2020 if both one-year options have been exercised), the City expects to renegotiate the Use and Lease Agreement with business provisions that would result in similar Airport financial performance as provided for under the current Use and Lease Agreement. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

The City makes no representations regarding the financial conditions of Southwest or its future plans generally or with regard to the Airport in particular. 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" and "CERTAIN INVESTMENT CONSIDERATIONS — Financial Condition of the Airlines — Risk of Airline Bankruptcies."

The Frontier Group. Frontier and its affiliates had the third largest market share at the Airport in 2016 and 2017. The Airport is Frontier's only hub and was the busiest airport in the Frontier system in 2017. In November 2013, Frontier was acquired by Indigo Partners LLC from Republic Holdings and transformed its business model from a low-cost carrier to an ultra-low-cost carrier in 2015. As a result, the carrier has cut back its connective traffic at the Airport; however, overall increases in passenger traffic have allowed Frontier to continue to grow.

Frontier leases eight gates at the Airport pursuant to a Use and Lease Agreement with the City which expires on December 31, 2018, with an option (available only to the City) to extend such term until December 31, 2020. As of the date of this Official Statement, the City intends to exercise its first one-year option to extend the Frontier Use and Lease Agreement through December 31, 2019. When the Frontier Use and Lease Agreement expires (either on December 31, 2019 after its first one-year extension, or on December 31, 2020 after both one-year options have been exercised), the City expects to renegotiate the Use and Lease Agreement with business provisions that would result in similar Airport financial performance as provided for under the current Use and Lease Agreement. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

The City makes no representations regarding the financial conditions of the Frontier Group or their future plans generally or with regard to the Airport in particular. See also "— Aviation Activity, — Originating and Connecting Passengers" in this section, "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements" and "CERTAIN INVESTMENT CONSIDERATIONS — Financial Condition of the Airlines, — Risk of Airline Bankruptcies."

American. In December 2013, American Airlines and US Airways announced the completion of a merger to form the American Airlines Group. The American Airlines Group received a single FAA operating certificate on April 8, 2015. With no connecting enplaned passenger traffic, American does not use the Airport as a major hub, accounting for 5.5% of passenger enplanements at the Airport in 2017.

Delta. Delta had the fifth largest market share at the Airport in 2017. Delta does not use the Airport as a hub, accounting for 5.4% of passenger enplanements at the Airport in 2017.

Other Airlines. Other than the United Group, Southwest, the Frontier Group, American, and Delta, no single airline currently accounts for more than 5% of any 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 United Continental Holdings, Frontier, Southwest, and American, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. Reports, proxy statements, and other information of registrants that file electronically with the SEC may be accessed and downloaded for free from the SEC's EDGAR website at https://www.sec.gov/edgar.shtml. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "**DOT**"). Information collected from these reports is available for inspection at the DOT's Bureau of Transportation Statistics, 1200 New Jersey Avenue, SE, Washington, D.C. 20590, and copies of such reports can be obtained from its website at https://www.bts.gov.

None of the City, the Department, the Municipal Advisor, the Airport Consultant, or the Underwriters undertakes any responsibility for, and none of them makes any 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 websites. The contents of such websites are not incorporated into this Official Statement by this reference.

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.

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 for 2016, the Airport was ranked as the 6th busiest airport in the nation and the 18th busiest airport in the world based on total passengers. According to the preliminary statistics compiled by Airports Council International, the Airport exceeded these numbers in 2017, servicing 61.4 million passengers and ranking the 5th busiest airport in the nation, though moving to the 20th busiest airport in the world. Based on their 2018 schedules, 26 airlines serving the Airport provide direct flights to 200 destinations, including 26 international destinations in 11 countries.

The tables set forth below under " — *Passenger and Revenue Information*" and " — *Summary of Aviation Activity*" present total enplanements at the Airport, enplaned passengers by airline type, and market share of individual airlines serving the Airport for the past five years.

Passenger and Revenue Information. With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues. The Airport was negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009. With the exception of a 1.2% decrease in 2013, the number of enplaned passengers has increased since 2010. In 2017, the Airport served approximately 30.7 million enplaned passengers (a 5.4% increase over 2016), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 64.0% of passengers enplaned in 2017 originated their travel at the Airport and 36.0% of passengers made connecting flights at the Airport.

The following table sets forth the number of enplaned passengers at the Airport by passenger type for the past ten years and for the first six months of 2017 and 2018.

Table 3
History of Enplaned Passengers at the Airport by Traffic Type

Year	Enplaned Passengers (millions)	Percent Change	Percent Domestic	Percent International
2008	25.650	2.8%[1]	95.7%	4.3%
2009	25.128	(2.0)	96.2	3.8
2010	26.025	3.6	96.3	3.7
2011	26.456	1.7	96.8	3.2
2012	26.597	0.5	96.7	3.3
2013	26.285	(1.2)	96.3	3.7
2014	26.737	1.7	95.9	4.1
2015	27.019	1.1	95.9	4.1
2016	29.140	7.9	96.0	4.0
2017	30.714	5.4	95.8	4.2
2017[2]	14.812	7.4[3]	95.6	4.4
2018[2]	15.428	4.2	95.1	4.9

[1] Compared to 24.941 million enplaned passengers in 2007.
[2] Enplaned passengers through June 30, 2017 and June 30, 2018, respectively.
[3] Percentage changes are from the same period in 2016.
Source: Department of Aviation management records.

Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the occurrence of pandemics and other natural and man-made disasters. See "CERTAIN INVESTMENT CONSIDERATIONS" below and "ECONOMIC BASIS FOR AIRLINE TRAFFIC" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first six months of 2017 and 2018.

Table 4
Enplaned Passengers by Airline Type [1]

	Major/National Airlines		Foreign Flag Airlines		Regional/Commuter Airlines		Charter/ Miscellaneous Airlines		Total Airlines	
Year	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**
2013	21,301,891	(1.8%)	316,223	8.4%	4,436,819	2.6%	230,374	(20.3%)	26,285,307	(1.2%)
2014	21,646,678	1.6	317,877	0.5	4,770,855	7.5	1,274	(99.4)	26,736,684	1.7
2015	22,374,695	3.4	338,813	6.6	4,296,830	(9.9)	8,591	38.4	27,018,929	1.1
2016	24,592,838	9.9	404,754	19.5	4,138,502	(3.7)	4,110	(52.2)	29,140,204	7.9
2017	26,288,610	6.9	502,685	24.2	3,921,476	(5.2)	1,240	(69.8)	30,714,011	5.4
Jan-June										
2017[2]	12,669,976	9.1%	230,569	25.5%	1,910,169	(4.1%)	905	(18.7%)	14,811,619	7.4%
2018	13,110,501	3.5	308,931	34.0	2,008,214	5.1	703	(22.3)	15,428,349	4.2

1 Includes revenue and nonrevenue enplaned passengers. In 2014, the airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included transferring United Express international operations from the Miscellaneous category to the Regional category.
2 Percentage changes are from the same period in 2016.
Source: Department of Aviation management records.

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The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and for the first six months of 2017 and 2018. Totals may not add due to rounding.

Table 5
Percentage of Enplaned Passengers by Airline

	Calendar Year					January-June	
Airline	**2013**	**2014**	**2015**	**2016**	**2017**	**2017**	**2018**
United	24.5%	24.3%	27.7%	29.3%	30.7%	31.2%	30.4%
United Express	16.0	16.3	14.6	12.7	11.6	11.4	12.4
Total United Group	40.5	40.6	42.3	42.0	42.3	42.6	42.9
Southwest	25.6	26.4	29.3	29.4	29.7	29.4	29.6
Frontier[1]	19.1	18.4	12.4	12.2	11.4	11.5	11.1
American[2]	5.6	5.8	6.1	5.6	5.5	5.4	5.3
Delta	4.6	4.4	4.9	5.1	5.3	5.2	5.4
Other[3]	4.6	4.4	4.9	5.6	5.8	5.8	5.8
Total Non-United Group	59.5	59.4	57.7	58.0	57.7	57.4	57.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Columns may not add to totals shown because of rounding.
1 Includes Frontier and Republic Holdings. Frontier was acquired by Indigo Partners LLC in November 2013. Frontier no longer has regional flights offered by Republic Holdings. See also "— Airline Information — *The Frontier Group*" above.
2 American Airlines and US Airways merged in December 2013. See also "— Airline Information — *American*" above.
3 Includes other airlines with scheduled flights at the Airport.
Source: Department of Aviation management records.

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Summary of Aviation Activity. The following table sets forth a summary of selected aviation activity at the Airport for the past five years and for the first six months of 2017 and 2018. Totals may not add due to rounding.

Table 6

	Calendar Year					January-June	
	2013	2014	2015	2016	2017	2017	2018
Originating Passengers (millions):	15.328	16.214	17.353	18.527	19.656	9.430	9.872
Percent of Total Enplaned	58.3%	60.6%	64.2%	63.6%	64.0%	63.7%	64.0%
Connecting Passengers (millions):	10.957	10.523	9.666	10.613	11.058	5.382	5.557
Percent Connecting of Total Enplaned	41.7%	39.4%	35.8%	36.4%	36.0%	36.3%	36.0%
United Group Passengers:							
Percent Originating	41.1%	40.4%	40.4%	40.9%	43.2%	42.4%	44.8%
Percent Connecting	58.9%	59.6%	59.6%	59.1%	56.8%	57.6%	55.2%
Southwest Passengers:							
Percent Originating	69.0%	72.1%	75.6%	73.5%	72.2%	72.3%	72.3%
Percent Connecting	31.0%	27.9%	24.4%	26.5%	27.8%	27.7%	27.7%
Frontier[1] Passengers:							
Percent Originating	55.0%	62.6%	78.9%	76.0%	74.7%	75.5%	68.7%
Percent Connecting	45.0%	37.4%	21.1%	24.0%	25.3%	24.5%	31.3%
American[2] Passengers:							
Percent Originating	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent Connecting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta Passengers:							
Percent Originating	95.7%	95.7%	95.8%	95.8%	95.7%	95.9%	95.3%
Percent Connecting	4.3%	4.3%	4.2%	4.2%	4.3%	4.1%	4.7%
Average Daily Departures[4]:							
Passenger Airlines:							
United	125	124	146	167	177	177	175
United Express	246	252	219	202	194	188	220
Southwest	159	158	168	181	190	189	189
Frontier[1]	105	100	66	64	60	59	60
American[2]	33	33	33	34	31	32	30
Delta	27	26	30	35	38	38	36
Other	72	49	47	59	65	69	54
Total Passenger Airlines	767	742	709	742	755	752	764
All-Cargo Airlines	25	26	26	26	27	26	28
Total	792	768	735	768	782	778	792
Percent Change from Prior Year	*(4.6%)*	*(3.0%)*	*(4.3%)*	*4.5%*	*2.0%*	*4.5%*	*1.8%*
Landed Weight (billion pounds):							
Passenger Airlines:							
United	7.432	7.292	8.214	9.452	10.225	5.050	5.031
United Express	4.779	4.881	4.427	4.148	4.064	1.930	2.185
Southwest	7.353	7.423	7.922	8.610	9.153	4.448	4.553
Frontier[1]	5.182	5.018	3.339	3.306	3.208	1.551	1.593
American Airlines[2]	1.582[3]	1.609[4]	1.678	1.742	1.759	0.871	0.827
Delta	1.334	1.242	1.390	1.590	1.728	0.830	0.884
Other	1.683	1.571	1.722	2.149	2.356	1.163	1.141
Total Passenger Airlines	29.343	29.036	28.692	30.996	32.492	15.843	16.214
All-Cargo Airlines	1.260	1.315	1.363	1.425	1.392	0.659	0.694
Total	30.603	30.351	30.055	32.421	33.884	16.502	16.907
Percent Change from Prior Year	*(4.0%)*	*(0.8%)*	*(1.0%)*	*7.9%*	*4.5%*	*6.7%*	*2.5%*
Enplaned Cargo (million pounds)[5]	222.771	229.458	238.664	229.410	238.848	114.963	120.147
Percent Change from Prior Year	*(2.2%)*	*3.0%*	*4.0%*	*(3.9%)*	*4.1%*	*3.9%*	*4.5%*
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	420,073	422,178	424,930	445,019	461,992	225,992	221,390
Commuter/Military/Taxi/General Aviation	166,787	152,983	122,718	127,501	120,494	59,369	68,465
Total	586,860	575,161	547,648	572,520	582,486	285,361	289,855
Percent Change from Prior Year	*(5.1%)*	*(2.0%)*	*(4.8%)*	*4.5%*	*1.7%*	*3.8%*	*1.6%*

[Footnotes on next page]

1 Includes Frontier and Republic Holdings. Frontier was acquired by Indigo Partners LLC in November 2013. Frontier no longer has regional flights offered by Republic Holdings. See also "— Airline Information — *The Frontier Group*" above.
2 American Airlines and US Airways merged in December 2013. See also "— Airline Information — *American*" above.
3 2013 data includes US Airways data previously categorized under "Other."
4 Year 2016 was a leap year and reflects daily usage based on 366 calendar days.
5 The weight of enplaned cargo does not impact the Airport's Gross Revenues. Revenue is received from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% 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.

In 2017, approximately 19.7 million passengers (64.0%) of the approximately 30.7 million passengers enplaned at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 28.5%, 33.6%, and 13.3% of originating passengers at the Airport in 2017, respectively. For the first six months of 2018, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 30.0%, 33.4%, and 11.9% of originating passengers at the Airport, respectively.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier's only hub. Approximately 11.1 million passengers (36.0% of total enplaned passengers) connected from one flight to another in 2017. Nearly all of the passengers using the Airport as a connecting hub connected between the flights of United (including its regional airline affiliates operating as United Express), Southwest, or Frontier, which accounted for approximately 66.6%, 23.0%, and 8.0% of the connecting passengers at the Airport in 2017, respectively. For the first six months of 2018, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 65.8%, 22.7%, and 9.7% of connecting passengers at the Airport, respectively. See "Aviation Activity — *Summary of Aviation Activity*" above.

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

Generally. Certain of the airlines, inclusive of cargo and passenger airlines, have executed Use and Lease Agreements with the City (as previously defined, the "**Signatory Airlines**") that include preferential use of leased gates. As of July 1, 2018, the passenger Signatory Airlines with leased gates included Frontier, Delta, and American in Concourse A, United in Concourse B, and Southwest, Spirit Airlines, and Alaska Airlines (inclusive of Virgin America operations) in Concourse C. In addition to the current 101 gates leased by Signatory Airlines, 10 full contact gates are controlled by the Airport and used on a non-preferential use basis by various airlines.

The following Signatory Airlines do not lease gates under their respective Use and Lease Agreements but, rather, either operate from gates pursuant to their affiliation with other Signatory Airlines that lease gates at the Airport, use gates or parking positions managed by the City, use cargo facilities, or use common use international or commuter gates in Concourse A: AeroMéxico, Air Canada, Boutique Air, British Airways, Compass Airlines, Edelweiss, ExpressJet, GoJet Airlines, Icelandair, Jazz Aviation, JetBlue Airways Corporation, Key Lime Air Corporation, Lufthansa, Norwegian Air Shuttle ASA Limited, Norwegian Air UK LTD., Pinnacle Airlines (now Endeavor Air), Republic Airline, Shuttle America Corporation, Sky Regional Airlines, Inc., SkyWest Airlines, Southern Air, Trans States Airlines, and Volaris. See "AVIATION ACTIVITY AND AIRLINES — Airlines Serving the Airport."

All Use and Lease Agreements with passenger Signatory Airlines expire on December 31, 2018 (with the exception of United, which expires in 2035) and include an option (available only to the City) to extend such terms until December 31, 2020. As of the date of this Official Statement, the City intends to exercise its first one-year option to extend all of such Use and Lease Agreements through December 31, 2019. When the Use and Lease Agreements expire (either on December 31, 2019 after its first one-year extension, or on December 31, 2020 if both one-year options have been exercised), the City expects to renegotiate the Use and Lease Agreements with business provisions that would result in substantially similar terms as provided for under the current Use and Lease Agreements.

In the passenger airline Use and Lease Agreements (1) each passenger Signatory Airline 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 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 Senior 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, 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 the prior 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 the next ensuing Fiscal Year. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August (for United) or no later than September 1 of such Fiscal Year with a projection of rentals, rates, fees and charges (the "**Mid-Year Projection**"), which is required 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 (i) a pro forma projection of revenues and expenses for the current Fiscal Year to each Signatory Airline and (ii) a projection of cost per enplaned revenue passenger to United. With respect to United, within 15 days of providing such projections, the City is required to convene a meeting with United to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year. With respect to the other Signatory Airlines, the City is required to convene a meeting with the

Signatory Airlines to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2013 through 2017 is set forth in the following table.

Table 7
Cost per Enplaned Passenger

Year	Cost Per Enplaned Passenger	Percent Change
2013	$11.81	2.4%[1]
2014	12.22	3.5
2015	11.82	(3.3)
2016	10.92	(7.6)
2017	10.69	(2.1)

1 Compared to the cost per enplaned passenger of $11.53 for 2012.

Source: Department of Aviation management records.

Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of $40 million, is 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.

The City may terminate a Use and Lease Agreement after a 15-day (in the case of payment defaults) or 30-day notice and cure period, as applicable, 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 Use and Lease Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Use and Lease Agreement or permits the use thereof in violation of any law, rule, or regulation to which the Signatory Airline has agreed to conform, (3) sublets its leased property at the Airport other than as permitted by the Use and Lease Agreement, (4) becomes subject to certain insolvency events, or (5) fails to comply with certain federal regulations in connection with the use of its leased property at the Airport. In addition, for Signatory Airlines other than United, the City may terminate the Use and Lease Agreement if any of the Signatory Airline's directors or officers assigned to or responsible for operations at the Airport shall be or have been convicted of any crime which is a disqualifying offense under federal statutes governing issuance of airport security badges.

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds, Subordinate 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, (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal, or (c) 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 its Use and Lease Agreement 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 (which is approximately $42.18 in 2017 dollars), which cost threshold has not been reached in the past and is not expected to be reached during the term of the United Use and Lease Agreement.

Upon the expiration or termination of a Use and Lease Agreement, an airline agrees to surrender the leased premises and the City has the right to possession of such premises with or without process of law. Holding over by an Airline following the expiration of the term of a Use and Lease Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, an Airline is subject to all the terms and conditions of the Use and Lease Agreement. Rent, fees, and charges for each month of such holding over is required to be paid by the airline to the City as provided in the Use and Lease Agreement and in a sum equal to the monthly rental required for the month prior to the end of the term of such agreement or as reestablished as provided for therein.

United Use and Lease Agreement. United leases gates under a Use and Lease Agreement originally entered into in January 1992 (as previously defined, the "**United Use and Lease Agreement**") with substantially the same terms as the other passenger airlines Use and Lease Agreements described in "*Generally*" 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 2035. The United Use and Lease Agreement was amended in 1994 and 2001 prior to United's bankruptcy. In 2003, in connection with its bankruptcy proceedings, United assumed the 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 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 multiple times as further described below. As a result, United currently leases 54 full-service contact gates, all located on Concourse B, and 14 ground loading positions. See also "AVIATION ACTIVITY AND AIRLINES — Airline Information — *The United Group*."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. Consequently, the City has taken steps to mitigate automated baggage system costs over time. Pursuant to the 2005-2 Amendatory Lease Agreement dated January 11, 2006 (the "**2005-2 Amendment**"), 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 annually in 2008 through the end of the lease term. This reduction was subordinate to the City's agreement to reduce all airline rates and charges by $4 million per year from 2004 through 2010. Such reductions may be decreased or cancelled pursuant to the terms of the 2005-2 Amendment.

Pursuant to the 2006 Amendatory Lease Agreement dated July 6, 2006 (the "**2006 Amendment**"), 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. That bond defeasance has been completed, although 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.

Pursuant to the 2012 Lease Amendment (the "**2012 Amendment**"), the City and United further amended the United Use and Lease Agreement to provide conditional rent relief related to the unused and nonoperational automated baggage system space. The 2012 Amendment became effective in July 2012 when the City completed certain conditions precedent, including (1) removing or reclassifying unused and nonoperational baggage system space from United's leasehold premises on Concourse B, (2) using Airport non-PFC discretionary funds to defease bonds associated with the released space, and (3) using amounts equivalent to approximately 75% of the revenues generated from the $1.50 portion of the PFCs to pay existing PFC-approved debt service in the Terminal Complex.

The 2014 Lease Amendment dated September 19, 2014 (the "**2014 Amendment**") extended the term of the United Use and Lease Agreement to February 28, 2035. The 2014 Amendment also made changes to United's right to reduce its demised premises under the United Use and Lease Agreement. In addition, United agreed to maintain a minimum level of 9.1% of global United Available Seat Miles ("**ASMs**") subject to the calculations described in the 2014 Amendment. If United fails to meet those ASMs requirements, United is not in default of the United Use and Lease Agreement. However, in the event of such failure, United is required to make certain financial assurance payments to the City, subject to a cap of $20 million per year in 2015-2018, $15 million per year in 2019-2021, and $12 million per year in 2022-2025. United has met the ASMs requirement every year since the 2014 Amendment.

Pursuant to the 2015 Lease Amendment, the City and United amended the United Use and Lease Agreement to further modify United's right to reduce its demised premises.

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: Air Transport International, Inc., ABX Air Inc., Atlas Air (Prime Air), Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Key Lime Air Corporation, Southern Air and United Parcel Service. Alpine Air Express, Ameriflight and Capital Cargo also provide cargo airline services at the Airport, but are not Signatory Airlines. Air General and Swissport Cargo Services lease space in a cargo building and provide only cargo handling services. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. See also "AVIATION ACTIVITY AND AIRLINES — Airlines Serving the Airport" above.

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 materially adversely affected. The Airport receives revenue from cargo carriers only from landing fees and space rentals, which historically have constituted less than 3% of Gross Revenues.

Other Building and Ground Leases

The City has entered into a Use and Lease Agreement with Continental (now a subsidiary of United) 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. In 2014, the City negotiated with United for an early termination of a Continental Special Facilities and Ground Lease to take possession of the former Continental hangar. This hangar and the 58.6 acre site were immediately leased to Frontier through May 2019. On March 1, 2015, after the expiration of the Special Facilities Lease with Sky Chefs, the north campus flight kitchen was leased to Southwest through February 2020. On December 31, 2018, the leases with Continental of an additional flight kitchen, cargo building, as well as a GSE maintenance building will expire and be vacated at which point, the City plans to control and lease these facilities. In addition, in 1995, the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site. See also "DENVER INTERNATIONAL AIRPORT — Other Facilities," "FINANCIAL INFORMATION — Outstanding Senior Bonds; and — Special Facilities Bonds."

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 "CERTAIN INVESTMENT CONSIDERATIONS — Risk of Airline Bankruptcies."

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 Gross Revenues. The following is a brief description of some of these additional agreements. The revenues received from the following agreements constitute only a portion of the concession, parking, rental car, and hotel revenue set forth in "FINANCIAL INFORMATION — Historical Financial Operations."

Concessions, Advertising, and Other Services. Concessions, advertising, and other services are provided in the terminal complex and areas adjacent to Pena Boulevard 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 any Rate Maintenance Covenant.

Revenues from concessions, advertising, and other services constituted approximately 9% of Airport operating revenues in each of 2016 and 2017 and approximately 8% of Gross Revenues in each of 2016 and 2017. 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. Since its opening in 1995, the Airport's program has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport.

Under the Great Hall Agreement, the Great Hall Developer has an exclusive license to develop and manage a concession program with respect to substantially all of the concession space located in Levels 5 and 6 of Jeppesen Terminal and will operate the concessions program in accordance with a concessions development and management plan, reviewed by the parties to the Great Hall Agreement every two years and subject to the City's approval. Revenues generated by concessions operated by the Great Hall Developer (substantially all of which are expected to be generated from food, beverage and retail concessions) will be split 20% to the Great Hall Developer and 80% to the City. Revenues from advertisements and services offered at Jeppesen Terminal will be retained by the City. In 2017, approximately 5% of total concession revenues of the Airport were generated from the food, beverage and retail concessions located in Jeppesen Terminal. See "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*."

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. Public parking revenues constituted approximately 23% of Airport operating revenues and approximately 20% of Gross Revenues in each of 2016 and 2017. The City periodically increases parking rates in an effort to optimize revenue from public parking facilities at the Airport.

Rental Cars. The City has concession agreements with eight rental car companies, which collectively contain twelve brands, to provide service at the Airport. Under the concession agreements which expire on December 31, 2020, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car revenues constituted approximately 9% of Airport operating revenues in each of 2016 and 2017, and approximately 8% of Gross Revenues in each of 2016 and 2017.

Ground Transportation Services. The City charges operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Jeppesen Terminal roadways and curbside. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies ("**TNCs**"), such as Uber and Lyft. The number of trips of commercial vehicle operators at the Airport has grown recently, due in part to the addition of TNCs servicing the Airport beginning in 2014. Ground transportation services revenues constituted approximately 1% of Airport operating revenues and approximately 1% of Gross Revenues in 2016, and approximately 2% of Airport operating revenues and approximately 1% of Gross Revenues in 2017, such year-over-year increase due primarily to the increased number of trips by TNCs servicing the Airport.

Airport Hotel. The Airport Hotel is a full service hotel consisting of 519 rooms. All of the annual revenues, operating expenses, and Debt Service Requirements associated with the Airport Hotel are the responsibility of the City. Under the HMA between the City and Westin, which expires in 2030, all Airport Hotel revenues remaining after payment of operations and maintenance expenses as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund each month in accordance with provisions of the Senior Bond Ordinance and the Hotel Ordinance. Airport Hotel revenues represented approximately 6% of Airport operating revenues in each of 2016 and 2017. See "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center —*The Airport Hotel*" and "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Other. Other nonairline revenues include employee parking fees and storage area and 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 2013 through 2017 and for the first six months of 2017 and 2018. See also "APPENDIX E — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016" and "— Management's Discussion and Analysis of Financial Performance" below.

Table 8
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 Ended December 31[1]					Six months Ended June 30 (unaudited)	
	2013	**2014[3]**	**2015[3]**	**2016[3]**	**2017**	**2017**	**2018**
Operating Revenues:							
Facility Rentals	$214,251	$235,774	$194,004[4]	$198,407	$180,443	$97,022	$102,341
Concession income	52,022	55,863	59,677	67,408	68,269	34,394	35,926
Parking income	159,465	167,851	178,478	176,949	176,006	87,449	92,467
Car rentals[5]	50,002	59,655	65,309	66,727	71,806	34,196	36,295
Landing fees	137,550	147,841	147,379	150,850	171,708	81,888	78,365
Aviation fuel tax	28,101	26,298	19,458	18,892	25,993	12,300	13,221
Hotel	--	--	3,205[5]	43,262	47,412	23,481	25,227
Ground Transportation[2]	6,423	7,427	9,669	10,594	12,449	6,197	8,742
Other sales and charges	13,823	10,783	10,357	9,440	14,839	6,159	6,415
Total operating revenues	661,637	711,491	687,536	742,529	768,925	383,086	398,999
Operating Expenses:							
Personnel services	125,608	134,699	148,518	165,114	163,808	79,102	82,907
Contractual services	194,666	194,712	197,459	212,699	223,844	97,162	108,236
Repair and maintenance projects	81,234	57,049	55,358	37,514	14,071	3,445	6,460
Maintenance, supplies and materials	30,427	27,103	32,911	27,547	24,452	11,210	10,551
Hotel	--	--	2,557[5]	26,936	27,357	13,625	13,807
Total operating expenses before depreciation, amortization and asset impairment	431,935	413,563	436,803	469,810	453,532	204,544	221,961
Operating income before depreciation, amortization and asset impairment	229,702	297,928	250,733	272,719	315,393	178,542	177,038
Depreciation and amortization	184,721	183,560	163,714	179,692	183,351	88,530	96,070
Operating income	44,981	114,368	87,019	93,027	132,042	90,012	80,968
Nonoperating revenues (expenses)							
Passenger facility charges[6]	103,032	103,959	106,006	114,230	118,333	57,168	60,212
Customer Facility Fees[7]		17,215	18,598	19,884	19,492	9,168	9,329
Investment income	25,205	44,030	40,648	39,274	46,779	14,618	17,421
Interest expense	(183,359)	(176,177)	(169,413)	(156,481)	(188,152)	(108,296)	(90,342)
Grants	481	516	622	686	873	--	--
Other revenue (expense)[8]	(1,265)	1,444	12,645	(5,485)	4,286	2,280	(5,190)
Net nonoperating revenues (expenses)	(55,906)	(9,013)	9,106	12,108	1,611	(25,062)	(8,570)
Change in net assets before capital contributions	(10,925)	105,355	96,125	105,135	133,653	64,950	72,398
Capital grants[9]	31,413	20,533	20,483	3,553	55,879	17,795	7,000
Capital contributions	--	--	--	--	--	--	--
Change in net assets	$20,488	$125,888	$116,608	$108,688	$189,532	$82,745	79,398

[Footnotes on next page]

1 See "— Management's Discussion and Analysis of Financial Performance" below.

2 Year to year revenue increases are driven primarily by increased use by travelers of TNCs. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Other Agreements — *Ground Transportation Services*."

3 2015, 2016 and 2017 include a change in accounting principle due to the adoption of GASB 68. Years prior to 2015 have not been restated for adoption of GASB 68.

4 Decrease from Fiscal Year 2014 to Fiscal Year 2015 was due to the 2015 amendment to the United Use Agreement lowering overall costs.

5 Reflects a partial year of Airport Hotel operation. The Airport Hotel opened in November 2015.

6 These amounts constitute revenues derived from the entire $4.50 PFC net of the PFC collection fees retained by the airlines. During this period, all PFC revenues have been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See "— Passenger Facility Charges" below.

7 Prior to 2014, CFCs were pledged to Special Facilities Bonds that financed certain rental car facilities and were not shown as part of gross revenues. Such Special Facilities Bonds were repaid on January 1, 2014. See also footnote 7 in Table 1 in "SECURITIES AND SOURCES OF PAYMENT — Historical Debt Service Coverage of the Senior Bonds and Subordinate Debt Service Requirements."

8 Includes expenses incurred since February 1995 to maintain and preserve the Stapleton airport site ("**Stapleton**"). See "— Stapleton" below for further information.

9 These amounts constitute amounts received from FAA grants.

Sources: Audited financial statements of the Airport System for Fiscal Years 2013-2017 and Department of Aviation for unaudited figures for six months ended June 30, 2017 and June 30, 2018.

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 2014 through 2017 as well as six months ended on June 30, 2018 and June 30, 2017. All figures presented below are approximate unless otherwise stated.

Six Months Ended June 30, 2018 vs. Six Months Ended June 30, 2017. Operating revenues at the Airport totaled $399.0 million, an increase of $15.9 million, or 4.2%, for the six-month period ended June 30, 2018, as compared to the six-month period ended June 30, 2017. Airline revenue totaled $180.7 million, an increase of $1.8 million, or 1.0%, that was driven by budgeted increases in rates and charges. Non-airline revenue totaled $218.3 million, an increase of $14.1 million, or 6.9%, due to an increase in parking revenues driven by new parking rates implemented in February 2018. In addition, an increase in total passengers of 4.2% drove incremental revenue gains in other commercial revenue sources. Non-airline revenue represented 54.8% of total operating revenue, up from 53.3% during the same period in 2017.

Operating expenses, exclusive of depreciation and amortization, totaled $222.0 million for the six-month period ended June 30, 2018, an increase of $17.4 million, or 8.5%, as compared to the six-month period ended June 30, 2017. The increase compared to the prior year was primarily driven by increases in contractual services, repair and maintenance projects, and personnel.

Total non-operating revenues increased by $7.8 million, or 9.2%, which was primarily due to increases in PFCs, as a result of increases in enplanements, as well as increases in interest revenue.

In 2018 and 2017, capital grants totaled $7.0 million and $17.8 million, respectively. The decrease in 2018 is driven by the timing of Transportation Security Administration grant revenues related to a capital project to update the Checked Baggage Resolution Area, and improve the throughput of the checked baggage handling system.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2018 compared to the same period in 2017 is included as part of the financial statements of the Airport System appearing as "APPENDIX F —

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR SIX MONTHS ENDED JUNE 30, 2018 AND 2017."

2017 vs. 2016. Operating revenues at the Airport were $765.2 million, an increase of $22.7 million, or 3.1%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increase in revenue was primarily driven by increases in concessions revenues due to the opening of new locations and an increase in enplaned passengers as well as increases in car rental and hotel revenues.

Operating expenses, exclusive of depreciation and amortization, were $453.5 million for the year ended December 31, 2017, a decrease of $16.3 million, or 3.5%, as compared to the year ended December 31, 2016. The decrease over the prior year was driven by a reduction in repair and maintenance projects as well as a decrease in personnel expenses due to increased vacancy rates and a reduction in snow personnel spend. The decrease was partially offset by an increase in contractual services.

Total non-operating revenues, net of non-operating expenses, decreased by $13.2 million, or 109.0%, in 2017. This is primarily due to the reduction in capitalized interest in 2017, as well as losses in investment accounts.

In 2017 and 2016, capital grants totaled $55.9 million and $3.6 million, respectively. The increase in 2017 is driven by TSA grant funding for a capital project to improve the throughput of the checked baggage handling system, as well as FAA grant funding to maintain and rehabilitate runways and taxiways.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2017 compared to 2016 is included as part of the financial statements of the Airport System appearing as "APPENDIX E — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016."

2016 vs. 2015. Operating revenues at the Airport were $742.5 million for the year ended December 31, 2016, an increase of $55.0 million (8.0%), as compared to the year ended December 31, 2015. The increase in revenue was primarily driven by Airport Hotel revenues due to the Airport Hotel being fully operational for two months in 2015 (compared to a full year in 2016), and increases in concessions revenues due to the opening of new locations and an increase in enplaned passengers. Airport Hotel revenue for the year ended December 31, 2016, the Airport Hotel's first full year of operation, was $43.2 million.

Operating expenses, exclusive of depreciation and amortization, were $469.8 million for the year ended December 31, 2016, an increase of $33.0 million, or 7.6%, as compared to year ended December 31, 2015. Personnel services increased $16.6 million, or 11.2%, in 2016, primarily due to a $14.5 million pension expense as measured under GASB 68, as well as increases in annual salaries and benefits. Contractual services increased by $15.2 million, or 7.7%, due to an increase in snow removal expenses during the first two quarters of 2016 compared to the first two quarters of 2015, as well as an increase in professional services throughout the year. Repair and maintenance decreased by ($17.8) million, or (32.2%), primarily due to variances in project scope when compared to prior year. Maintenance, Supplies and Materials decreased by ($5.4) million, or (16.3%), due to decreased spend on computer equipment and less snow-removal chemicals used during the 2016 fiscal year.

Hotel expenses between 2016 and 2015 increased $24.4 million due to the hotel being fully operational for 2016. The 2016 hotel expenses were $26.9 million.

Total non-operating revenues, net of non-operating expenses, increased by $3.0 million, or 33.0%, in 2016. This is primarily due to the proceeds from the sale of Stapleton land, as well as changes in the fair value of swap derivatives.

In 2016 and 2015, capital grants totaled $3.6 million and $20.5 million, respectively.

2015 vs. 2014. Operating revenues at the Airport were $687.5 million for the year ended December 31, 2015, a decrease of $24.0 million (3.4%), as compared to the year ended December 31, 2014. The decrease in revenue was primarily related to lower facility rentals due to changes in leased space, reduced rental rates, the buyout of a United hangar in 2014, and lower aviation fuel tax receipts due to a decrease in the price of fuel during the year. Airport Hotel revenue of $3.2 million in 2015 was a new revenue source for the Airport with the opening of the Airport Hotel on November 19, 2015.

Operating expenses, exclusive of depreciation and amortization, were $436.8 million for the year ended December 31, 2015, an increase of $23.2 million (5.6%) as compared to the year ended December 31, 2014. The increase was primarily attributable to an increase in personnel services of $13.8 million (10.3%) in 2015 due to annual salary increases and benefits along with additional full time positions due to new facilities. Additionally, maintenance, supplies and materials increased by $5.8 million (21.4%) due to increased spending on computer equipment and snow related chemicals. Contractual services increased by $2.7 million (1.4%) primarily due to snow removal related expenses, utilities, and compute software subscriptions. Airport Hotel expenses were $2.6 million in 2015.

Total nonoperating expenses, net of nonoperating revenues, increased by $18.1 million in 2015. The increase was primarily due to an increase in land sales proceeds related to the redevelopment of Stapleton.

In 2015 and 2014, capital grants totaled $20.5 million and $20.5 million, respectively.

Pension Plan

The Airport provides its employees with pension benefits through the Denver Employees Retirement Plan ("**DERP**"). DERP administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered through the DERP Retirement Board in accordance with the City's Revised Municipal Code and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets. The Airport's share of the City's total contributions to DERP was $9,512,531 for Fiscal Year 2017 and $9,176,176 for Fiscal Year 2016. As of December 31, 2017 and 2016, the Airport reported a liability of $153,873,601 and $158,033,046, respectively, for its proportionate share of the net pension liability related to DERP.

For additional information about DERP and the Airport's pension liability, see Note 16 of the Airport's audited financial statements in "APPENDIX E — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016."

Outstanding Senior Bonds

The following table sets forth the Senior Bonds that are currently outstanding.

Table 9
Outstanding Senior Bonds

Issue	Amount
Series 1992C Bonds[1]	$ 40,080,000
Series 1992F Bonds[2,3,4]	19,100,000
Series 1992G Bonds[2,3]	15,800,000
Series 2002C Bonds[2,3,4]	26,200,000
Subseries 2007F1 Bonds[2,4,5]	37,625,000
Subseries 2007F2 Bonds[2,4,5]	37,925,000
Subseries 2007G1 Bonds[2,3,4]	65,300,000
Subseries 2007G2 Bonds[2,3,4]	65,300,000
Series 2008B Bonds[2,3,4]	55,200,000
Subseries 2008C1 Bonds[2,3,4]	92,600,000
Subseries 2008C2 Bonds[2,3,4]	100,000,000
Subseries 2008C3 Bonds[2,3,4]	100,000,000
Series 2009A Bonds	150,480,000
Series 2009B Bonds	65,290,000
Series 2009C Bonds[2,3,4]	104,655,000
Series 2010ABonds	160,690,000
Series 2011A Bonds	232,165,000
Series 2011B Bonds	15,070,000
Series 2012A Bonds	271,015,000
Series 2012B Bonds	498,115,000
Series 2012C Bonds	30,285,000
Series 2016A Bonds[4]	232,275,000
Series 2016B Bonds[4]	104,820,000
Series 2017A Bonds	254,225,000
Series 2017B Bonds	21,280,000
Total	$2,795,495,000

1 In 1999, the City used the proceeds from certain federal grants to establish an escrow to economically defease $40,080,000 of the Series 1992C Bonds. However, the defeasance did not satisfy all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Series 1992C Bonds are reflected as still being outstanding.

2 These Senior Bonds bear interest at variable interest rates. Except for the Series 2007F1-F2 Bonds, these Senior Bonds bear interest at a rate indexed to one-month LIBOR.

3 These Senior Bonds are owned by certain financial institutions as described in "—Credit Facility Obligations Related to Senior Bonds" below. The City's repayment obligations to those financial institutions constitute Credit Facility Obligations under the Senior Bond Ordinance.

4 A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2017 appended to this Official Statement as "Appendix E," effectively converting the variable rate bonds to fixed rates and converting the fixed rate bonds to variable rates.

5 The Series 2007F1-F2 Bonds are currently in an auction rate mode.

Sources: The Department of Aviation and the Municipal Advisor.

All or certain maturities of certain series of the Senior Bonds 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 that are not granted to Owners of the Senior Bonds.

Credit Facility Obligations Related to Senior Bonds. The following series of Senior Bonds were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City, for and on behalf of its Department of Aviation: Series 1992F, Series 1992G, Series 2002C, Series 2007G1-G2, Series 2008B, Series 2008C1, Series 2008C2-C3, and Series 2009C. The reimbursement agreements constitute Credit Facilities as defined by the Senior Bond Ordinance and the City's repayment obligation pursuant to such Credit Facilities constitute Credit Facility Obligations, as defined in the Senior Bond Ordinance, which have a lien on Net Revenues on a parity with the Senior Bonds and any other Senior Obligations issued under the Senior Bond Ordinance. Each of the reimbursement agreements include representations, covenants, and agreements in addition to those contained in the Senior Bond Ordinance. A breach of any of these covenants could result in a default under the related reimbursement agreement and the Senior Bond Ordinance. See "CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds."

Table 10

Senior Bonds	Outstanding Principal Amount[1]	Current Interest Rate Mode	Final Maturity Date	Financial Institution	Last Day of the Initial Period[2]
Series 1992F	$19,100,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 1992G	15,800,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2002C	26,200,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	9/25/2020
Series 2007G1-G2	130,600,000	Indexed Floating Rate	11/15/2031	BMO Harris Investment Corp.	12/01/2023
Series 2008B	55,200,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2008C1	92,600,000	Indexed Floating Rate	11/15/2031	Wells Fargo Bank, National Association	12/11/2020
Series 2008C2-C3	200,000,000	Indexed Floating Rate	11/15/2031	Royal Bank of Canada and RBC Capital Markets, LLC	08/29/2019
Series 2009C	104,655,000	Indexed Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2020
Total	$644,155,000				

1 As of August 1, 2018.

2 Indicates the end date of the initial period (or extension of initial period) during which the applicable financial institution has agreed to own the related Series of Senior Bonds at the index rate set forth in the related reimbursement agreement. Prior to the end of the initial period, the City may request the applicable financial institution to repurchase the related Series of Senior Bonds or provide liquidity or credit enhancement necessary to facilitate the conversion of such Series to a new interest rate mode. If the financial institution does not respond or rejects the City's request in its sole discretion, the City will be required to repurchase or redeem such Series of Senior Bonds on the last day of the applicable initial period for a purchase price of 100% of the par amount plus accrued interest to such date.

Source: The Department of Aviation and the Municipal Advisor.

Outstanding Subordinate Bonds

The City, for and on behalf of the Department, has previously issued the following Subordinate Bonds (i) the Series 2013A-B Subordinate Bonds that are currently outstanding in the aggregate principal amounts of $695,215,000, (ii) the Series 2015A Subordinate Bonds that are currently outstanding in the aggregate principal amounts of $174,870,000, and (iii) the Series 2017C Subordinate Bonds that are currently outstanding in the aggregate principal amount of $300,000,000. No other Subordinate Bonds are currently outstanding. A portion of the proceeds of the Series 2018A-B Subordinate Bonds will be applied to refund all of the outstanding Series 2017C Subordinate Bonds.

As described below under "— Subordinate Obligations," there are certain outstanding Subordinate Hedge Facility Obligations.

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

The following table sets forth the City's estimated Debt Service Requirements for the Senior Bonds (which were calculated taking into account the related outstanding Subordinate Hedge Facility Obligations) and the Subordinate Debt Service Requirements upon the issuance of the Series 2018A-B Subordinate Bonds. For purposes of this table, Debt Service Requirements for series of Senior Bonds with respect to which there are related Subordinate Hedge Obligations, were calculated using the related swap rates and assuming the swap cash flows occur on the same lien level with such Senior Bonds. As described in the footnotes to the table, certain assumptions were made by the City with respect to the interest rates on the Subordinate Hedge Facility Obligations. See "Subordinate Obligations — *Outstanding Subordinate Hedge Facility Obligations*" below.

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Table 11
Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

Fiscal Year Ending December 31	Outstanding Senior Bonds Debt Service Requirements [1,2,3]	Outstanding Subordinate Bond Debt Service Requirements [4]	Series 2018A-B Subordinate Bonds Principal	Series 2018A-B Subordinate Bonds Interest [5]	Total Outstanding Subordinate Bonds Debt Service Requirements [4,5]	Total Senior Bonds and Subordinate Bonds Debt Service Requirements [1,2,3,4,5]
2018	$285,156,745	$ 77,476,289	$ --	$ --	$ 77,476,289	$ 362,633,034
2019	302,464,733	65,262,598	3,725,000	9,096,602	78,084,200	380,548,933
2020	310,123,206	62,782,044	9,670,000	32,070,256	104,522,300	414,645,506
2021	295,118,217	66,378,054	8,945,000	47,300,016	122,623,070	417,741,287
2022	294,150,189	47,860,651	24,455,000	112,889,338	185,204,989	479,355,178
2023	263,209,029	79,882,401	34,675,000	119,869,425	234,426,826	497,635,855
2024	288,619,375	81,219,657	35,465,000	118,135,675	234,820,332	523,439,707
2025	301,184,789	76,725,761	33,840,000	116,362,425	226,928,186	528,112,975
2026	177,350,435	70,487,313	67,930,000	114,670,425	253,087,738	430,438,173
2027	172,275,436	70,500,575	71,325,000	111,273,925	253,099,500	425,374,936
2028	180,964,505	70,494,675	74,895,000	107,707,675	253,097,350	434,061,855
2029	181,544,426	66,324,475	78,640,000	103,962,925	248,927,400	430,471,826
2030	178,119,033	59,125,600	77,600,000	100,030,925	236,756,525	414,875,558
2031	165,524,759	59,063,950	86,450,000	96,150,925	241,664,875	407,189,634
2032	123,717,466	59,065,000	90,775,000	91,828,425	241,668,425	365,385,891
2033	83,056,904	56,408,338	95,310,000	87,289,675	239,008,013	322,064,917
2034	44,898,191	44,838,338	99,705,000	82,864,175	227,407,513	272,305,704
2035	45,033,666	43,403,788	102,665,000	77,912,525	223,981,313	269,014,979
2036	45,181,066	36,093,163	107,690,000	72,885,475	216,668,638	261,849,704
2037	45,408,707	35,431,300	113,045,000	67,526,975	216,003,275	261,411,982
2038	45,954,838	35,430,200	118,560,000	62,016,325	216,006,525	261,961,363
2039	46,505,748	34,193,750	111,655,000	56,570,500	202,419,250	248,924,998
2040	24,244,500	34,132,113	106,055,000	51,255,750	191,442,863	215,687,363
2041	24,376,700	34,129,738	106,645,000	46,221,000	186,995,738	211,372,438
2042	23,303,650	34,135,188	107,235,000	41,156,750	182,526,938	205,830,588
2043	22,444,700	34,109,375	112,325,000	36,063,000	182,497,375	204,942,075
2044	--	--	117,675,000	30,714,750	148,389,750	148,389,750
2045	--	--	123,230,000	25,156,000	148,386,000	148,386,000
2046	--	--	129,065,000	19,319,500	148,384,500	148,384,500
2047	--	--	135,195,000	13,191,250	148,386,250	148,386,250
2048	--	--	141,630,000	6,756,500	148,386,500	148,386,500
Total	$3,969,931,013	$1,434,954,327	$2,526,075,000	$2,058,249,112	$6,019,278,446	$9,989,209,459

1 Includes Debt Service Requirements for the economically defeased Senior Bonds and related Subordinate Hedge Facility Obligations. See "— Outstanding Senior Bonds" above.
2 Variable rate interest and interest rate swap payments are computed assuming one-month LIBOR equals 2.71%, three-month LIBOR equals 2.81%, and SIFMA equals 1.85%.
3 Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.
4 Does not include debt service on the Series 2017C Bonds, all of which will be refunded by the Series 2018A-B Subordinate Bonds, and the Outstanding Subordinate Contract Obligation with U.S. Bank National Association in the principal amount of up to $150 million. See "—Subordinate Obligations" below.
5 Amounts are net of $317,078,191.28 representing capitalized interest funded with the Series 2018A-B Subordinate Bonds and assumed interest earnings thereon.
Source: Municipal Advisor.

Subordinate Obligations

Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations have been and may also in the future be issued under the Subordinate Bond Ordinance. Such obligations are secured by a pledge of Net Revenues that is subordinate to the pledge of Net Revenues that secures the Senior Bonds and Senior Obligations.

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of Net

Revenues on a basis subordinate to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations, 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). 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 Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations.

Outstanding Subordinate Contract Obligations. For purposes of interim financing of project costs related to the Airport's 2018-2022 Capital Program, in December 2017, the City, for and on behalf of the Department, has incurred a Subordinate Contract Obligation in the form of a revolving loan in the maximum aggregate principal amount not to exceed $150 million pursuant to the Revolving Credit Agreement with U.S. Bank National Association.

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Outstanding Subordinate Hedge Facility Obligations. Since 1998, the City has 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 the swap agreements is set forth in Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2017 appended to this Official Statement. The following table is a summary of the interest rate swap agreements outstanding as of August 1, 2018 that are Subordinate Hedge Facility Obligations. See also "— Master Derivatives Policy" below and "APPENDIX E — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016."

Table 12

Year of the Swap Agreement[1]	Counterparty	Notional Amount (in million)	Termination Date	Payable Swap Rate	Receivable Swap Rate	Fair Value to the City as of 8/1/2018 (in millions)[3]
1998	Goldman Sachs Capital Markets, L.P.	$100.00	11-15-2025	4.7600%	70% 1M LIBOR+0.1%	$ (10.53)
1998	Societe Generale, New York Branch	100.00	11-15-2025	4.7190%	70% 1M LIBOR+0.1%	(10.37)
1999	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	5.6179%	SIFMA	(9.07)
1999	Merrill Lynch Capital Services, Inc.	50.00	11-01-2022	5.5529%	SIFMA	(4.46)
2002	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	SIFMA	76.33% 1M LIBOR	0.42
2005	Royal Bank of Canada	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(3.63)
2005	JP Morgan Chase Bank	44.25	11-15-2025	3.6874%	70% 1M LIBOR	(3.69)
2005	Jackson Financial Product, LLC[2]	88.51	11-15-2025	3.6560%	70% 1M LIBOR	(7.26)
2005	Piper Jaffray Financial Products[2]	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(3.63)
2006A	JP Morgan Chase Bank	127.35	11-15-2025	4.0085%	70% 1M LIBOR	(10.27)
2006A	Societe Generale, New York Branch	42.45	11-15-2025	4.0085%	70% 1M LIBOR	(3.42)
2006B	Royal Bank of Canada	44.25	11-15-2025	SIFMA	4.0855%	4.27
2006B	JP Morgan Chase Bank	44.25	11-15-2025	SIFMA	4.0855%	4.27
2006B	Jackson Financial Product, LLC[2]	88.51	11-15-2025	SIFMA	4.0855%	8.54
2006B	Piper Jaffray Financial Products[2]	44.25	11-15-2025	SIFMA	4.0855%	4.27
2008A	Royal Bank of Canada	84.9	11-15-2025	4.0085%	70% 1M LIBOR	(6.85)
2008B	Loop Financial Products	100.00	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	(12.13)
2009A	Loop Financial Products	50.00	11-01-2022	5.6229%	SIFMA	(4.54)
		$1,297,220				$(68.06)

[1] The year in which the swap agreement was entered does not relate to the associated series of Senior Bonds. See Note 12 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2017 appended to this Official Statement for information relating to the associated series of Senior Bonds for each swap agreement.

[2] The City, for and on behalf of the Department, is in the process of novating the swaps with these counterparties as described in more detail below.

[3] Reflects mid-market valuations, including accrued, but unpaid interest as provided to the City by BLX Group, the City's swap monitoring service provider. Totals may not add due to rounding.

Source: The Department of Aviation and the Municipal Advisor.

The City, for and on behalf of the Department, is in the process of novating or transferring its swaps with Jackson Financial Products, LLC ("**JFP**") to one of JFP's credit support providers for the swaps, Merrill Lynch Capital Services, Inc. JFP triggered a payment default on the swaps which payments have subsequently been made to the City by Merrill Lynch Capital Services, Inc. as JFP's credit support provider. While there is no assurance of the timing of such a novation or transfer, or whether the swaps will ultimately be novated or transferred, the City has the right to cause such a transfer or novation to occur if a default or termination event with respect to JFP continues by exercising its option to declare an early termination date in accordance with the terms of a Transaction Transfer Agreement between the City, JFP and Merrill Lynch Capital Services, Inc. Regardless of whether JFP, Merrill Lynch Capital Services, Inc. and the City can mutually agree to the terms of a negotiated novation or transfer, Merrill Lynch Capital Services, Inc. is contractually obligated to pay to the City any unpaid amounts owed to the City by JFP under the swaps.

The City is in the process of novating or transferring its swaps with Piper Jaffray Financial Products, Inc. ("**PJFP**") to one of PJFP's credit support provider for the swaps, Morgan Stanley Capital Services LLC. A termination event (which would give the right the City right but not the obligation to declare an early termination date) under the swaps was triggered because the credit ratings of Morgan Stanley and Morgan Stanley Capital Services Inc., as PJFP's credit support providers, fell below certain thresholds and PJFP failed to cure by electing to post collateral or take other permitted remedial actions. While there is no assurance of the timing of such a novation or transfer, or whether the swaps will ultimately be novated or transferred, the City has the right to cause such a transfer or novation to occur if a default or termination event with respect to PJFP continues by exercising its option to declare an early termination date in accordance with the terms of a Replacement Swap Undertaking between the City, PJFP and Morgan Stanley Capital Services, Inc. In connection with the proposed novation or transfer, it is proposed that Morgan Stanley Capital Services Inc. would agree to post collateral to cure the subject ratings downgrade termination event. No assurance can be given that such proposed cure will actually occur.

Subordinate Credit Facilities Obligations. The City, for and on behalf of the Department, has entered into a Subordinate Credit Facility to secure the Series 2015A Subordinate Bonds and the Series 2017C Subordinate Bonds. The City's obligations to the financial institutions providing such Subordinate Credit Facilities constitute Subordinate Credit Facilities Obligations under the Subordinate Bond Ordinance.

Junior Lien Bonds and Junior Lien Obligations

The Subordinate Bond Ordinance permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, subordinate commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and Subordinate Obligations.

As permitted under the Subordinate Bond Ordinance and in connection with the Airport Hotel, the City, for and on behalf of the Department, adopted Ordinance No. 15-0774, Series of 2015 (the "**Hotel Ordinance**") to provide for the administration of the revenues of the Airport Hotel and the payment of costs and expenses related to the Airport Hotel. The Hotel Ordinance established a Hotel Operating Account (the "**Hotel Operating Account**") within the Revenue Fund held under the Senior Bond Ordinance, which account is administered as provided in the CMA (as defined above under "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center — *The Airport Hotel*"). Pursuant to the Hotel Ordinance, the City created the "City and County of Denver, Colorado, Airport System Junior Lien Obligations Fund" (the "**Junior Lien Obligations Fund**") and the "City and County of Denver, Airport Hotel Junior Lien Obligations Account" (the "**Airport Hotel Junior Lien Obligations Account**") within the Junior Lien Obligations Fund. In order to facilitate the City's payment obligations under the HMA and the CMA, the following subaccounts were created within the Airport Hotel Junior Lien Obligations Account: the Senior Hotel FF&E Reserve Fund, the Senior Hotel CapEx Reserve Fund, the Hotel Operating Reserve Fund, and the Subordinate Hotel CapEx Reserve Fund. The City's obligations under the HMA to make payments, transfers, and deposits to the accounts described above constitute Junior Lien Obligations (the "**Hotel Junior Lien Obligation**") for purposes of the Subordinate Bond Ordinance. Such Junior Lien Obligations have a lien on Net Revenues subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds, and Subordinate Obligations. The flow of funds described in the HMA and the CMA is used for internal Airport accounting purposes and does not modify in any manner the flow of funds required under the Senior Bond Ordinance. See "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center — *The Airport Hotel*."

The City adopted the Junior Lien Bond Ordinance permitting the issuance of Junior Lien Bonds having a lien on Net Revenues subordinate only to the lien thereon of the Senior Bonds and Subordinate Bonds and incurrence of Junior Lien Obligations (consisting of Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations), having a lien on Net Revenues subordinate only to the lien thereon of the Senior Obligations and Subordinate Obligations. The Junior Lien Bond Ordinance affirms the Hotel Junior Lien Obligation and states that it shall constitute a Junior Lien Obligation for purposes of the Junior Lien Bond Ordinance.

Pursuant to the Junior Lien Bond Ordinance, the City also adopted the Supplemental General Junior Lien Bond Ordinance, Ordinance No. 17-0973, Series of 2017 (the "**Great Hall Ordinance**"), which declared an obligation of the City, for and on behalf of the Department, to make monthly Supplemental Payments under the Great Hall Agreement a Junior Lien Contract Obligation (the "**Great Hall Junior Lien Obligation**"). The monthly Supplemental Payments are expected to range between approximately $22.9 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) and approximately $57.4 million (adjusted for inflation using CPI) annually in 2051 (the last full year of the Great Hall Agreement being in effect). Such monthly Supplemental Payments and any flow of funds described in the Great Hall Agreement do not modify in any manner the flow of funds required under the Senior Bond Ordinance. See "CAPITAL PROGRAM — Major Projects in the 2018-2022 Capital Program — *Jeppesen Terminal*."

While certain Junior Lien Obligations are outstanding, there are no Junior Lien Bonds currently outstanding.

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 <u>not</u> payable from Gross Revenues.

United financed and subsequently 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. United currently leases all of the support facilities and certain tenant finishes and systems on Concourse B under a lease which terminates on October 1, 2023, unless extended as set forth in the lease or unless terminated earlier upon the occurrence of certain events as set forth in the lease. The lease payments under this lease constituted the sole source of payment for the Special Facilities Bonds originally issued in 1992 and refunded in 2007 and most recently refunded in September 2017 with proceeds of the City and County of Denver, Colorado Special Facilities Airport Revenue Refunding Bonds (United Air Lines Project) Series 2017.

See "DENVER INTERNATIONAL AIRPORT — Other Facilities" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Other Building and Ground Leases."

Installment Purchase Agreements

The City is currently a party to certain Installment Purchase Agreements with Sovereign Capital Leasing, Banc of America Public Capital Corp, and Santander Bank NA, which were entered into in order to provide for the financing of certain portions of the Airport's capital program, including, among other things, the acquisition of technology equipment, the acquisition of various runway maintenance, snow removal and emergency vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in Jeppesen Terminal and the funding of the portion of the costs of 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, 2017, $11.1 million of principal note payments were outstanding under these Installment Purchase Agreements, compared to $14.7 million at December 31, 2016.

The obligation of the City under each 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 the City has not pledged any moneys in the Capital Fund or any other revenues of the Airport System to the payment of these Installment Purchase Agreements.

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 non-Signatory Airlines, 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."

The City believes that its rate-making methodologies, including its allocation of costs for purposes of setting rates and charges, are reasonable. However, 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 "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

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 with a passenger facility charge ("**PFCs**") 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. Currently, the collection fee equals $0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also "CERTAIN INVESTMENT CONSIDERATIONS — Risk of

Airline Bankruptcies" 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 revenues for the years 2013 through 2017 and the first six months of 2017 and 2018 are set forth in the following table.

Table 13
PFC Revenues

Year	PFC Revenues (thousands)[1]	Percent Change
2013	$103,032	(2.3)%[2]
2014	103,959	0.1
2015	106,006	2.0
2016	114,230	7.8
2017	118,333	3.6
2017[3]	57,168	--
2018[3]	60,212	5.3

1 These amounts constitute the revenues derived from the entire $4.50 PFC net of the collection fees retained by the airlines.
2 Compared to PFC revenues of $105,472,260 in 2012.
3 PFC revenues collected through June 30, 2017 and June 30, 2018, respectively.
Sources: Audited financial statements of the Airport System for Fiscal Years 2013-2017 and Unaudited Financial Statements of the Airport System for six months ended June 30, 2017 and June 30, 2018 (attached hereto as Appendix F).

The City's authorization to impose the PFC (obtained pursuant to the existing PFC applications approved by the FAA) expires upon the earlier of February 1, 2029, or the collection of approximately $3.3 billion of PFC revenues, net of collection fees. Through December 31, 2017, the City collected approximately $2.0 billion in PFC revenues, constituting approximately 60.6% of the total authorized amount. 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 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 Bond Ordinances, 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 reduce or terminate 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, the Subordinate Bonds and Junior Lien Bonds and to comply with the Senior Rate Maintenance Covenant, the Subordinate Rate Maintenance Covenant, and the similar covenant contained in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants" and "CERTAIN INVESTMENT CONSIDERATIONS — Availability of PFCs."

Treatment of PFCs Under the Prior PFC Supplemental Ordinances. The definitions of Gross Revenues in each of the Bond Ordinances do not include PFC revenues unless, and then only to the extent, PFC revenues are included as Gross Revenues by the terms of a Supplemental Ordinance.

In 2009 and in 2012, the City Council adopted Supplemental Ordinances (the "**Prior PFC Supplemental Ordinances**") that included the $1.50 portion of the total $4.50 PFC received by the City pursuant to the existing PFC applications (net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues) in Gross Revenues under the Senior Bond Ordinance in each Fiscal Year until the Manager gives written notice to the Treasurer that such PFCs shall no longer be included in Gross Revenues for purposes of the Senior Bond Ordinance.

The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Senior Rate Maintenance Covenant and for the issuance of Additional Senior Bonds, there is to be excluded from Debt Service Requirements for the Senior Bonds amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See "APPENDIX B — GLOSSARY OF TERMS."

The City irrevocably committed the remaining $3.00 portion of the total $4.50 PFC received by the City pursuant to the existing PFC applications (net of collection fee), up to a certain maximum annual committed amounts, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2018 (the "**Committed Passenger Facility Charges**"). The maximum annual committed amount for Fiscal Year 2018 is $132,673,000. The City has determined not to extend the irrevocable commitment of the Committed Passenger Facility Charges after Fiscal Year 2018, as discussed in more detail under "*2018 PFC Supplemental Ordinance; Designated Passenger Facility Charges*" below.

2018 PFC Supplemental Ordinance; Designated Passenger Facility Charges. The City Council is expected to adopt the 2018 PFC Supplemental Ordinance which, beginning on January 1, 2019, (i) terminates the Committed Passenger Facility Charges and related irrevocable commitments to the payment of the Debt Service Requirements of Senior Bonds, and (ii) includes all PFCs received by the City pursuant to all existing and future PFC applications, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues (the "**Designated Passenger Facility Charges**"), in Gross Revenues under the Bond Ordinances. The amounts resulting from the collection of the Designated Passenger Facility Charges are to continue to be included in Gross Revenues in each Fiscal Year until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges, or a portion thereof, are no longer to be included in Gross Revenues for purposes of the Bond Ordinances. PFC revenues that are included in Gross Revenues may be applied by the City to any lawful purpose authorized by PFC applications approved by the FAA, including paying debt service on debt issued to finance PFC eligible projects. See "SECURITY AND SOURCES OF PAYMENT— Subordinate Pledge of Net Revenues; — Flow of Funds; Revenue Fund."

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. State aviation fuel tax receipts remitted to the Airport were approximately $9.3 million in 2016 and $16.8 million in 2017, such increase resulting primarily from increases in jet fuel prices.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is also treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts allocated to the Airport Revenue Fund were approximately $9.6 million in 2016 and $9.2 million in 2017.

Federal Grants and Other Funding; Financial and Performance Audits

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.

Airport Improvement Program. One source of federal grants benefiting the Airport is the Airport Improvement Program (the "**AIP**") established pursuant to the Airport and Airway Improvement Act of 1982 (Public Law 97-248). The AIP is administered by the FAA and is funded from the Airport and Airway Trust Fund, which is supported by user fees, fuel taxes, and other similar revenue sources. The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA.

The AIP has been amended several times, most recently with the passage of the FAA Modernization and Reform Act of 2012 (the "**2012 Reauthorization Act**") and the FAA Extension, Safety, and Security Act of 2016 (the "**2016 Reauthorization Act**") enacted into law on July 15, 2016. The 2012 Reauthorization Act provided for general FAA funding authorization through fiscal year 2015, and revised requirements for the AIP. The 2016 Reauthorization Act extended the authority of the FAA and provided funding for the AIP through September 30, 2017. Since October 1, 2017, the FAA has operated under two short-term extensions, including the Disaster Tax Relief and Airport and Airway Extension Act, which extended the FAA's authority through March 31, 2018, and the current measure, the Consolidated Appropriations Act, 2018, expiring September 30, 2018. The Consolidated Appropriations Act authorizes $3.350 billion for AIP in 2018.

Congress has held hearings on a multi-year FAA reauthorization act, with both the House of Representatives and the Senate having introduced separate legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding through 2023 and 2021, respectively. On April 27, 2018, the House of Representatives passed its version of a long-term FAA reauthorization bill, which, as of the date of this Official Statement, has not been voted on by the Senate. Prior to the 2016 Reauthorization Act, Congress enacted over 20 continuing resolutions providing temporary funding for the FAA and its programs, and during this period, funding for non-essential operations of the FAA was terminated once. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the current Extension Act expires on September 30, 2018. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

Financial and Performance Audits. Like all City departments, from time to time the Department is subject to performance and financial audits by federal and state agencies and local officials. When appropriate, the Department responds by adjusting or improving its relevant practices.

Stapleton

When the Airport opened in February 1995, the City ceased aviation operations at the Stapleton International Airport ("**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.

The SDC has sold all but 152 acres of developable land and 26 acres of open space. An additional area of open space of approximately 658 acres 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 in accordance with the Senior Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Capital Fund."

Intergovernmental Agreement with Adams County

The City and the County of Adams, Colorado ("**Adams County**"), the county from which land for the Airport was annexed into the City, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "**Adams County IGA**"), that, among other things, governs land use in and around the Airport and establishes maximum levels of noise (the "**Noise Standards**") at 101 grid points in the vicinity of the Airport that may not be exceeded on an average annual basis. The Adams County IGA also establishes a noise contour for the Airport beyond which the City agrees to keep aircraft noise below certain levels. A noise contour is a line surrounding an airport that encloses a geographic region, which is exposed to a particular noise level. As further described below, the City and Adams County have entered into an Amendatory Intergovernmental Agreement with an effective date of January 1, 2016 (the "**IGA Amendment**").

Noise Mitigation. Calculated noise levels that exceed the Noise Standards by two decibels or less in a year and certain noise contour violations are potential "Class I violations" under the Adams County IGA and calculated noise levels that exceed the Noise Standards by more than two decibels in a year and certain noise contour violations are potential "Class II violations" of the Adams County IGA. The Adams County IGA permits Adams County to send a notice of Class II violations to the City and provides that whenever a Class II violation has occurred, the City and Adams County will jointly petition the FAA to implement changes in flight procedures or Airport operations that are necessary to achieve compliance with the Noise Standards and noise contour requirements. In the event the FAA fails to act, the City is required to impose such rules and regulations as will achieve and maintain the Noise Standards and if the City does not impose such rules and regulations within a certain time frame, then Adams County, or any city within which a violation has occurred, may seek an order from a court compelling the City to impose such rules and regulations. The Adams County IGA provides that if the court, after hearing the matter, does not order the City to exercise its authority to impose such rules and regulations so as to achieve and maintain the Noise Standards and noise contour requirements, or determines that the City does not have such authority, then the City is required to pay a noise mitigation payment of $500,000 for each Class II violation to Adams County or the city in which the property affected by the noise violation is located.

The City has prepared annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2017 using a noise modeling system known as "ARTSMAP." Prior to 2014, Class I and Class II violations were identified using ARTSMAP and the City made mitigation payments to Adams County and the cities in which the property affected by the noise violation was located. The Fiscal Year 2017 report identified one potential Class II noise violation, which was cured without payment coming due. No potential Class II noise violations, including no noise contour violations, were reported in the first half of 2018 and the City expects that noise levels, determined using ARTSMAP, will likely not exceed the Noise Standards during the second half of 2018 and in 2019. The City, however, has received Notices of Violation from Adams County (based on non-ARTSMAP system) and on July 2, 2018 a lawsuit was filed by Adams County against the City in

Jefferson County District Court of Colorado alleging, among other things, breach by the City of the Adams County IGA based on the City's continued use of ARTSMAP. See "LITIGATION — Current Litigation Relating to the Adams County IGA" for more information.

Land Use; IGA Amendment. The Adams County IGA contains provisions governing and restricting land use on and around the Airport. In response to the City's plans for regional development and potential new land uses at the Airport, the City (acting as the City and County of Denver) and Adams County entered into the IGA Amendment. Pursuant to the IGA Amendment, the parties agreed to amend the land use regulations contained in the Adams County IGA in order to provide greater opportunities for businesses to locate on land surrounding the Airport. The City also paid $10 million to Adams County as partial consideration for (i) the modification of land use regulations, (ii) the authority granted to the City to designate certain land parcels for development (each, a "**Development Parcel**") under the provisions of the IGA Amendment, and (iii) increased opportunities for the City to lease, develop and use certain land surrounding the Airport. In addition, the City agreed to annually pay to Adams County an amount equal to 50% of the revenue derived from City taxes (with certain exceptions described in the IGA Amendment) imposed upon the development or use of any Development Parcel. Such revenues are required to be shared among Adams County and the cities of Aurora, Commerce City, Brighton, Thornton and Federal Heights. The total amount of acreage the City may designate as Development Parcels may not exceed 1,500 acres in the aggregate. Adams County, with the consent of the applicable municipality, may agree to increase the number of acres available for designation as Development Parcels at any time by an amendment to the Adams County IGA as provided therein without voter approval.

Investment Policy

The Senior Bond Ordinance permits the City to invest Airport System funds in "Investment Securities" as defined therein. See "APPENDIX B — 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 City's Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The City's 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; insured certificates of deposit issued by banks and savings and loan institutions which are eligible public depositories as defined under Colorado Law. Uninsured certificates of deposit with Denver banks is required to be collateralized in accordance with the State's Public Deposit Protection Act; repurchase agreements; security lending agreements; highly rated municipal securities; money market funds that purchase only the types of securities specified in this paragraph; any investment type in which the Colorado state treasurer is allowed to invest state moneys if otherwise compliant with the City's investment policy, and other similar securities as may be authorized by ordinance. The City Municipal Code permits the City to invest in debt service reserve fund put agreements and forward purchase agreements.

Consistent with the City Charter, the City adopted a written investment policy on March 3, 2015 that implements the following strategies: (1) no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises, supranationals, local agency government investment pools, money market funds and repurchase agreements; (2) the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the credit quality, liquidity or yield of the portfolio in response to market conditions or risk preferences; and (3) if securities owned by the City are downgraded by a nationally recognized rating agency to a level below the credit rating required by the City's investment policy, it will be the policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. The decision will be based on current maturity for such securities, the economic outlook for the issuer, and other relevant factors, including certain restrictions related to the duration of such investments, maximum limits within asset portfolios, rating restrictions, and diversification requirements. The City's Chief Financial Officer will be notified of any such downgrades and the decision made by the City's investment team.

Master Derivatives Policy

The City's Master Derivatives Policy provides guidelines concerning the use by the City's Department of Finance of swaps, caps, floors, collars, options on swaps ("**swaptions**") and other derivative financial products, including Subordinate Hedge Facility Obligations. Such derivative financial products are collectively referred to herein as "**Swaps**." See also "FINANCIAL INFORMATION — Outstanding Subordinate Bonds and — Subordinate Obligations."

In accordance with the Master Derivatives Policy, the Manager of Finance is required to develop the terms and provisions of each Swap with the input and advice of the City's financial advisors or swap advisors. Proposed Swaps must be approved by the City Council through the adoption of a swap ordinance (a "**Swap Ordinance**"). The Swap Ordinance establishes the authorized parameters for notional amount, Swap maturity, source of payment and other requirements relating to a Swap.

The Master Derivatives Policy does not restrict the City in the use of Swaps but requires the City to consider certain strategies in applying Swaps, including: (i) managing the City's exposure to floating and fixed interest rates through interest rate swaps, caps, floors, collars and other swaptions products; (ii) hedging floating rate risk with caps, collars, basis swaps and other instruments; (iii) locking in fixed rates in current markets for use at a later date through the use of forward swaps, swaptions, rate locks, options and forward delivery products; (iv) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; (v) more rapidly accessing the capital markets than may be possible with conventional debt instruments; (vi) managing the City's exposure to the risk of changes in the legal and regulatory treatment of tax-exempt debt; and (vii) other applications to enable the City to lower costs or strengthen the City's balance sheet.

The Master Derivatives Policy requires the City to make its best efforts to work with qualified swap counterparties that (i) have a general credit rating of at least "Aa3" or "AA-" by two of the nationally recognized rating agencies, or (ii) are a triple-A rated derivative products subsidiary as rated by at least two nationally recognized credit rating agencies, but not a terminating structure (continuation structures may be approved). For lower rated counterparties, the City must require credit enhancement consistent with the Master Derivatives Policy. In cases where the counterparty's obligations are rated based on a guarantee or specialized structure to achieve the required credit rating, the City is required to thoroughly investigate the nature and legal structure of the guarantee or structure in order to determine that it fully meets the City's requirements.

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. The Airport and the City share a property insurance policy with a total loss limit of $4 billion, subject to a $100,000 per occurrence deductible. This is based on a reported value of approximately $5.6 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately $135 million (which is included in the $5.6 billion total). Terrorism and non-certified acts of terrorism are included under the Airport's property insurance. 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. An Airport Owners and Operators Liability policy is maintained with a $500 million per occurrence liability limit. War risk is included in this coverage with a $150 million limit and terrorism risk is included at full policy limits. The Airport also maintains business interruption insurance with a total loss limit of $25 million in the event of a disaster-related closing or interruption in operation of the Airport, and maintains various other insurance policies including environmental pollution liability with a total loss limit of $10 million in the aggregate, network security with a total loss limit of $20 million in the aggregate, crime insurance with a total loss limit of $10 million in the aggregate, and fine arts coverage shared with the City with a total loss limit of $450 million in the aggregate. The Airport retains $2.5 million to self-insure for primary workers' compensation liability, and maintains a $2 million policy for excess workers' compensation liability.

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 fewer than 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 Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2018A-B Subordinate Bonds involve investment risks and considerations. Prospective investors should read this Official Statement, including appendices thereto, in its entirety. The factors set forth below, among others, may affect the security for the Series 2018A-B Subordinate Bonds. The information below does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2018A-B Subordinate Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase and ownership of the Series 2018A-B Subordinate Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Furthermore, additional risk factors not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Net Revenues. There can be no assurance that other risks or considerations not discussed herein are or will not become material in the future.

Dependence on Levels of Airline Traffic and Related Activity

The Series 2018A-B Subordinate Bonds are payable solely from and secured by a subordinate pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the General Bond Ordinance. Gross Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, population and economy of the Airport service region, national and local unemployment rate, political conditions including wars, other hostilities and acts of terrorism, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and route networks, airline competition and airfares, airline mergers, the sale of airlines, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry, capacity of the national air transportation system and of the Airport, business travel substitutes, including teleconferencing, videoconferencing and web-casting; accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, and the occurrence of pandemics and other natural and man-made disasters, some of which are discussed in further detail hereafter in this section. See also "AVIATION ACTIVITY AND AIRLINES" below and "AIRLINE TRAFFIC ANALYSIS" and "AIRLINE TRAFFIC FORECASTS" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

The airline industry is cyclical and subject to competition and variable demand. Traffic volumes are responsive to economic circumstances and seasonal patterns. Other factors, such as fuel and regulatory costs, can also have a significant impact on the industry. As a result, airline financial performance can fluctuate dramatically from one reporting period to the next.

In addition to revenues received from the airlines, the Airport derives a significant portion of its revenues from parking and from concessionaires including merchandisers, car rental companies, restaurants, and others. See "FINANCIAL INFORMATION." Past declines in Airport passenger traffic have adversely affected, and future declines may adversely affect, parking revenues and the commercial operations of many of such concessionaires. Severe financial difficulties affecting a concessionaire could lead to a reduction in, or failure to pay, rent due under its lease agreement with the Airport or could lead to the cessation of operations of such concessionaire.

Concentration of Airline Market Share

The major air carriers operating at the Airport, by local market share, are United, Southwest, Frontier, American, and Delta. Except for these airlines, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2017 or more than 5% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2017. Major domestic airlines have joined or may be forming alliances with other major domestic airlines. Depending on which airlines serving the Airport merge or join alliances, the result may be fewer flights by one or more airlines, which decreases could be significant. For example, United Group and Southwest were responsible for 42.3% and 29.7% of the Airport's passenger enplanements in 2017. If either of these airlines were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. While historically when airlines have reduced or ceased operations at the Airport other airlines have absorbed the traffic with no significant adverse impact on Airport revenues, it is possible that were United or Southwest to cease or significantly cut back operations at the Airport, Gross revenues, PFC collections and costs for other airlines serving the Airport could be adversely affected.

No assurances can be given with regard to the future level of activity of United, Southwest, or Frontier at the Airport, or that, in the event that the operations of these airlines at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "— Risk of Airline Bankruptcies" below, as well as "AVIATION ACTIVITY AND AIRLINES" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements." See also "AIRLINE TRAFFIC TRENDS" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Current Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the condition of the U.S. economy and levels of real disposable income. Previous recessions and periods of stagnant economic conditions in the U.S., Colorado and Denver metropolitan area contributed to reduced passenger traffic at the Airport. For a discussion of the effect of the economy on the airline traffic and for economic and demographic information with respect to the Denver metropolitan area, see "ECONOMIC BASIS FOR AIRLINE TRAFFIC" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economic conditions, trade balances, currency exchange rates, political relationships, and hostilities are important influences on passenger traffic at U.S. airports, including the Airport. Sustained future increases in passenger traffic at the Airport will depend in part on stable international conditions as well as national and global economic growth. See also "Dependence on Levels of Airline Traffic and Related Activity" above and "KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC — Economic Conditions" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Financial Condition of the Airlines

The ability of the Airport to derive revenues from its operations depends largely upon the financial health of the airlines serving the Airport and the airline industry as a whole. The financial results of the airline industry has historically been volatile and many carriers have had extended periods of unprofitability in the past. The airline industry is sensitive to a variety of factors, including the cost and availability of labor, fuel, aircraft, supplies and insurance; general economic conditions; international trade; currency values; competitive considerations, including effects of airline ticket pricing; governmental regulations, including security and climate change-related regulations; taxes imposed on airlines and passengers; maintenance and environmental requirements; passenger demand for air travel; strikes and other union activities; availability of financing; and disruptions caused by airline accidents, criminal accidents, public health concerns and acts of war or terrorism.

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability. Continued or new hostilities in the Middle East or other petroleum producing regions could dramatically impact the price and availability of aviation fuel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Fuel prices peaked between 2011 and 2014 before significantly decreasing in mid-2014. While fuel prices have declined in the past few years due to strong global supply, increased U.S. oil production and other factors, fuel prices have risen steadily since August 2017, though not to the levels of 2011 to 2014, and further increases in the cost of aviation fuel may occur in the future. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse impact on the air transportation industry by increasing airline operating costs and reducing airline profitability.

In addition, the airline industry has undergone significant changes, including mergers, acquisitions and bankruptcies. Additional bankruptcy filings, mergers, consolidations and other major restructuring by airlines are possible. In recent years, airlines have taken a variety of measures to increase their profitability, including closures or reductions of unprofitable routes, reductions of work forces, implementation of pay cuts, streamlining of operations and introduction of new fees. The City is not able to predict whether any future airline mergers, consolidations, reorganizations or liquidations will occur or the impact that any such events may have on the airline traffic at the Airport or the operations of the Airport. The City makes no representation concerning the financial health of the airlines, and no assurance can be given regarding the impact, if any, that future unfavorable events affecting airline users or the airline industry more broadly might have upon the Net Revenue or the operations of the Airport.

See "— Dependence on Levels of Airline Traffic and Related Activity, — Current Economic Conditions, — Financial Condition of the Airlines; Industry Consolidation, — Risk of Airline Bankruptcies" in this section and "AVIATION ACTIVITY AND AIRLINES" below, as well as "KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC — Airline Consolidation and Alliances" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Ability to Meet Rate Maintenance Covenants

As described under "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants," the Senior Bond Ordinance and the Subordinate Bond Ordinance include covenants with respect to the establishment of rates and charges. However, each of such ordinances provide that so long as the Department is taking specified steps to meet the applicable rate covenant, an event of default will not be triggered. The ability of the Department to increase rates and charges and to reduce expenses is limited by, among other things, federal law and certain agreements with airlines and other users of the Airport facilities.

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires, and others, and/or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Airline Lease Agreements acknowledge the existence of the Senior Rate Maintenance Covenant and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges.

Security, Public Health and Natural Disasters Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities and terrorist attacks may influence passenger travel behavior and air travel demand. Additionally, computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Airport, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Gross Revenues.

Travel behavior also may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters, all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. Any decrease in passenger activity at the Airport would cause a corresponding decline in Gross Revenues. The City is unable to predict how serious the impact of security, natural disasters, or future pandemic may become, what effect they may have on air travel to and from the Airport, and whether any such effects will be material. See "ECONOMIC BASIS FOR AIRLINE TRAFFIC — Economic Outlook — Risks to the Economic Outlook" in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Force Majeure Events

The Airport's ability to generate Gross Revenues also is at risk from other force majeure events, such as extreme weather events and other natural occurrences, fires, explosions, spills of hazardous substances, strikes and lockouts, sabotage, or wars, terrorist or other attacks, blockades or riots. No assurance can be given that such events will not occur while the Series 2018A-B Subordinate Bonds are outstanding. Although the Airport has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance and business interruption insurance, no assurance can be given that such insurance will always be available in sufficient amounts, at a reasonable cost or available at all, or that insurers will pay claims in a timely manner or at all.

Regulations and Restrictions Affecting the Airport

The Airport is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The Airport is highly regulated by federal agencies including the FAA, the TSA, Customs and Border Protection, and the U.S. Department of Health. The City is unable to predict the adoption or amendment of additional laws, rules or regulations, or their effect on the operations or financial condition of the Airport.

The operations of the Airport are also 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. 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 and — Federal Grants and Other Funding; Financial and Performance Audits."

Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport and on the airlines operating at the Airport. The United States Environmental Protection Agency (the "**EPA**") has taken steps towards regulation of greenhouse gas ("**GHG**") emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. On July 5, 2011, the United States District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the GHG and black carbon emissions of aircraft engines endanger public health and welfare. On June 10, 2015, the EPA proposed to find that GHG emissions from certain aircraft cause and contribute to pollution that endangers public health and welfare. The endangerment finding and a related cause/contribute finding were finalized on July 25, 2016 and published as a final rule in the Federal Register Vol. 81, No. 157 on August 15, 2016, as the EPA Administrator found that GHGs emitted from certain classes of engines used in certain aircraft are contributing to air pollution that endangers public health and welfare; however, the final rule has not yet been codified in the Code of Federal Regulations and the EPA has not yet issued proposed or finalized aircraft engine GHG emissions standards.

Federal Funding; Impact of Federal Sequestration

The Airport depends on federal funding not only in connection with grants and PFC authorizations but also because federal funding provides for TSA, air traffic control, and other FAA staffing and facilities. The FAA currently operates under the FAA Modernization and Reform Act of 2012 (the "**2012 Reauthorization Act**"), the FAA Extension, Safety, and Security Act of 2016 (the "**2016 Reauthorization Act**"), as such acts were extended under the Disaster Tax Relief and Airport and Airway Extension Act, which extended the FAA's authority through March 31, 2018, and the Consolidated Appropriations Act, 2018 (the "**2018 Extension Act**"), expiring September 30, 2018. The 2016 Reauthorization Act retained the federal cap on PFCs at $4.50 and does not provide any increase in such rate and authorized $3.35 billion per year for the Airport Improvement Program (the "**AIP**"). The AIP provides funds to finance capital improvements to commercial, cargo and general aviation airports. AIP grant moneys include entitlement funds that are appropriated annually based on enplaned passengers as well as discretionary funds that are available at the discretion of the FAA. The 2018 Extension Act extends the authority of the FAA and provides funding for the AIP at current levels through September 30, 2018. See "FINANCIAL INFORMATION — Federal Grants and Other Funding; Financial and Performance Audits."

FAA AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. The City is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources, (ii) result in adjustments to the 2018-2022 Capital Program and future capital programs, and/or (iii) extend the timing for completion of certain projects.

Congress has held hearings on a multi-year FAA reauthorization act, with both the House of Representatives and the Senate having introduced separate legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding through 2023 and 2021, respectively. On April 27, 2018, the House of Representatives passed its version of a long-term FAA reauthorization bill, which, as of the date of this Official Statement, has not been voted on by the Senate. Prior to the 2016 Reauthorization Act, Congress enacted over 20 continuing resolutions providing temporary funding for the FAA and its programs, and during this period, funding for non-essential operations of the FAA was terminated once. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the FAA authority expires on September 30, 2018. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

Federal funding received by the Airport also could be adversely affected by implementation of certain provisions of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration could adversely affect FAA operations, TSA budgets, and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions. The full impact of such sequestration measures on the Airport is unknown at this time.

Airport Use and Lease Agreements

A substantial portion of Gross Revenues available for payment of debt service is derived from rentals, fees and charges imposed upon the Signatory Airlines under 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 February 2035 and the other existing Use and Lease Agreements expire in December 31, 2018, with the option (available only to the City) to extend such agreements until December 31, 2020. As of the date of this Official Statement, the City is in the process of extending all such Use and Lease Agreements by one year to expire on December 31, 2019. Any of such Use and Lease Agreements 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 or that challenges will not be made by airlines to the rates and charges established by the City or its method of allocating particular costs. See "— Risk of Airline Bankruptcies" below and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

Upon the expiration or termination of a Use and Lease Agreement, an airline is required to surrender the leased premises to the City. Holding over by a Signatory Airline following the expiration of the term of a Use and Lease Agreement or any extension thereof, without an express agreement as to such holding over, is deemed to be a periodic tenancy on a month-to-month basis. In such case, a Signatory Airline is subject to all the terms and conditions of the Use and Lease Agreement. Rent, fees, and charges for each month of such holding over are required to be paid by the airline to the City in an amount that is generally equal to the monthly rental, fees, and charges required for the month prior to the end of the term of such agreement. The City may encounter significant expenses, delays and potentially nonpayment of amounts owed by the airline following the expiration or termination of the related Use and Lease Agreement should the City be required to pursue legal action to enforce the Use and Lease Agreements.

Risk of Airline Bankruptcies

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay outstanding Senior Bonds and Subordinate Bonds, including the Series 2018A-B Subordinate Bonds. See also "AVIATION ACTIVITY AND AIRLINES — Airline Information" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements." 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 executory contracts with the City seeks protection under the Bankruptcy Code, such airline or its bankruptcy trustee must determine whether to assume, reject, or assume and assign 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 executory contracts.

With the authorization of the Bankruptcy Court, and without the consent and over the objection of the City, the airline may be able to reject its use and lease agreement and stop performing its obligations (including payment obligations) thereunder. In addition, the airline may be able to assign its rights and obligations under its use and lease agreement, despite any contractual provision prohibiting such an assignment.

Rejection of a Use and Lease Agreement or other executory agreement or contract will give rise to an unsecured claim of the City for damages. The amount of such damages in the case of a Use and Lease Agreement or other agreement is limited by the Bankruptcy Code. In the case of a rejection by the trustee in bankruptcy or the airline as debtor-in-possession, the rights of that airline to continued possession of the facilities subject to its use and lease agreement (including gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Department to other airlines, but that may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline's bankruptcy, and on the need for such facilities by the other airlines. 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 underground automated guideway transit system, 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, 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 airlines involved in foreign bankruptcy proceedings obtain an order in the United States to recognize the foreign proceedings, stay the actions of creditors in the United States, and have the relief ultimately granted by the foreign court apply to the airline's 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 also 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 49 U.S.C. § 40117 (as previously defined, 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 discussed in "FINANCIAL INFORMATION — Passenger Facility Charges" above.

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the benefit 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 attempts to provide 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 bankruptcy filing by an airline, particularly where the bankruptcy filing results in 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, whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline, or whether the funds would be determined to constitute property of the airline's bankruptcy estate, leaving the City with a general unsecured claim for PFCs collected but not remitted by the airline.

Enforcement of Remedies

The Subordinate Bond Ordinance provides that upon the happening and continuance of an event of default thereunder, the Owners of not less than 25% in principal amount of the outstanding Subordinate Bonds may accelerate all of the outstanding Subordinate Bonds. The Senior Bond Ordinance provides that upon the happening and the continuance of an event of default, the Owners of not less than 10% of the outstanding Senior Bonds may accelerate all of the outstanding Senior Bonds. An event of default with respect of any Senior Bonds also is an event of default under the Subordinate Bond Ordinance and Junior Lien Bond Ordinance.

The rights and remedies available to the Owners of the Series 2018A-B Subordinate Bonds may become subject to, among other things, the federal bankruptcy code; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; equity principles; limitations on the specific enforcement of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and regulatory and judicial actions that are subject to discretion and delay. The foregoing could subject the Owners of the Series 2018A-B Subordinate Bonds to, among other things, judicial discretion and interpretation of rights; the automatic stay provisions of the federal bankruptcy code; rejection of significant agreements; avoidance of certain payments to the Owners of the Series 2018A-B Subordinate Bonds as preferential payments; assignments of certain obligations, including those in favor of the Owners of the Series 2018A-B Subordinate Bonds; significant delays, reductions in payments and other losses to the Owners of the Series 2018A-B Subordinate Bonds; an adverse effect on the liquidity and values of the Series 2018A-B Subordinate Bonds; additional borrowings, which borrowings may have a parity lien on Net Revenues; alterations to the interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the General Subordinate Bond Ordinance or the Series 2018A-B Subordinate Bonds.

Legal opinions to be delivered concurrently with the delivery of the Series 2018A-B Subordinate Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2018A-B Subordinate Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, as well as limitations on legal remedies against cities in the State. In the event the City fails to comply with its covenants under the Senior Bond Ordinance or the Subordinate Bond Ordinance, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2018A-B Subordinate Bonds.

Availability of PFCs

As described herein, two-thirds of the PFCs received by the City (the $3.00 portion of the $4.50 PFC) are irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds. The City has determined not to extend such irrevocable commitment after December 31, 2018. In addition, one-third of the PFCs received by the Airport pursuant to certain PFC applications (the $1.50 portion of the $4.50 PFC) are considered Gross Revenues under the General Bond Ordinance through 2018, and commencing on January 1, 2019, all PFC revenues received by the City will be included in Gross Revenues until such time as the Manager gives written notice to the Treasurer that such PFCs, or a portion thereof, shall no longer be included in Gross Revenues for purposes of the Bond Ordinances. See "FINANCIAL INFORMATION — Passenger Facility Charges." PFCs that are designated as Gross Revenues are taken into account in determining whether the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenants have been met as described under "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants."

The Airport's receipt of PFC revenues is subject to several risks. First, the Airport's current PFC authorization expires on February 1, 2029. Second, the amount of PFCs received by the Airport in future years depends on the actual number of PFC-eligible passenger enplanements at the Airport. If enplanements decline so will the Airport's PFC revenues. Third, the Airport's authority to impose PFCs may be terminated (subject to procedural safeguards) for various reasons, including for a failure by the Airport to observe FAA requirements regarding use of these revenues. See "FINANCIAL INFORMATION — Passenger Facility Charges."

Legislation was introduced in the House of Representatives in the past and may be introduced in the future to amend the PFC Enabling Act, to, among other things, remove the $4.50 PFC cap on each enplaning revenue passenger and authorize an eligible agency to impose a PFC of any amount on each enplaning revenue passenger at an airport the agency controls. No assurance can be given that any such legislation will be enacted; that in the event such legislation is enacted, the Airport will submit an application to increase the rate of PFCs collected at the Airport above $4.50 or that any such application will be granted by the FAA; that the Airport's authority to impose a PFC will not be terminated by Congress or the FAA; that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport; or that the Airport will not seek to decrease the amount of PFCs to be collected, provided that such decrease does not violate the City's covenants in the Bond Ordinances. A shortfall in PFC revenues may cause the Airport to increase rentals, fees and charges at the Airport to meet the Debt Service Requirements on the Senior Bonds and Subordinate Debt Service Requirements.

Access to Credit Markets; Availability of Funding for the 2018-2022 Capital Program

The City plans to access the credit markets in future years in order to issue additional Airport System revenue bonds to finance portions of the 2018-2022 Capital Program or future capital programs, remarket existing Airport System revenue bonds, and extend the terms of reimbursement agreements related to certain variable rate Senior Bonds. In order to extend or replace such reimbursement agreements, the City may determine that it is necessary to remarket such series of Senior Bonds, potentially resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets, like those which occurred in 2008-2010, may cause the City to reduce or delay portions of the 2018-2022 Capital Program or future capital programs.

The estimated costs of and the projected schedule for the 2018-2022 Capital Program and certain other information regarding projects included in the 2018-2022 Capital Program are described in the Report of the Airport Consultant. The proposed capital projects are subject to a number of uncertainties, and capital project budgets are updated from time to time. The funding plan for the 2018-2022 Capital Program, as described herein, assumes that a combination of the proceeds of Airport System revenue bonds, moneys on deposit in the Airport's Capital Fund, and various federal grants will be received in amounts and at times necessary to pay the costs of portions of the 2018-2022 Capital Program.

No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed, or that the existing or future capital projects will not cost more than the current budget or future budgets for such projects. Furthermore, the City is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. The City may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included herein or in the Report of the Airport Consultant.

Construction Risks Related to Projects Within the 2018-2022 Capital Program

The ability of the City to complete projects included in the 2018-2022 Capital Program may be adversely affected by various factors including: (i) estimating variations, (ii) design and engineering variations, (iii) changes to the scope, scheduling or phasing of the capital projects, (iv) delays in contract awards, obtaining permits, approvals or reviews, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, natural disasters or other casualty events, (viii) contractor defaults, (ix) labor disputes and work stoppages, (x) unanticipated levels of inflation, (xi) environmental issues, (xii) litigation, (xiii) tariffs or other taxes imposed by state or federal authorities, as well as trade disputes among U.S. trading partners, (xiv) delays due to airline operational needs, and (xv) bidding conditions through the Department's procurement process.

Such occurrences or similar occurrences may cause the completion of projects within the 2018-2022 Capital Program to be delayed or cost more than planned. If certain projects within the 2018-2022 Capital Program that will generate Gross Revenue, such as the concourse gate expansion project or the Great Hall Project, should be delayed for any reason for which monetary damages from a contractor, subcontractor, supplier or materialman would be insufficient to compensate it for the loss of Gross Revenues resulting from such delay, Gross Revenues may be adversely affected, and the payment of debt service on the Senior Bonds and the Subordinate Bonds, including the Series 2018A-B Subordinate Bonds may likewise be adversely affected. In addition, the Report of the Airport Consultant assumes additional Gross Revenues from airline rentals, rates, fees, charges and other sources in connection with the completion of projects in the 2018-2022 Capital Program, and the failure to complete such projects could adversely affect the Gross Revenues.

Under the Great Hall Agreement, the Great Hall Developer is responsible for the design and construction of the Great Hall Project and has agreed to complete the construction of the Great Hall Project in accordance with certain milestones and deadlines and to operate, maintain, and manage the food, beverage, and retail concessions program at Jeppesen Terminal. The Great Hall Agreement sets forth certain relief events for which the Great Hall Developer will be entitled to monetary compensation, a points system to measure the Great Hall Developer's performance under the Great Hall Agreement, and certain events of default that trigger remedies, step-in rights and/or termination of the Great Hall Agreement. The Great Hall Agreement terminates at the end of 2051, subject to an earlier termination in accordance with its terms, including upon certain limited termination events. Such termination events include termination (i) by the City for, among other things, convenience (in the City's sole discretion if it determines that a termination is in the City's best interest) and failure of the Great Hall Developer to perform the work on the Great Hall Project in the manner set forth in the Great Hall Agreement or complete the Great Hall Project by a date specified in the Great Hall Agreement, (ii) by the Great Hall Developer for, among other things, the continuance of discretionary suspensions of work by the City, and (iii) by either party upon the occurrence of an extended delay event or certain compensation events for which the applicable cap to compensation has been reached. Upon early termination, a compensation payment would be owed by the City to the Great Hall Developer in an amount determined based on a variety of factors, such as the type of termination event and the timing of termination.

Failure to complete the Great Hall Project in a timely manner, due to construction delays or other events within and out of the City's control, together with certain other adverse events, including, but not limited to, the Great Hall Developer's inability to complete the concessions areas on time, a later than anticipated commencement of concessions collections, and the occurrence of certain compensation, delay or termination events under the Great Hall Agreement, may require the City to make compensation payments to the Great Hall Developer and may adversely affect the receipt of Gross Revenues, and thus, the payment of Debt Service on the Senior Bonds and Subordinate Bonds, including the Series 2018A-B Subordinate Bonds.

There can be no assurance that the construction of any project within the 2018-2022 Capital Program, including, without limitation, the Great Hall Project or concourse gate expansion project will be completed on time; that any or all of the required permits, approvals and reviews will be obtained at all or in a timely manner that will permit such projects to be constructed on schedule; that the Airport and/or airline operations will not be affected by any delay in completion or commencement of operation of the such projects; or that the remedies available to the City as a result of any failure to perform by any contractor, subcontractor or supplier and/or termination of agreements with such parties (including the termination of the Great Hall Agreement) would be sufficient to compensate it for the loss of Gross Revenues resulting from such delay or termination, or that any such events will not adversely affect the ability of the City to generate and realize Gross Revenues.

Airport Hotel Risks

The principal sources of revenues from the Airport Hotel, which is owned by the Airport and managed by Westin, are room rentals, food sales to guests and other related charges and fees. See "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center — *The Airport Hotel*" for a description of the Airport Hotel. The primary risk associated with the receipt of room rentals and food sales is the occupancy level of the Airport Hotel. A number of factors that may impact the occupancy level and that are beyond the control of the Airport or Westin include adverse changes in the national economy and levels of tourism, competition from other hotels, sales taxes, energy costs, governmental rules and policies, gasoline and other fuel prices, airline fares and the national economy. In addition, because hotel rooms are rented for a relatively short period of time compared to most commercial properties, hotels respond more quickly to adverse economic conditions and competition than do other commercial properties that are rented for longer periods of time, which could impact, among other things, the average daily room rate ("**ADR**").

The occupancy rates and the ADR of the Airport Hotel are also dependent in part on the national brand name recognition of Westin. If Westin's premium brand market power and position were to be reduced, or if Westin were to discontinue its services as the manager or fail to renew any of the management agreements in the future, these factors could adversely impact the occupancy rates and ADR of the Airport Hotel unless Westin were replaced by a comparable operator with national brand name recognition.

In the event gross operating revenues of the Airport Hotel are not sufficient in a particular month to pay Airport Hotel operating and maintenance expenses then due, amounts in the Revenue Fund not related to the Airport Hotel are to be applied to pay any such Airport Hotel expenses prior to the payment of debt service on any Senior Bonds and Subordinate Bonds. Although the hotel revenues have been strong since its opening in 2015 and have been sufficient to pay its operating and maintenance expenses, there is no assurance that operating revenues of the Airport Hotel will continue to be sufficient to pay its operating and maintenance expenses.

Additional Rights of Certain Owners of Senior Bonds

In 2014, the City completed the restructuring of multiple series of Senior Bonds bearing interest at variable rates. The restructuring consisted of extending the maturities and changing or establishing mandatory sinking fund redemption dates for such Series of Senior Bonds, which were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City. See "FINANCIAL INFORMATION — Outstanding Senior Bonds —*Credit Facility Obligations Related to Senior Bonds*." Such reimbursement agreements include representations, covenants and agreements of the City solely for the benefit of such financial institutions as owners of the restructured Senior Bonds in addition to those contained in the General Bond Ordinance. The covenants in a reimbursement agreement may be waived or modified with only the consent of the related financial institution as owner of the Senior Bonds and without consent of or notice to any owners of other Senior Bonds. The ability of the City to comply with such covenants can be affected by events beyond its control, and there can be no assurance that it will continue to meet such covenants.

An event of default under a reimbursement agreement could result in an event of default under the Senior Bond Ordinance, which is an event of default under the Subordinate Bond Ordinance. Under the Senior Bond Ordinance, the consent of the owners of not less than 10% in principal amount of the Senior Bonds Outstanding is required to accelerate payment of the Senior Bonds upon an event of default and under the Subordinate Bond Ordinance, the consent of the owners of not less than 25% in principal amount of the Subordinate Bonds Outstanding. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND ORDINANCE AND THE GENERAL SUBORDINATE BOND ORDINANCE — Remedies of Owners of Senior Bonds, — Remedies of Owners of Subordinate Bonds." See also "— Enforcement of Remedies" above.

LIBOR Risk Factors

Some of the outstanding Senior Bonds as well as some of the outstanding Subordinate Hedge Facility Obligations have payments referenced off of the London interbank offered rate ("**LIBOR**"). Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to the calculation of LIBOR across a range of maturities and currencies, and certain financial institutions that are member banks surveyed by the British Bankers' Association (the "**BBA**") in setting daily LIBOR have entered into agreements with the U.S. Department of Justice, the U.S. Commodity Futures Trading Commission and/or the Financial Services Authority in order to resolve the investigations.

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or have other consequences which cannot be predicted.

The United Kingdom's Finance Conduct Authority ("**FCA**"), a regulator of financial services firms and financial markets in the United Kingdom, has stated that they will plan for a phase out of LIBOR with a target end to the indices in 2021. It is not possible to predict the effect of the FCA announcement, any changes in the method in which LIBOR rates are determined, or any other reforms to LIBOR that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR-based securities, such as certain outstanding Senior Bonds, and LIBOR-based swap agreements such as certain Subordinate Contract Obligations, or result in the phasing out of LIBOR as a reference rate for securities and other financial instruments. In addition, changes announced by the FCA in the method pursuant to which LIBOR rates are determined may result in a sudden or prolonged increase or decrease in LIBOR rates, may affect the level of interest payments made by the City on certain outstanding Senior Bonds and under certain swap agreements, and may affect the market value of such swap agreements. Furthermore, uncertainty about LIBOR and the nature and timing of adoption of LIBOR alternatives may adversely impact the current and future trading market for, and the market price of, LIBOR-based financial instruments, such as certain swap agreements.

Credit Risk of Swap Counterparties

The City has entered into interest rate swap agreements with various financial institutions. See "FINANCIAL INFORMATION — Subordinate Obligations." During and following the U.S. recession in 2008-2009, each of the Rating Agencies downgraded the claims-paying ability and financial strength ratings of many commercial banks and other financial institutions serving as counterparties, though many of the institutions have subsequently been upgraded. The Rating Agencies could announce downgrades of these entities in the future, which could have a material adverse effect on the Airport, including significant increases in its debt service costs.

The occurrence of certain events, including non-payment or a ratings downgrade of the applicable swap providers if not cured, could give the other party to the swap agreement the ability to cause a termination thereof (or might result in automatic termination in the case of a bankruptcy). The amount due in connection with any such termination could be owed by, or to, the Airport depending on interest rate conditions at the time of termination regardless of fault. The amount owed may be substantial, and any such termination could leave the parties unhedged. A termination may be avoided by novating the swap to another party, or the burden of the Airport having to pay any such termination payment may be alleviated by entering into a replacement swap on the same terms as the terminating swap but with the new swap provider's payment of an upfront fee which could be used to pay all or a portion of the termination payment. The availability of such options would depend on the applicable termination events, and the parties' creditworthiness and market conditions at the time. See "FINANCIAL INFORMATION — Subordinate Obligations."

Report of the Airport Consultant

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of the Series 2018A-B Subordinate Bonds, and consequently makes various assumptions as to the principal amounts and Debt Service Requirements (as defined in "APPENDIX B — GLOSSARY OF TERMS") of the Series 2018A-B Subordinate Bonds. It will not be revised to reflect the actual principal amounts and Debt Service Requirements of the Series 2018A-B Subordinate Bonds as marketed and sold. The Report of the Airport Consultant also makes various assumptions that were used to develop the forecasts, including forecasts of Net Revenues and Debt Service Requirements. The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts made therein. No assurances can be given that the forecasts discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the forecasts are based will be realized. As noted in such report, any forecast is subject to uncertainties; therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material. Further, the Report of the Airport Consultant does not cover the entire period through maturity of the Series 2018A-B Subordinate Bonds. See "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

Forward Looking Statements

This Official Statement 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 identity 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.

Potential Tax Law Changes

From time to time, there are legislative proposals in Congress and in state legislatures that, if enacted, could alter or amend the treatment of the Series 2018A-B Subordinate Bonds for federal and state tax purposes or adversely affect the market value or marketability of the Series 2018A-B Subordinate Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, from time to time regulatory actions are announced or proposed, and litigation is threatened or commenced, which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2018A-B Subordinate Bonds. It cannot be predicted whether any such regulatory action will be implemented, whether any particular litigation or judicial action will be commenced or, if commenced, how it will be resolved, or whether the Series 2018A-B Subordinate Bonds or the market value or marketability thereof would be affected thereby. Prospective purchasers of the Series 2018A-B Subordinate Bonds should consult their tax advisors regarding any future, pending or proposed legislation, regulatory initiatives, rulings or litigation as to which Bond Counsel expresses no opinion. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2018A-B Subordinate Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. See "TAX MATTERS."

REPORT OF THE AIRPORT CONSULTANT

The Airport Consultant prepared the Report of the Airport Consultant dated August 6, 2018, which is included herein as "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT" with the consent of the Airport Consultant. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for fiscal years ending December 31, 2018 through December 31, 2025 (as previously defined, the "**Forecast Period**"), including a forecast of debt service coverage on Senior Bonds and Subordinate Bonds, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the funding plan for the 2018-2022 Capital Program.

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 Report of the Airport Consultant includes forecasts of Net Revenues, Other Available Funds, and estimated debt service requirements with respect to the outstanding Senior Bonds, Subordinate Bonds (including the Series 2018A-B Subordinate Bonds), Subordinate Obligations, Junior Lien Obligations and other additional Senior Bonds that may be issued during the Forecast Period to fund projects in the Airport's 2018-2022 Capital Program. Net Revenues, together with Other Available Funds, are forecast to be sufficient to exceed the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant in each year of the Forecast Period. See "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants."

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of the Series 2018A-B Subordinate Bonds, and consequently makes various assumptions as to the principal amounts and the Subordinate Debt Service Requirements of the Series 2018A-B Subordinate Bonds. The Report of the Airport Consultant will not be revised to reflect the actual Subordinate Debt Service Requirements and principal amounts of the Series 2018A-B Subordinate Bonds as marketed and sold. See also "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE — Additional Subordinate Parity Bonds."

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of the Airport Consultant. 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 "CAPITAL PROGRAM," "AVIATION ACTIVITY AND AIRLINES — Airline Information" and "CERTAIN INVESTMENT CONSIDERATIONS — Report of the Airport Consultant," for a discussion of, among other things, the factors that may impact forecasts related to air transportation and the Airport.

LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. Except as described in following section, "— Current Litigation Relating to the Adams County IGA," the City believes that any liability assessed against the City as a result of such claims or lawsuits, which are not covered by insurance or accounted for in the 2018-2022 Capital Program, would not materially adversely affect the financial condition or operations of the Airport System.

Current Litigation Relating to the Adams County IGA

The City and Adams County are parties to the Adams County IGA governing, among other things, Noise Standards in the vicinity of the Airport. See "FINANCIAL INFORMATION — Intergovernmental Agreement with Adams County." On November 15, 2017, the City received a Notice of Default letter from Adams County, the City of Aurora, the City of Commerce City, the City of Brighton and the City of Thornton (the cities in which the property affected by the noise violations asserted by Adams County is located) (collectively, the "**Claimants**") which (i) asserted that ARTSMAP is antiquated and does not meet the requirements of the Adams County IGA for installation and operation of a noise monitoring system capable of recording noise levels sufficient to determine whether the City is in compliance with the Noise Standards and (ii) demanded that the City install and operate a new system that complies with all requirements of the Adams County IGA and commit to the installation of such new system within the 30-day period. The City also received Notices of Violation from the Claimants dated November 15, 2017 that (i) asserted that calculations made by the Claimants using an alternative, non-ARTSMAP noise analysis system revealed a significant number of Class I violations and 141 Class II violations by the City in each of the years 2014 through 2016, and (ii) requested that the City determine and immediately implement procedures set forth in the Adams County IGA to remedy such violations. Adams County also asked the City to provide the City's noise monitoring data for years 2012 and 2013.

In order to negotiate an informal resolution to the underlying dispute, the City and Claimants entered into a tolling agreement which expired on July 1, 2018 (the "**Tolling Agreement**"). Pursuant to the Tolling Agreement, the parties covenanted not to initiate any lawsuit or action arising from or related to the Adams County IGA's provision concerning noise monitoring system requirements and, in turn, any time-related defenses would be tolled for the duration of the effective term of the Tolling Agreement.

Additionally, the Claimants agreed to withdraw the 2014, 2015, and 2016 Notices of Violation, without prejudice as to any future resubmittal. The Tolling Agreement did not constitute an admission of existence of a claim or liability by the City.

The parties were not able to resolve the underlying dispute prior to the expiration of the Tolling Agreement. On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the "**Complaint**"). The Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County IGA as a result of the City's continued use of ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the Adams County IGA. In conjunction with this declaratory relief, the Complaint seeks an injunction of the City's continued use of ARTSMAP and specific performance including, among other things, (i) use of an alternative noise monitoring system and for the City to recalculate and re-report the annual calculation of compliance with the Noise Standards for 2014 through 2018 and future years using such alternative noise monitoring system, (ii) installation of additional noise monitoring terminals in and around the Airport to sufficiently measure compliance with the Noise Standards under the Adams County IGA; and (iii) supply of a terminal at the Adams County offices to allow real-time, continuous monitoring of such alternative noise monitoring system data.

Additionally, the City received Notices of Violation from the Claimants dated July 2, 2018, once again asserting Class I and Class II violations by the City for each of 2014 through 2016 and additional violations for 2017. The Notices of Violations asserted a total of 168 Class II violations in 2014 through 2017 and claim a noise mitigation payment for said Class II violations of $84,000,000 plus interest. The City and Adams County are currently undertaking the enforcement process specified in the Adams County IGA (described under "FINANCIAL INFORMATION – Intergovernmental Agreement with Adams County – *Noise Mitigation*") and anticipate jointly petitioning the FAA to implement changes in flight procedures or Airport operations as necessary to achieve and maintain the Noise Standards. Accordingly, the Complaint does not include a claim for noise violation payments in the amount specified above. However, no assurance can be given regarding the outcome of this enforcement process or whether it will result in any of the Claimants including claims for noise mitigation payments in another court filing. To the extent the City becomes obligated to pay all or a portion of any noise mitigation payments, the City expects to include such amounts in its calculation of future airlines rates and charges.

The City filed an answer ("**Answer**") to the Complaint on July 31, 2018. The Answer asserts multiple affirmative defenses, including failure to state a claim, governmental immunity, estoppel, and that the City of Aurora and City of Brighton lack standing. In addition, the City denies that there have been any Class II violations and that it is, or could be, liable for any noise mitigation payments. The City also requests that the Court (i) reform the Adams County IGA to provide that the City's use of a modeling system (such as ARTSMAP) complies with the requirements under the Adams County IGA for measuring compliance with the Noise Standards, and (ii) declare that the $500,000 noise mitigation payment per Class II violation under the Adams County IGA and the specific payment sought by Adams County in Notices of Violations for alleged Class II violations in 2014 through 2017 is an unenforceable penalty or that section of the Adams County IGA is invalid.

The City intends to vigorously defend against all claims alleged in the Complaint. However, if the Court grants the relief sought, the City may be required to make changes to the operations of the Airport and flight procedures that could materially adversely affect Net Revenues and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given regarding the outcome of this litigation or whether the Claimants will file additional claims in the future alleging new violations.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch, Inc. have published ratings of "A2" (stable outlook), "A" (stable outlook) and "A+" (stable outlook), respectively, with respect to the Series 2018A-B Subordinate 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 2018A-B Subordinate 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, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2018A-B Subordinate Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained 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 is likely to have an adverse effect on the market price of the Series 2018A-B Subordinate Bonds.

UNDERWRITING

The Series 2018A-B Subordinate Bonds are being purchased from the City by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "**Representative**"), as representative of the underwriters set forth on the cover page hereof (the "**Underwriters**"). The Series 2018A Subordinate Bonds are being purchased at a price equal to $2,584,615,861.13, being the aggregate principal amount of the Series 2018A Subordinate Bonds ($2,341,710,000.00), plus net original issue premium of $250,125,859.95 and less an underwriting discount of $7,219,998.82. The Series 2018B Subordinate Bonds are being purchased at a price equal to $206,393,859.77, being the aggregate principal amount of the Series 2018B Subordinate Bonds ($184,365,000.00), plus net original issue premium of $22,612,255.50 and less an underwriting discount of $583,395.73. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Representative (the "**Series 2018A-B Bond Purchase Agreement**"), the Underwriters agree to accept delivery of and pay for all of the Series 2018A-B Subordinate Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2018A-B Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer.

Citigroup Global Markets Inc., an underwriter of the Series 2018A-B Subordinate Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "**Fidelity**"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

RELATIONSHIP OF CERTAIN PARTIES

Banc of America Preferred Funding Corporation is the Owner of the Series 1992F, Series 1992G and Series 2002C Bonds. Banc of America Public Capital Corporation is a party to an installment purchase agreement with the City related to certain Airport facilities. Bank of America, N.A. is the Owner of the Series 2017C Subordinate Bonds, which will be refunded with the proceeds of the Series 2018A-B Subordinate Bonds, as well as the Series 2015A Subordinate Bonds and the Series 2009C Bonds and a party to a credit facility and reimbursement agreement with the City that constitutes a Subordinate Credit Facility under the Subordinate Bond Ordinance. Merrill Lynch Capital Services, Inc. is a counterparty to an interest rate swap agreement and is in the process of negotiating the terms of novation of two interest rate swap agreements with the City (see "FINANCIAL INFORMATION — Subordinate Obligations — *Outstanding Subordinate Hedge Facility Obligations*"). Banc of America Preferred Funding Corporation, Banc of America Public Capital Corporation, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Merrill Lynch Capital Services, Inc. are affiliated and are subsidiaries of Bank of America Corporation.

Royal Bank of Canada is a beneficial owner of the Series 2008C2-C3 Credit Facility Bonds, and is a counterparty for three Subordinate Hedge Facility Obligations with the City related to interest rate swap agreements. Royal Bank of Canada is the parent company of the RBC Capital Markets, LLC, one of the Underwriters.

EXPERTS

Frasca & Associates, LLC, is serving as Municipal Advisor to the City with respect to the Series 2018A-B Subordinate Bonds. It is also a "Financial Consultant" as defined in the Subordinate Bond Ordinance. WJ Advisors LLC is serving as the Airport Consultant to the City with respect to the Series 2018A-B Subordinate Bonds.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2018A-B Subordinate Bonds in accordance with Rule 15c2-12, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2018A-B Subordinate Bonds in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain specified events. See "APPENDIX G — FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2018A-B Subordinate Bonds are subject to the approval of Hogan Lovells US LLP, Denver, Colorado, Bond Counsel, and Becker Stowe Partners LLC, 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 Kristin M. Bronson, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Butler Snow LLP, Denver, Colorado.

TAX MATTERS

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2018A-B Subordinate Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of such 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 2018A-B Subordinate Bonds, Hogan Lovells US LLP, Bond Counsel to the City, and Becker Stowe Partners LLC, Bond Counsel to the City, 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 2018A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which the Series 2018A Subordinate 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, for taxable years beginning before January 1, 2018, corporations, and (2) interest on the Series 2018B Subordinate 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, for taxable years beginning before January 1, 2018, 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 includes interest on the Series 2018A-B Subordinate 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 alternative minimum tax on corporations described in this paragraph has been repealed effective for taxable years beginning after December 31, 2017.

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 2018A-B Subordinate 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 2018A-B Subordinate Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2018A-B Subordinate Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2018A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Certain of the Series 2018A-B Subordinate Bonds (the "**Discount Bonds**") are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at maturity of any Discount Bond over the issue price of the Discount Bond. Bond Counsel have advised the City and the Underwriters that, under existing laws and to the extent interest on any Discount Bond is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Bond that accrues during the period such person holds the Discount Bond will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Discount Bond. Purchasers of any Discount Bond should consult their tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2018A Subordinate 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.

If a holder purchases a Series 2018A-B Subordinate Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2018A-B Subordinate 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 2018A-B Subordinate Bond based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2018A-B Subordinate 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 2018A-B Subordinate Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2018A-B Subordinate Bond. Purchasers of Series 2018A-B Subordinate 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 Bonds.

Other than the matters specifically referred to above, Bond Counsel to the City express, and will express, no opinions regarding the federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2018A-B Subordinate Bonds. Prospective purchasers of the Series 2018A-B Subordinate Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2018A-B Subordinate Bonds (subject to certain exceptions); (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 2018A-B Subordinate Bonds; (3) interest on the Series 2018A-B Subordinate Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2018A-B Subordinate 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 2018A-B Subordinate 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 2018A-B Subordinate Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2018A-B Subordinate Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2018A-B Subordinate Bonds could adversely affect their value and liquidity.

Bond Counsel to the City 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 to the City are not binding on the courts or the Service; 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 2018A-B Subordinate Bonds, the exclusion of interest on the Series 2018A-B Subordinate Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2018A-B Subordinate Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.

FINANCIAL STATEMENTS

The audited financial statements of the Airport System as of and for the years ended December 31, 2017 and 2016 are attached to this Official Statement as "APPENDIX E — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016." 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 E" 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 E" was not sought or obtained.

The unaudited financial statements of the Airport System for six months ended June 30, 2017 and June 30, 2018 (the most recent quarterly unaudited financials available) are attached to this Official Statement as "APPENDIX F — UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR SIX MONTHS ENDED JUNE 30, 2017 AND JUNE 30, 2018".

The financial statements present financial information only with respect to the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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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 2018A-B Subordinate Bonds, a copy of the Senior Bond Ordinance and the Subordinate 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/ *Kim Day*
Manager of Aviation/Chief Executive Officer

By: /s/ *Brendan J. Hanlon*
Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer

* * *

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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WJ ADVISORS
AVIATION MANAGEMENT CONSULTANTS



Appendix A

Report of the Airport Consultant

on the proposed issuance of

City and County of Denver, Colorado
Airport System Subordinate Revenue Bonds
Series 2018A and Series 2018B

August 6, 2018

Prepared for
The City and County of Denver, Colorado

Prepared by
WJ Advisors LLC
Denver, Colorado

August 6, 2018

Ms. Kim Day
Manager of Aviation/Chief Executive Officer
City and County of Denver Department of Aviation
Denver International Airport
Airport Office Building, Room 9860
8500 Peña Boulevard
Denver, Colorado 80249-6340

Re: 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 Subordinate Revenue Bonds, Series 2018A, Alternative Minimum Tax, and Series 2018B, Non-Alternative Minimum Tax

Dear Ms. Day:

WJ Advisors LLC is pleased to submit this Report of the Airport Consultant (Report) on the proposed issuance of Airport System Subordinate Revenue Bonds, Series 2018A, Alternative Minimum Tax (AMT) and Series 2018B, Non-AMT (together, the 2018 Bonds), by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department). The proposed 2018 Bonds are to be issued pursuant to the General Subordinate Bond Ordinance (SBO), with a lien on the Net Revenues of the Airport System subordinate to the lien on Net Revenues of the Senior Bonds. The City owns and, through the Department, operates Denver International Airport (the Airport). The Airport is the main asset of the Airport System.

This Report was prepared to determine if forecast Net Revenues (Gross Revenues less Operation and Maintenance [O&M] Expenses) plus Other Available Funds from 2018[1] through 2025 (referred to in this Report as the Forecast Period) will be sufficient to meet the requirements of the SBO taking into account the 2018 Bonds and additional bonds that may be issued by the City during the Forecast Period (Future Planned Bonds). The City expects to adopt a supplemental bond ordinance providing for the issuance of the proposed 2018 Bonds following the date of this Report and prior to the issuance of the proposed 2018 Bonds.

In preparing this Report, we assisted Department management in identifying key factors affecting the future financial results of the Airport System and in formulating assumptions about those factors. The results and key findings of our analyses are summarized in this letter and described more fully in the following three sections of the Report: “Airline Traffic Analysis,”

[1] The City’s Fiscal Year ends December 31.

Ms. Kim Day
August 6, 2018

"Airport Facilities and Capital Program," and "Financial Performance." The Report should be read in its entirety for an understanding of the airline traffic and financial forecasts and the underlying assumptions.

Capitalized terms in the Report are used as defined in the General Bond Ordinance (GBO), the SBO, and the General Junior Lien Bond Ordinance (JBO), (collectively, the Bond Ordinances), the Passenger Facility Charge (PFC) Ordinances, including the proposed PFC Supplemental Ordinance, and the Airport use and lease agreements, as amended (the Airline Agreement). Please refer to the sections of the Official Statement titled "Security and Sources of Payment," "Financial Information," and "Summary of Certain Provisions of the General Bond Ordinance and the General Subordinate Bond Ordinance" for additional information.

AIRLINE TRAFFIC

Denver International Airport has an important role in the national, State, and local air transportation systems. In 2017, it was the fifth busiest airport in the United States in terms of total passengers (enplaned plus deplaned) according to preliminary data from Airports Council International, North America (ACI-NA). The Airport's top-10 ranking among North American airports reflects its (1) central geographic location, (2) large origin and destination (O&D) passenger base, (3) role as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines, and (4) role as the primary commercial service airport in Colorado. O&D passengers begin and end their journeys at the Airport, while connecting passengers connect with flights to other destinations. In 2017, approximately 30.7 million passengers were enplaned at the Airport, including 19.7 million originating passengers and 11.0 million connecting passengers.

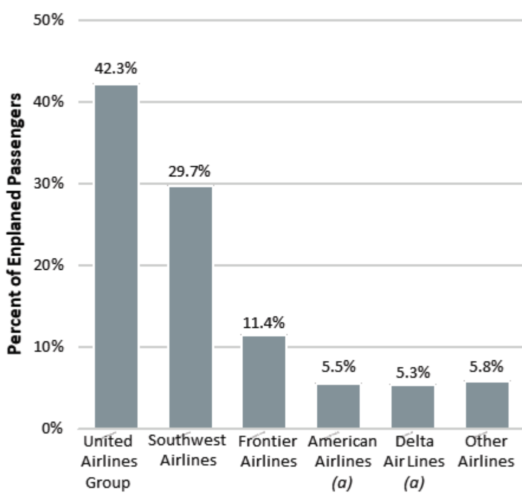
From 2013 through 2017, the number of enplaned passengers at the Airport increased an average of 4.0% per year. In comparison, the number of enplaned passengers in the United States increased an average of 3.4% per year in those same years, based on information from the U.S. Department of Transportation (DOT), Bureau of Transportation Statistics. Key reasons for the increase in the numbers of enplaned passengers at the Airport include local and national economic growth, and continued airfare competition among the three airlines with the largest market shares of enplaned passengers at the Airport (United Airlines, Southwest Airlines, and Frontier Airlines). The number of originating passengers at the Airport increased an average of 6.4% per year from 2013 to 2017, while the number of connecting passengers increased an average 0.2% per year. The lower rate of growth in connecting passengers was the result of Frontier Airlines decentralizing its network and decreasing its operations at the Airport.

As shown on Figures 1 and 2, the United Airlines Group (which includes United Airlines' mainline operation and the regional airlines operating as United Express), Southwest Airlines,

Ms. Kim Day
August 6, 2018

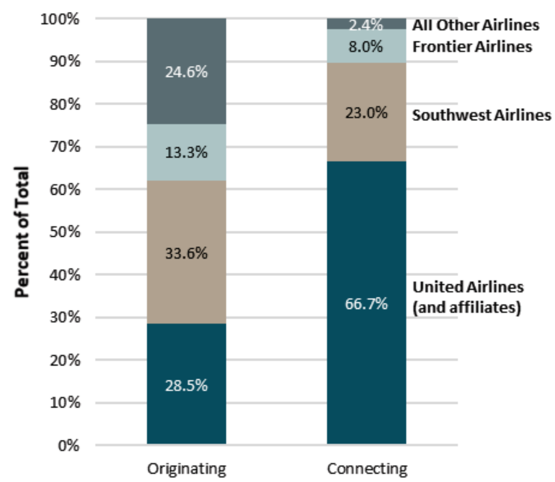
and Frontier Airlines collectively enplaned 83.4% of the total number of enplaned passengers at the Airport, including 75.4% of originating passengers, and 97.7% of connecting passengers in 2017. Each airline has a different strategy for serving the Airport, which is influenced by broader national and international route strategies and focus.

Figure 1
ENPLANED PASSENGER MARKET SHARES IN 2017
Denver International Airport



(a) Includes airline affiliates.
Source: Department management records.

Figure 2
ORIGINATING AND CONNECTING PASSENGER MARKET SHARES IN 2017
Denver International Airport



Note: Totals may not add to 100% because of rounding.
Source: Department management records.

In terms of the number of enplaned passengers in 2017, the Airport was the fourth busiest airport in United Airlines' route system, the fourth busiest airport in Southwest Airlines' route system, and the busiest airport in Frontier Airlines' route system. For all of 2018, United Airlines is scheduled to increase its scheduled seat capacity at the Airport by 5.8%, compared with a 3.6% increase in its systemwide seat capacity. For all of 2018, Southwest Airlines is scheduled to increase its seat capacity at the Airport by 4.6%, compared with a 2.7% increase in its systemwide seat capacity. These scheduled increases emphasize the important role of the Airport in the respective route systems of United Airlines and Southwest Airlines.

The annual financial performance of the Airport is influenced by several factors, including the number of Airport gates and the space needed to support airline operations as well as the type and number of Airport concessions patronized by originating versus connecting passengers. While all types of passengers typically spend money at food and beverage concessions and retail shops, O&D passengers also use other Airport facilities, including public parking and rental car facilities.

From 2017 through 2025, the number of enplaned passengers at the Airport is forecast to increase an average of 2.5% per year, based on the following key assumptions:

- The population of the Denver Metropolitan Area will continue to grow between 1.4% and 1.5% per year.
- The Denver Metropolitan Area will realize sustained Gross Domestic Product (GDP) growth at an average of 2.2% per year.
- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities or international/domestic terrorist acts or threats.
- The Airport will continue to be used as a connecting hub for United Airlines and Southwest Airlines, and the Airport will continue to be the busiest airport in Frontier Airlines' route system.
- Continued competition among the airlines serving the Airport will ensure the availability of competitive airfares.

AIRPORT CAPITAL PROGRAM

Department management has prepared a 5-year Capital Program for the Airport (the 2018-2022 Capital Program), which is estimated to cost approximately $3.5 billion. The 2018-2022 Capital Program was developed based on anticipated facility needs, current and forecast airline traffic, available funding sources, and project priorities. Exhibit A, provided at the end of this Report along with all other financial exhibits, presents the 2018-2022 Capital Program and Department management's expected funding sources.

The 2018-2022 Capital Program includes the largest expansion in the number of gates since the Airport opened in 1995. The gate expansion program began in May 2018 and includes 39 new gates, additional airline and nonairline space, and additional concourse ramp space. Concourse A is to be expanded to the west, Concourse C is to be expanded to the east, and Concourse B is to be expanded to the west and east (collectively, the Concourse Expansion Projects). All of the

Ms. Kim Day
August 6, 2018

new gates are expected to be ready and available for their intended use in early 2021. The total cost of the Concourse Expansion Projects is estimated to be $1.5 billion.[2]

In addition to the Concourse Expansion Projects, Department management is planning the redevelopment of levels five and six of the Landside Terminal Building (the Great Hall Project). On August 24, 2017, the City executed an agreement (the Great Hall Agreement) with Denver Great Hall LLC (the Developer) to design, construct and finance certain portions of the Great Hall Project; financial close was reached by the Developer on December 21, 2017. Construction began in July 2018. After the Great Hall Project is ready and available for its intended use, scheduled for November 2021, the Developer will be responsible for operating certain concessions in the Landside Terminal Building. The 34-year agreement between the City and the Developer includes approximately four years of planning, design, and construction and 30 years of operation.

The total design and construction cost of the Great Hall Project is estimated to be $650 million, of which $479 million is to be funded by the City through progress payments to the Developer during construction. The progress payments are included in the cost of the 2018-2022 Capital Program. The Developer is to finance $171 million of the $650 million in project costs not paid by the City.

Approximately $2.2 billion in project costs of the 2018-2022 Capital Program is expected to be funded by the net proceeds from the sale of the proposed 2018 Bonds and approximately $1.1 billion in project costs is expected to be funded by the net proceeds from the sale of Future Planned Bonds, which are assumed to be issued as Senior Bonds in the financial forecasts presented later in this Report. Other sources of funds for the 2018-2022 Capital Program ($0.3 billion) include, but are not limited to, federal grants and Airport cash.

THE PROPOSED 2018 BONDS

The City expects to adopt a Supplemental SBO providing for the issuance of the proposed 2018 Bonds following the date of this Report and prior to the issuance of the proposed 2018 Bonds. Subordinate Bonds are payable from Net Revenues of the Airport System subordinate to the lien of the Senior Bonds and moneys in certain other Airport System funds and accounts, as described in the GBO and the SBO. The proposed 2018 Bonds are expected to be issued with fixed interest rates as Subordinate Bonds under the SBO in the approximate principal amount

[2] The cost of the concourse expansion projects presented in the Official Statement is $1.8 billion. The difference between the $1.5 billion shown in this Report and the amount shown in the Official Statement is approximately $300.0 million which reflects project costs that are included in the 2018-2022 Capital Program, but are shown as individual projects in this Report and on Exhibit A.

of $2.3 billion. Following the issuance of the proposed 2018 Bonds, approximately 53.0% of total Senior and Subordinate Bond principal outstanding will consist of Subordinate Bonds.

According to the City's Financial Consultant, the net proceeds of the proposed 2018 Bonds are to be used for the following purposes:

- **Series 2018A Bonds.** The Series 2018A Bonds are expected to be subject to the Alternative Minimum Tax and the proceeds are expected to be used to fund approximately $2.1 billion of 2018-2022 Capital Program costs.

- **Series 2018B Bonds.** The Series 2018B Bonds are not expected to be subject to the Alternative Minimum Tax and the proceeds are expected to be used to fund approximately $77.5 million of 2018-2022 Capital Program costs.

A portion of the project costs shown above were funded on an interim basis from the net proceeds of the Series 2017C Subordinate Bonds (the Series 2017C Bonds). The Series 2017C Bonds are to be fully refunded with the net proceeds from the issuance of the proposed 2018 Bonds.

A portion of the net proceeds from the sale of the proposed 2018 Bonds is to be used to fund a debt service reserve account for the proposed 2018 Bonds within the Subordinate Bond Reserve Fund, fund capitalized interest, and pay certain costs related to the issuance of the proposed 2018 Bonds.

The proposed 2018 Bonds are considered "additional Subordinate Bonds" under Section 702.D. of the SBO. Prior to issuing the proposed 2018 Bonds, the City is required to retain an Airport Consultant to demonstrate the City's compliance with the covenant for issuing additional Subordinate Bonds. The City retained WJ Advisors LLC as the Airport Consultant for this purpose; compliance with the additional Subordinate Bonds test is to be determined and the results are to be provided to the City under separate cover in connection with the City's issuance of the proposed 2018 Bonds.

The City may refund certain other outstanding Airport System Revenue Bonds during the Forecast Period. Debt service savings, if any, from the refunding of other Senior or Subordinate Bonds are not included in the financial forecasts presented in this Report.

FINANCIAL PERFORMANCE

The City accounts for Airport System financial performance according to generally accepted accounting principles for governmental entities and the requirements of the Bond Ordinances, as well as the PFC Ordinances. Department management's business and financial decisions are

Ms. Kim Day
August 6, 2018

made in the context of its obligations under the Rate Maintenance Covenants of the Bond Ordinances, among other factors.

The Rate Maintenance Covenant of the SBO states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for 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

- 110% of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds for such Fiscal Year.

In the SBO, "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, in an amount not to exceed the greater of 25% of the aggregate Debt Service Requirements on Senior Bonds or 10% of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds.

The sections that follow provide an overview of recent Airport System financial results and the key assumptions used in determining if forecast Net Revenues and Other Available Funds will be sufficient to meet the Rate Maintenance Covenant of the SBO.

GROSS REVENUES

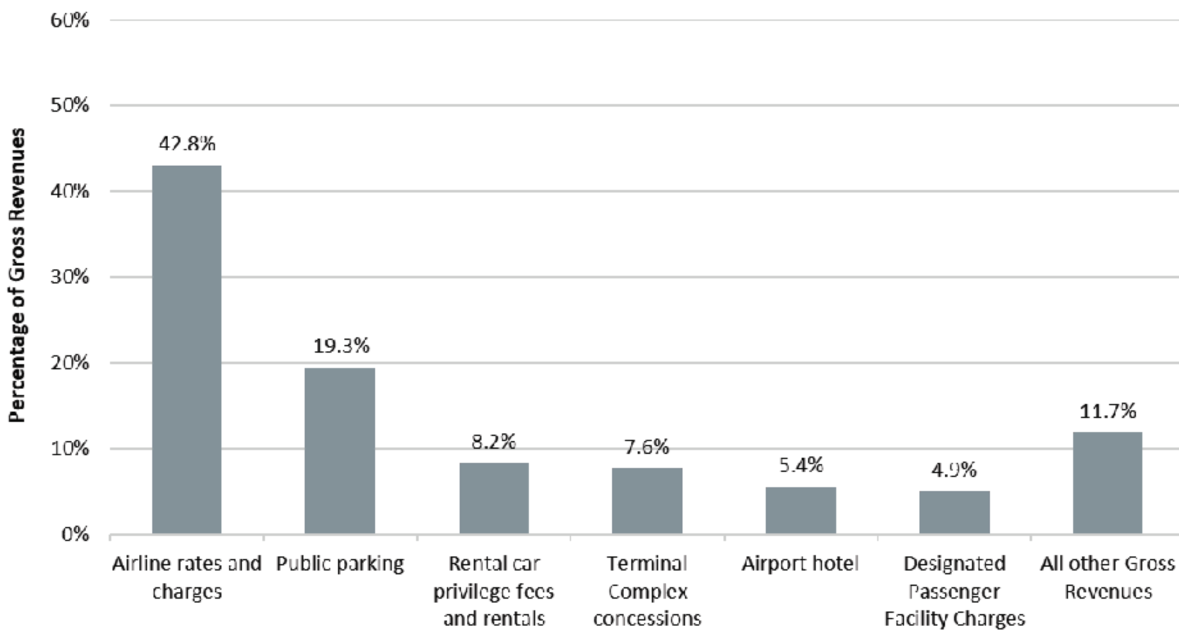
Major sources of Airport Gross Revenues in 2017 are shown on Figure 3 and are reflected in the financial exhibits presented at the end of this Report. Revenues from airline rentals, rates, fees, and charges accounted for 42.8% of total Gross Revenues in 2017; the second largest source of Gross Revenues was public parking, followed by rental car privilege fees and rentals, Terminal Complex concessions, the Airport hotel, and Designated Passenger Facility Charges.

Airline rentals, rates, fees, and charges are based on (1) the number of gates and square footage used or leased by the airlines as well as the number of enplaned passengers and the landed weight of the airlines serving the Airport and (2) the rentals, rates, fees, and charges in effect each year and calculated by the City pursuant to the Airline Agreement. Of the existing 111 mainline contact-gates at the Airport, 54 are leased by United Airlines, 47 are leased by other airlines that are signatory to the Airline Agreement, and the remaining 10 are available to all airlines on a common-use basis.

Ms. Kim Day
August 6, 2018

The City has an Airline Agreement with United Airlines that expires in 2035. Other airlines at the Airport are operating under a similar Airline Agreement that expires on December 31, 2018, with two 1-year extension options. As of the date of this Report, Department management intends to exercise its first 1-year extension option. It is Department management's expectation that when the Airline Agreement expires during the Forecast Period (either in 2019 after its first 1-year extension option has been exercised, or in 2020 after both options have been exercised), the airline rate-making methodology in the new Airline Agreement with the other airlines will be substantially similar to that in the existing Airline Agreement during the remainder of the Forecast Period, either through an extension of the existing Airline Agreement or execution of a new Airline Agreement.

Figure 3
MAJOR SOURCES OF GROSS REVENUES IN 2017
Denver International Airport



Note: Excludes customer facility charge (CFC) revenues, which are restricted in use and are also excluded from the forecast of Gross Revenues and debt service coverage presented in this Report. Totals may not add to 100% because of rounding.
Source: Department management records.

Revenues from nonairline sources, such as public parking, rental car privilege fees and rentals, Terminal Complex concessions, and the Airport hotel, are a function of the business strategies and practices developed and implemented by Department management, the terms and

Ms. Kim Day
August 6, 2018

conditions of agreements with the companies providing those services, and the number of passengers enplaned at the Airport each year.

In 2017, approximately 87.8% of enplaned passengers at the Airport paid a $4.50 PFC, which is collected by the airlines and remitted to the City after certain collection expenses are deducted, as allowed by the Federal Aviation Administration (FAA). The City has FAA authorization to collect and use up to $3.3 billion in PFC revenues. Based on actual 2017 results, $2.0 billion in PFC revenues had been collected and used. Since the Airport opened in 1995, the City has primarily used PFC revenues to pay PFC-eligible Debt Service Requirements of the Airport.

Under the PFC ordinances prior to the proposed PFC Supplemental Ordinance described later in this Report (Prior PFC Ordinances), revenues from the $3.00 portion of the $4.50 PFC are defined as Committed Passenger Facility Charges, and revenues from the $1.50 portion of the $4.50 PFC are considered Designated Passenger Facility Charge Revenues through December 31, 2018.

Committed Passenger Facility Charges are not included as Gross Revenues of the Airport, but are irrevocably committed to pay PFC-eligible Debt Service Requirements of the Airport, which effectively lowers the aggregate Debt Service Requirements that would otherwise be paid from Net Revenues. Designated Passenger Facility Charges are included as Gross Revenues of the Airport. Historically, the City has used Designated Passenger Facility Charges to pay PFC-eligible Debt Service Requirements, not through an irrevocable commitment of such revenues, but by depositing Designated Passenger Facility Charges into the Bond Fund to pay PFC-eligible Debt Service Requirements.

Under a proposed PFC Supplemental Ordinance that the City expects to adopt prior to the issuance of the proposed 2018 Bonds, Committed Passenger Facility Charges and the related irrevocable commitments to pay PFC-eligible Debt Service Requirements provided in Prior PFC Ordinances will not be continued, and the Committed Passenger Facility Charges and the related administrative account and subaccounts are to be deleted from the GBO, effective January 1, 2019. Beginning on the same date, all annual PFC revenues ($4.50 per passenger less certain airline administrative fees) and PFC interest income would (1) be considered Designated Passenger Facility Charges, (2) continue to be included in Gross Revenues, and (3) be used to pay, among other things, PFC-eligible Debt Service Requirements.

In forecasting the PFC revenues included in this Report, it was assumed that PFC revenues would be used to pay PFC-eligible Debt Service Requirements under an existing PFC authorization from the FAA, and to pay PFC-eligible Debt Service Requirements and PFC-eligible project costs under a future PFC authorization from the FAA. For the purposes of this Report it was assumed that the future PFC authorization may include certain reimbursements to the City for amounts the City has already expended on PFC-eligible Debt Service Requirements and PFC-eligible project costs.

All other Gross Revenues shown on Figure 3 include City and State aviation fuel tax revenues, building and ground rentals, and other revenues.

Airport Gross Revenues totaled $876.7 million in 2017 and are forecast to increase an average of approximately 6.6% per year, from $904.2 million in 2018 to $1.4 billion in 2025. Key assumptions used to forecast Gross Revenues include the following:

- Increases in total enplaned passengers averaging 2.5% per year.
- Higher airline rentals, rates, fees, and charges calculated pursuant to the rate-making methodology in the Airline Agreement as well as the City's ability under the Airline Agreement to include in the airline rate base certain higher O&M Expenses, Debt Service Requirements, and other costs allocable to airline cost centers for existing and new Airport facilities.
- Additional airline revenues from the assumed lease of new gates and space following the completion of Concourse Expansion Projects in the 2018-2022 Capital Program.
- Continued growth in nonairline revenues, in particular:
  - Additional parking revenue increases beginning in 2019.
  - Expanded concession space, location and mix resulting from the Concourse Expansion Projects and the Great Hall Project.
- Increases in Designated Passenger Facility Charges resulting from the proposed elimination of Committed Passenger Facility Charges ($3.00 of the $4.50 PFC) and inclusion of the same amounts as Designated Passenger Facility Charges effective January 1, 2019 as required in the proposed PFC Supplemental Ordinance. With this proposed change, all PFC revenues will be considered Designated Passenger Facility Charges and included in Gross Revenues.

O&M EXPENSES

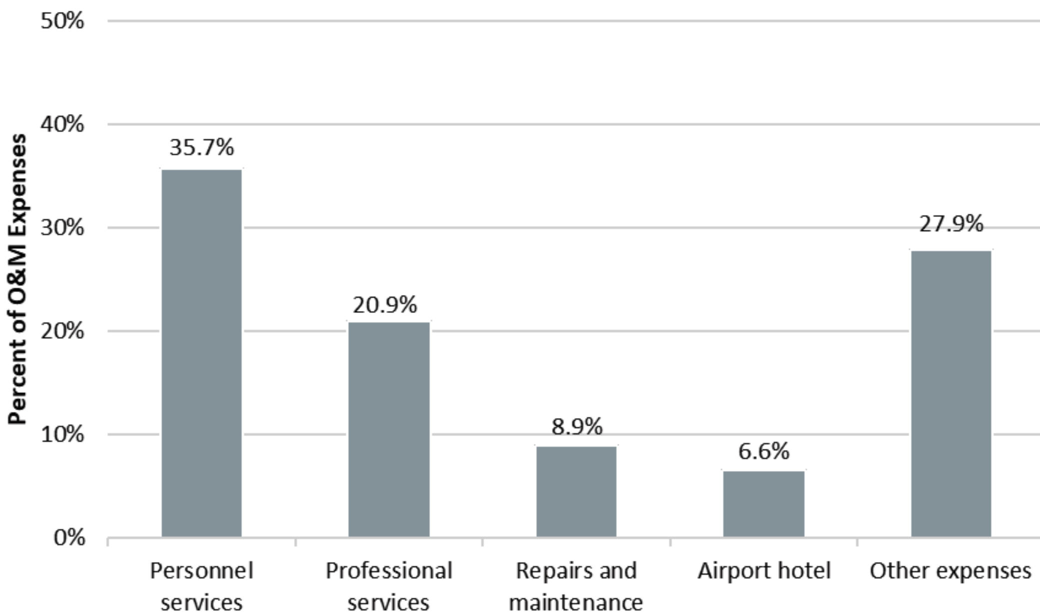
Major categories of O&M Expenses reflecting actual 2017 results are shown on Figure 4. The City owns, operates, and maintains a majority of Airport facilities, equipment, and systems. The following three categories accounted for 65.5% of actual 2017 O&M Expenses: personnel services, including salaries, wages, and benefits; professional services; and repairs and

Ms. Kim Day
August 6, 2018

maintenance of Airport facilities. The Airport hotel accounted for 6.6% of O&M Expenses in 2017. The remaining 27.9% of O&M Expenses consisted of other expenses such as utilities.

O&M Expenses, including those for the Airport hotel, totaled $418.2 million in 2017, and are forecast to increase an average of approximately 4.1% per year during the Forecast Period, from $463.2 million in 2018 to $614.2 million in 2025. Department management has established a targeted average annual rate of growth for O&M Expenses of approximately 4.2%, which includes O&M Expenses for existing facilities, excluding the Airport hotel, and additional O&M Expenses associated with projects in the 2018-2022 Capital Program.

Figure 4
MAJOR CATEGORIES OF O&M EXPENSES IN 2017
Denver International Airport



Source: Department management records.

DEBT SERVICE REQUIREMENTS

In 2017, the City irrevocably committed $69.0 million of Committed Passenger Facility Charges to pay Debt Service Requirements on Senior Bonds. As a result, aggregate Debt Service Requirements payable from Net Revenues decreased from $358.7 million to $289.7 million. The City is not expected to continue the irrevocable commitment of Committed Passenger Facility Charges after 2018 as a result of certain proposed changes to the treatment of annual PFC revenues under a proposed PFC Supplemental Ordinance that the City expects to adopt

Ms. Kim Day
August 6, 2018

prior to the issuance of the proposed 2018 Bonds. Effective January 1, 2019 and each year thereafter during the Forecast Period, all annual PFC revenues are treated as Designated Passenger Facility Charge revenues.

Aggregate Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations are estimated to increase from $361.7 million in 2018 to $646.4 million in 2025, which is net of estimated Committed Passenger Facility Charges for 2018 only. Increases in aggregate Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations are attributable to the (1) overall structure of Outstanding Bonds, (2) issuance of the proposed 2018 Bonds, and (3) planned issuance of Future Planned Bonds.

The City may use a revolving line of credit, which is currently in place, and/or other interim credit facilities, which would be considered Subordinate Bonds or Contract Obligations under the SBO. If these sources are used to pay project costs, Department management would issue Future Planned Bonds at a later date to replace those funding sources. For purposes of this Report, it was assumed that these project costs would be financed with net proceeds from the sale of Future Planned Bonds.

The Great Hall Agreement for the Great Hall Project (previously mentioned) requires the City to make certain annual supplemental payments to the Developer. These payments are considered to be Junior Lien Obligations and are included in the estimated debt service included in the financial forecasts presented in this Report.

Certain capital costs (such as furniture, fixtures, and equipment costs) associated with the Airport hotel are also Junior Lien Obligations of the Airport System.

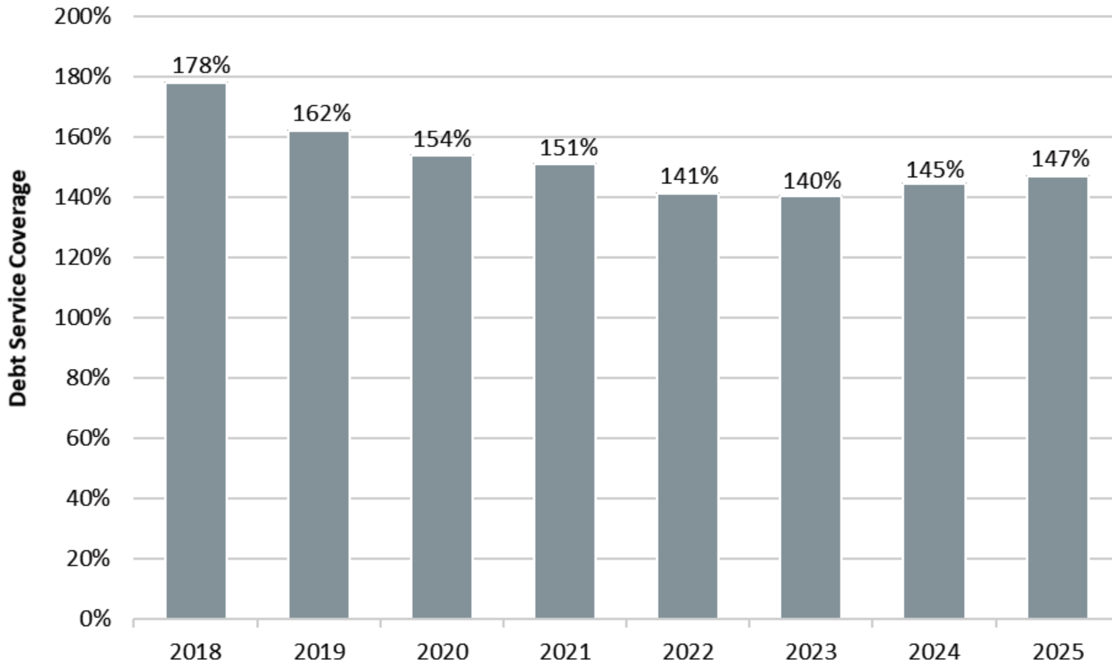
DEBT SERVICE COVERAGE

Under the Rate Maintenance Covenant of the SBO, debt service coverage is calculated by dividing Net Revenues and Other Available Funds by Debt Service Requirements on Senior Bonds and Subordinate Bonds.

As shown on Figure 5, forecast debt service coverage in each year of the Forecast Period indicates compliance with the Rate Maintenance Covenant of 110% of the Debt Service Requirements on Senior Bonds and Subordinate Bonds, including the proposed 2018 Bonds and Future Planned Bonds that may be issued by the City during the Forecast Period.

Ms. Kim Day
August 6, 2018

Figure 5
FORECAST DEBT SERVICE COVERAGE ON SENIOR AND SUBORDINATE BONDS
Denver International Airport



Note: Includes estimated Debt Service Requirements on the issuance of the proposed 2018 Bonds, which includes the planned refunding of the Series 2017C Bonds, and on the Senior Bonds and Subordinate Bonds included in Future Planned Bonds. Changes in debt service, including any savings from the City's potential refunding of any outstanding revenue bonds during the Forecast Period, other than the refunding of the Series 2017C Bonds by the proposed 2018 Bonds, are not included in the financial forecasts included in this Report. Excludes CFC revenues, which are restricted in use and are also excluded from the forecast of Gross Revenues and debt service coverage presented in this Report.
Source for Debt Service Requirements: City's Financial Consultant.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying financial forecasts are based on information and assumptions provided by, or reviewed with and agreed to by, Department management. The forecasts reflect Department management's expected course of action during the Forecast Period and, in Department management's judgment, present fairly the expected financial results of the Airport System. Those 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 underlying assumptions provide a reasonable basis for the forecasts.

Ms. Kim Day
August 6, 2018

However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in this Report. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We appreciate the opportunity to serve as the City's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

WJ Advisors LLC

WJ Advisors LLC

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS

City and County of Denver, Colorado

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CONTENTS

TABLES

FIGURES

EXHIBITS

AIRLINE TRAFFIC ANALYSIS

OVERVIEW OF AIRPORT ROLE

Denver International Airport has an important role in the national, State, and local air transportation systems and in 2017, was the fifth busiest airport in the United States in terms of total passengers (enplaned plus deplaned), according to preliminary statistics compiled by ACI-NA. The top 10 ranking of the Airport reflects its (1) large O&D passenger base, (2) central geographic location, (3) role as a connecting passenger hub for United Airlines, Southwest Airlines, and Frontier Airlines, and (4) role as the primary commercial service airport in Colorado.

Central Geographic Location

Located near the geographic center of the U.S. mainland, Denver has long been a major air transportation hub in the route system of United Airlines and other airlines, and more recently, Southwest Airlines and Frontier Airlines. This fact underscores the importance of the Airport as a strategic asset within the U.S. air transportation system. For United Airlines and Southwest Airlines, Denver serves as an important domestic U.S. connecting hub for East-West and West-East traffic flows. The Airport's natural geographic advantage as a connecting hub is enhanced by its ability to accommodate aircraft landings and takeoffs in virtually all-weather conditions. Figure 6 shows the central geographic location of the Airport compared with the locations of certain other connecting hub airports.

Fifth Busiest U.S. Airport

Table 1 shows the 2017 rankings of the top 10 airports in the United States, as measured by total passengers. In 2017, the number of total passengers at the Airport increased 5.3% compared to the previous year—the highest rate of growth among the 10 busiest airports in the United States during this period.

Figure 6
DENVER AIRPORT SERVICE REGION

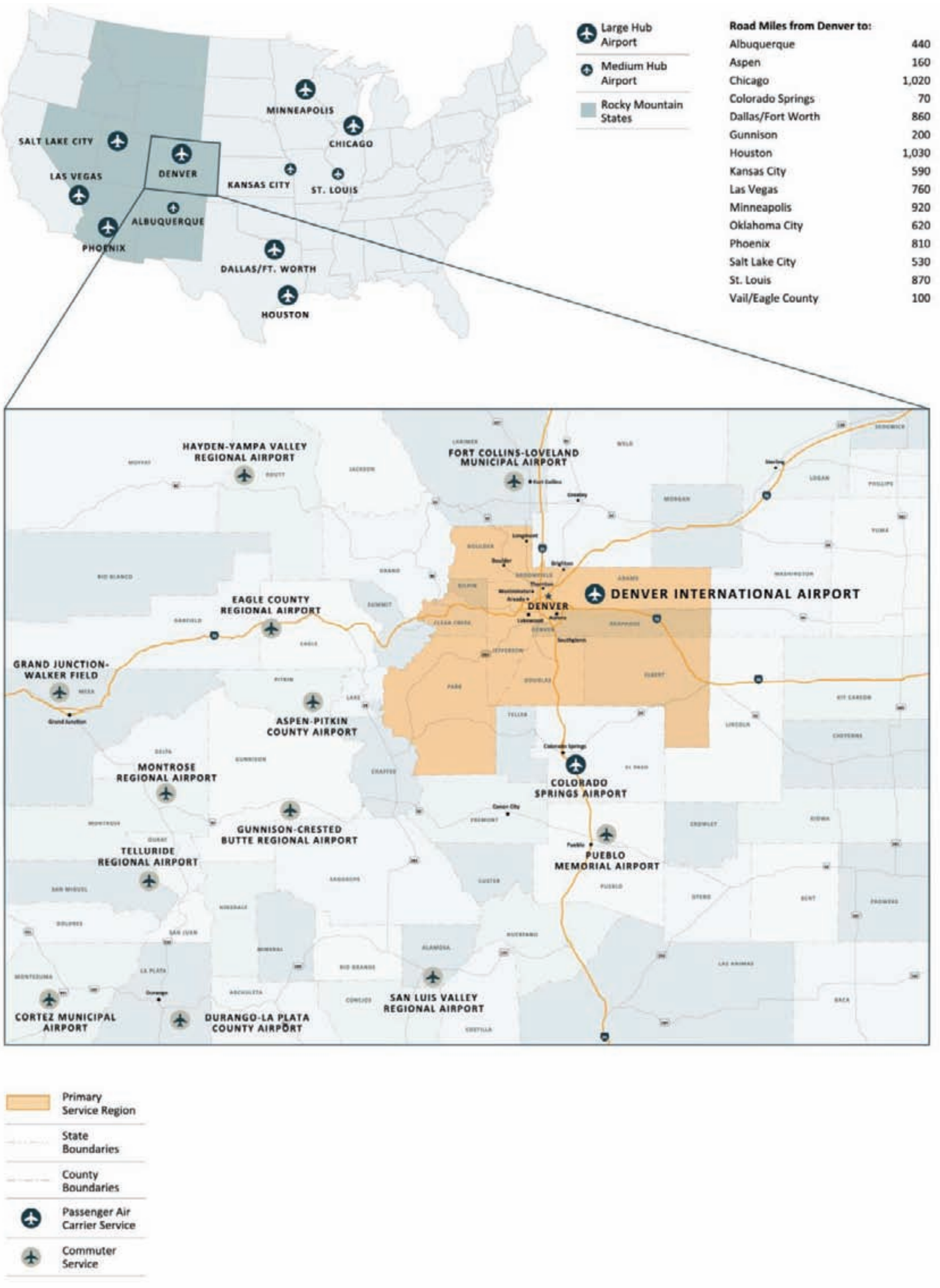


Table 1

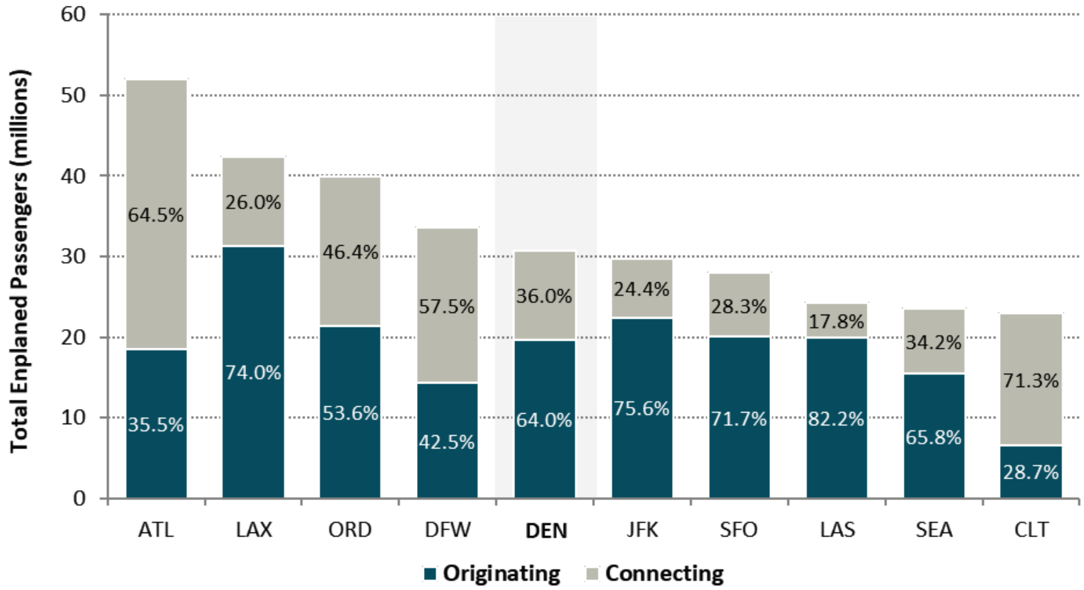
TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS IN 2017

Rank 2017	City (airport)	Total passengers (millions) *(a)* 2013	2014	2015	2016	2017	Average annual percent increase (decrease) 2013-2017	2016-2017
1	Atlanta	94.4	96.2	101.5	104.2	103.9	2.4%	(0.3)%
2	Los Angeles (International)	66.7	70.7	74.9	80.9	84.6	6.1	4.6
3	Chicago (O'Hare)	66.8	70.0	76.9	78.3	79.5	4.4	1.5
4	Dallas-Fort Worth	60.5	63.6	65.5	65.7	67.1	2.6	2.1
5	**Denver**	**52.6**	**53.5**	**54.0**	**58.3**	**61.4**	**3.9**	**5.3**
6	New York (Kennedy)	50.4	53.3	56.8	58.9	59.4	4.2	0.8
7	San Francisco	44.9	47.1	50.1	53.1	55.8	5.6	5.1
8	Las Vegas	40.9	42.9	45.4	47.5	48.6	4.4	2.3
9	Seattle	34.8	37.5	42.3	45.7	46.9	7.7	2.6
10	Charlotte	43.5	44.3	44.9	44.4	45.9	1.4	3.4
	Average for airports listed	55.6	57.9	61.2	63.7	65.3	4.1	2.5

(a) Enplaned plus deplaned passengers.
Note: Preliminary 2017 data.
Sources: Airports Council International-North America, *Worldwide Airport Traffic Report* and *North American Airport Rankings,* for years noted.

As shown on Figure 7, 36.0% of the 30.7 million passengers enplaned at the Airport in 2017 connected from one flight to another. All of the three busiest airlines serving the Airport, as measured by number of enplaned passengers in 2017—United Airlines, Southwest Airlines, and Frontier Airlines—use the Airport as a connecting hub. In 2017, 56.8% of passengers enplaned by the United Airlines Group connected at the Airport with flights to other destinations, followed by 27.8% on Southwest Airlines and 25.3% on Frontier Airlines.

Figure 7
ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS
2017



ATL = Hartsfield–Jackson Atlanta International Airport
LAX = Los Angeles International Airport
ORD = Chicago O'Hare International Airport
DFW = Dallas/Fort Worth International Airport
JFK = John F. Kennedy International Airport
DEN = Denver International Airport
SFO = San Francisco International Airport
LAS = McCarran International Airport
SEA = Seattle-Tacoma International Airport
CLT = Charlotte Douglas International Airport

Note: Preliminary 2017 ranking based on Airports Council International-North America, *North American Airport Rankings*, May 2018.

Sources: Denver—Department management records. All other airports—Total passengers: Airports' websites, accessed May 2018. Originating passengers: U.S. Department of Transportation, O&D Survey, accessed May 2018.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the region served by the Airport, the strength of the local and regional economy, and the attractiveness of the Denver Metropolitan Area (as defined later) as a tourist destination. The passenger base of both leisure and business travelers in the Airport service region supports the local and connecting hub operations of United Airlines, Southwest Airlines, and Frontier Airlines. In 2017, approximately 39.0 million O&D passengers used the Airport, making Denver the sixth busiest O&D passenger market in the United States.

Connecting Hub for United Airlines, Southwest Airlines, and Frontier Airlines

As shown in Table 2, the Airport accounted for the sixth largest number of scheduled daily seats at U.S. connecting hub airports in August 2018. It is an appealing connecting hub because of its central geographic location and ability to accommodate all types of aircraft in virtually all-weather conditions.

Table 2
SCHEDULED AIRLINE SERVICE AT TOP U.S. CONNECTING HUB AIRPORTS
August 2018

	Average daily scheduled outbound seats			Busiest airline(s)		
City (airport)	Domestic	International	Total	Airline *(a)*	Average daily scheduled outbound seats	Airline share of airport total
Atlanta	156,420	21,185	177,604	Delta	139,451	78.5%
				Southwest	17,905	10.1
Los Angeles	101,179	47,390	148,569	American	24,441	16.5
				Delta	23,965	16.1
				United	21,157	14.2
Chicago (O'Hare)	117,987	25,523	143,510	United	63,161	44.0
				American	49,512	34.5
New York (Kennedy)	49,883	63,500	113,382	Delta	30,968	27.3
				jetBlue	25,413	22.4
				American	13,320	11.7
Dallas	96,265	15,430	111,696	American	91,549	82.0
Denver	**100,739**	**4,771**	**105,510**	**United**	**45,039**	**42.7**
				Southwest	**30,096**	**28.5**
				Frontier	**12,801**	**12.1**
San Francisco	76,929	26,051	102,980	United	45,436	44.1
				Alaska *(b)*	12,891	12.5
				Southwest	8,282	8.0
Seattle	81,914	10,208	92,122	Alaska *(b)*	42,383	46.0
				Delta	22,378	24.3
Charlotte	74,136	5,946	80,082	American	72,181	90.1
Las Vegas	73,152	6,018	79,171	Southwest	31,327	39.6

(a) Includes regional airline affiliates.
(b) Alaska Airlines includes Virgin America.
Source: Innovata Schedules, accessed May 2018.

Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 6), the Airport is the busiest airport in terms of the number of enplaned passengers. Colorado Springs Airport, a small-hub airport located 70-miles south of the Airport, principally serves local demand and ranks second in the State of Colorado after the Airport in terms of numbers of enplaned passengers. In 2017, approximately 839,000 passengers were enplaned at Colorado Springs Airport, compared with approximately 30.7 million passengers enplaned at the Airport.

Airport Service Region

As shown on Figure 6, the primary Airport service region is defined as the Denver Metropolitan Area in terms of both population and geography. The Denver Metropolitan Area includes the Denver-Aurora-Lakewood Metropolitan Statistical Area (MSA) consisting of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties, and the Boulder MSA, consisting of Boulder County.

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 the extensive airline service offered at the Airport, has helped attract the regional and national headquarters of businesses and government agencies to the Denver Metropolitan Area.

The following sections of the airline traffic analysis present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand; (2) airline traffic trends at the Airport, including airlines serving the Airport; enplaned passengers using the Airport; trends in enplaned, originating, and connecting passengers, including the role of the Airport in the route systems of United Airlines, Southwest Airlines, and Frontier Airlines; (3) the key factors that will affect future airline traffic, both at the Airport and nationwide; and (4) forecasts of airline traffic at the Airport through 2025, including enplaned passengers and aircraft landed weight.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. Generally, regions with large populations, high levels of employment, and high average per capita personal income will generate a high demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita personal income—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand at the airport(s) serving the region. As described below, Denver has one of the fastest growing major economies in the U.S., as well as one of the fastest growing populations.

Historical Population, Nonagricultural Employment, and Per Capita Personal Income

The Denver Metropolitan Area is a major business center in the state of Colorado and the multistate Rocky Mountain region, which consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. Table 3 presents historical and projected population, nonagricultural employment, and per capita personal income in the Denver Metropolitan Area, the State of Colorado, and the United States for 1990, 2000, 2010 through 2017, 2020, and 2025. In 2017, the Denver Metropolitan Area accounted for 57.3% of Colorado's population and more than 62.1% of its nonagricultural employment.

Denver ranked fourth among U.S. metropolitan areas in Forbes' 2017 ranking of the best places for business and careers, noting that "…the city's relatively central location makes it a natural location as a distribution hub for the American west, while also supporting a number of growing industries in technology and telecommunications." In addition, as Amazon looks for a second location for its corporate operations, the New York Times recently selected Denver as the best possible location, citing Denver's "…lifestyle and affordability, coupled with the supply of tech talent from nearby universities" among its key advantages[3].

Population. As shown in Table 3, the population of the Denver Metropolitan Area has historically increased at rates generally comparable to that of the State of Colorado and higher than the national average. Population in the Denver Metropolitan Area increased an average of 1.8% per year between 1990 and 2017, outpacing national population growth of 1.0% per year over the same period. Strong population growth in the Denver Metropolitan Area in recent years reflects increased in-migration in response to regional economic growth. As shown on Figure 8, the Denver Metropolitan Area population has consistently grown at a slightly lower rate than the average of the top 25 metropolitan areas in the United States over the past two decades. The growth in population has contributed to the underlying growth in O&D passengers at the Airport.

[3] "Dear Amazon, We Picked Your New Headquarters for You," The New York Times, September 2017.

Table 3

HISTORICAL AND PROJECTED SOCIOECONOMIC DATA

Denver Metropolitan Area, State of Colorado, and United States 1990-2025

	Population (thousands) *(a)*			Nonagricultural employment (thousands) *(b)*			Per capita personal income in 2009 dollars *(c)*		
Year	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									
1990	2,008	3,294	248,791	963	1,521	109,487	$35,754	$32,190	$31,769
2000	2,647	4,327	282,162	1,375	2,214	131,881	48,241	42,392	37,773
2010	2,851	5,049	309,338	1,353	2,222	130,362	42,808	39,286	39,628
2011	2,901	5,118	311,644	1,378	2,258	131,932	45,016	40,985	40,499
2012	2,953	5,190	313,993	1,418	2,312	134,175	46,559	42,161	41,379
2013	3,008	5,268	316,235	1,468	2,381	136,381	47,914	43,163	40,971
2014	3,066	5,350	318,623	1,523	2,464	138,958	50,307	45,330	42,127
2015	3,128	5,449	321,040	1,578	2,542	141,843	52,184	47,028	43,836
2016	3,175	5,541	323,406	1,619	2,602	144,352	51,472	46,568	43,982
2017	3,211	5,607	325,719	1,650	2,659	146,624	n/a	46,829	44,105
Projected									
2020	3,359	5,839	335,058	1,770	2,840	155,361	54,756	49,900	47,348
2025	3,606	6,239	350,937	1,925	3,086	166,299	57,752	52,782	50,233
	Annual percent increase (decrease)								
2010-2011	1.8%	1.4%	0.7%	1.8%	1.6%	1.2%	5.2%	4.3%	2.2%
2011-2012	1.8	1.4	0.8	2.9	2.4	1.7	3.4	2.9	2.2
2012-2013	1.9	1.5	0.7	3.6	3.0	1.6	2.9	2.4	(1.0)
2013-2014	1.9	1.6	0.8	3.7	3.5	1.9	5.0	5.0	2.8
2014-2015	2.0	1.9	0.8	3.6	3.1	2.1	3.7	3.7	4.1
2015-2016	1.5	1.7	0.7	2.6	2.4	1.8	(1.4)	(1.0)	0.3
2016-2017	1.1	1.2	0.7	1.9	2.2	1.6	n/a	0.6	0.3
	Average annual percent increase (decrease)								
Historical									
1990-2000	2.8%	2.8%	1.3%	3.6%	3.8%	1.9%	3.0%	2.8%	1.7%
2000-2017	1.1	1.5	0.8	1.1	1.1	0.6	n/a	0.6	0.9
1990-2017	1.8	2.0	1.0	2.0	2.1	1.1	n/a	1.4	1.2
Projected									
2017-2020	1.5	1.4	0.9	2.4	2.2	1.9	n/a	2.1	2.4
2020-2025	1.4	1.3	0.9	1.7	1.7	1.4	1.1	1.1	1.2

n/a = not available

Note: The Denver Metropolitan Area includes the Denver-Aurora-Lakewood Metropolitan Statistical Area, consisting of Adams, Arapahoe, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties and the Boulder Metropolitan Statistical Area, consisting of Boulder County.

(a) U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed June 2018.

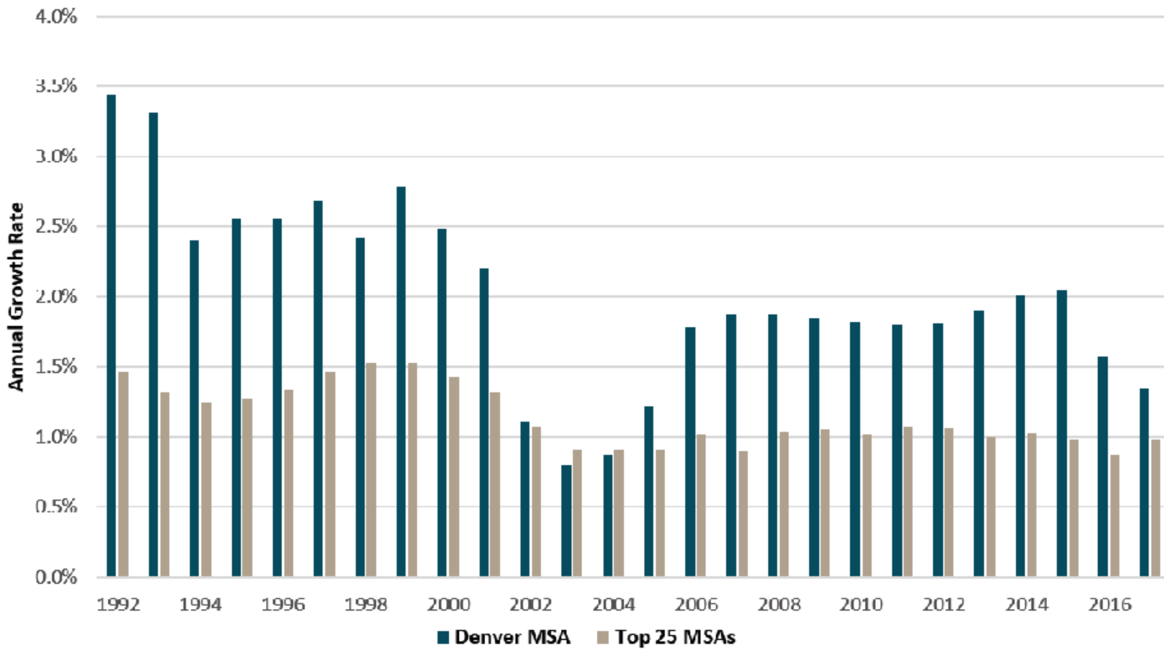
(b) U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed June 2018.

(c) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, www.bea.gov, accessed August 2017. Per capita personal income for the Denver Metropolitan Area is through 2016 only.

Sources: U.S. Department of Commerce, Bureau of the Census, www.census.gov; U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov; U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov; Woods & Poole, *Economic and Demographic Projections*, June 2018.

Figure 8

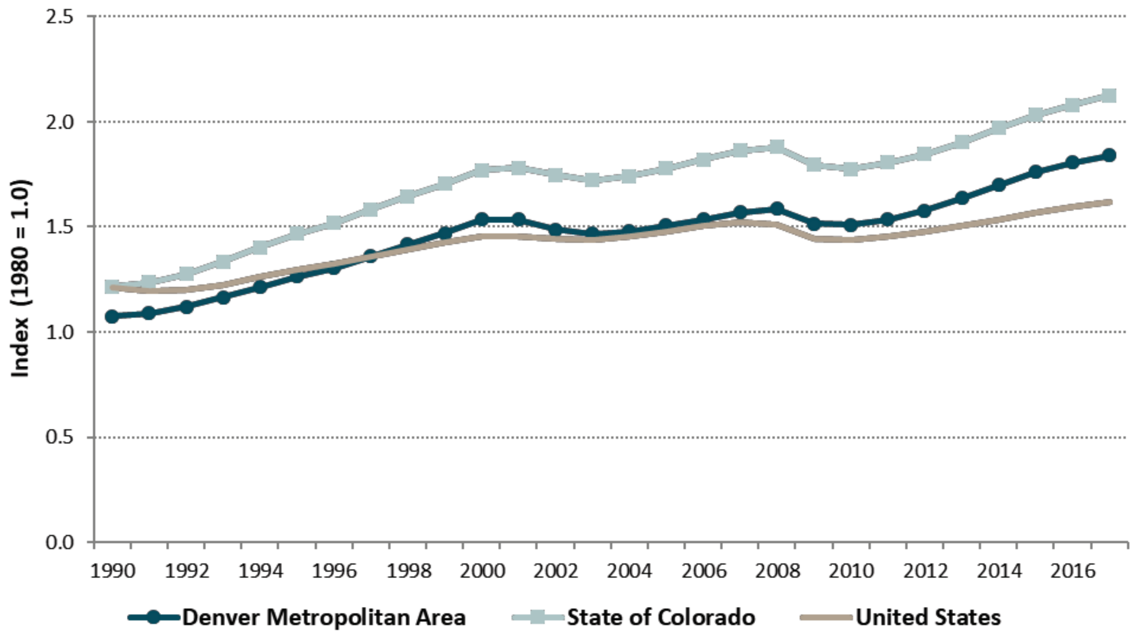
ANNUAL POPULATION GROWTH OF DENVER MSA VS. TOP 25 MSA AVERAGE



Source: Woods & Poole, Economic and Demographic Projections, May 2017.

Employment. Nonagricultural employment in the Denver Metropolitan Area generally correlates with national employment trends, as shown in Table 3 and on Figure 9. Following the trends in population, nonagricultural employment in the Denver Metropolitan Area expanded during the 1990s, increasing an average of 3.6% per year between 1990 and 2000. Nonagricultural employment in the Denver Metropolitan Area and the nation as a whole remained relatively unchanged between 2000 and 2010. Between 2010 and 2017, nonagricultural employment in the Denver Metropolitan Area increased at a greater rate than the State and the nation.

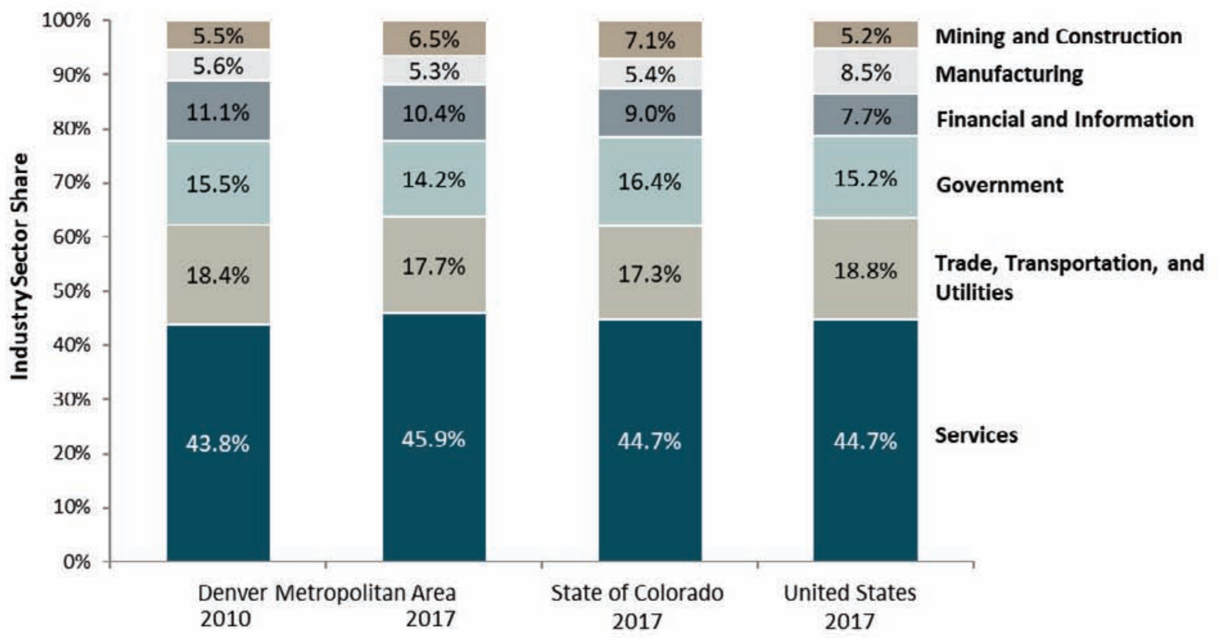
Figure 9
TRENDS IN NONAGRICULTURAL EMPLOYMENT



Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed August 2017.

Nonagricultural Employment by Industry Sector. Figure 10 shows the comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 2010 and 2017 and for the State and the nation in 2016. Employment in services (45.9%)—including health, education, professional, business, and other services—and trade, transportation, and utilities (17.7%) accounted for a combined 63.6% of total nonagricultural employment in the Denver Metropolitan Area in 2017.

Figure 10
COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



Note: Columns may not add to 100% because of rounding.
Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed June 2018.

Major Employers. Table 4 lists the 20 largest private employers in the Denver Metropolitan Area as of May 2018. The table reflects the diversity of the companies and organizations in the area.

Per Capita Personal Income. Per capita personal income (in 2009 dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and nation, as shown in Table 3. Average per capita income in the Denver Metropolitan Area, in 2015 (the latest available data), exceeded that in the State and the nation by 10.6% and 16.2%, respectively. Denver's per capita income also exceeds the average across the other large MSAs, demonstrating the strength of the growing economy in Denver. The Denver MSA currently ranks seventh in the nation in terms of per capita income among the nation's 25 largest metropolitan areas[4]. Growth in passenger traffic and the propensity to travel in a region are closely related to per capita personal income levels as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel and (2) income growth translates into disposable income, which reflects the potential for growth in the number of trips per person.

[4] Woods & Poole Economics.

Table 4
20 LARGEST PRIVATE EMPLOYERS
Denver Metropolitan Area

Rank	Company	Description	Number of employees *(a)*
1	King Soopers Inc.	Grocery	14,400
2	Wal-Mart	General Merchandise	11,900
3	HealthONE Corporation	Healthcare	11,000
4	SCL Health System	Healthcare	8,800
5	Centura Health	Healthcare	8,600
6	UCHealth Healthcare	Healthcare, Research	8,500
7	CenturyLink	Telecommunications	8,300
8	Lockheed Martin Corporation	Aerospace & Defense Related Systems	7,600
9	Comcast Corporation	Telecommunications	7,400
10	Kaiser Permanente	Healthcare	7,000
11	Children's Hospital Colorado	Healthcare	6,900
12	Safeway Inc.	Grocery	6,200
13	United Airlines	Airline	6,100
14	Target Corp.	General Merchandise	5,700
15	Amazon *(b)*	Warehousing & Distribution Services	5,300
16	United Parcel Service	Parcel Delivery	4,300
17	Charles Schwab	Financial Services	4,200
18	University of Denver	Education	4,100
19	DISH Network Satellite	Satellite TV and Equipment	4,000
20	Southwest Airlines	Airline	4,000

Note: Largest private employers do not include retail companies or public/governmental companies or organizations.
(a) Rounded to the nearest hundred.
(b) Includes Amazon Robotics Fulfillment Center planned opening in Thornton in August 2018.
Source: Compiled from various business lists and resources by Development Research Partners Inc., revised May 2018.

Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned Longwoods International, a research firm that analyzes North American travel patterns, to prepare an in-depth study of the Denver tourism market. Key results of the 2017 Longwoods International study (the latest data available as of the date of this Report) on Denver tourism were as follows:

- Denver’s number of overnight visitors increased by approximately 0.6%, from 17.3 million in 2016 to 17.4 million in 2017, and over the past five years has increased an average of 5.1% annually.

- Denver travel spending reached $5.6 billion in 2017, increasing 5.7% between 2016 and 2017. Visitor spending benefits many different businesses in Denver, including food and beverage, lodging, recreation, sightseeing, and attractions.

- The number of people coming to Denver for conventions and business travel over the past five years has grown slightly to 2.4 million visitors, averaging 0.9% growth.

The continued growth in Denver's appeal as a tourism destination, which is reflected in the increasing numbers of overnight leisure visitors and in the number of business related travelers, influences aviation demand at the Airport. In addition, visitor spending in the Denver Metropolitan Area has the potential of increasing economic growth and aviation demand.

Table 5 summarizes the trends in visitor activity in the Denver Metropolitan Area in 2000, 2005, and 2010 through 2017 based on the Longwoods International annual study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

Leisure Travel. Leisure visitors to Denver account for most of the overnight trips (approximately 86.0% in 2017) and drove the growth in numbers of overall visitors in all years included in Table 5. Denver continues to be a strong leisure market. Between 2000 and 2017, the number of leisure visitors to Denver increased an average of 4.7% per year. Colorado remained the country's top ski destination in 2017, accounting for approximately 21.0% of national overnight ski trips.

Business Travel. In 2017, visitors traveling to Denver on business accounted for approximately 14.0% of all overnight trips, according to the Longwoods International study. Business travelers spent an average of $154 per person per day, compared with $171 per person day spent by leisure visitors. *SmarterTravel* named Denver the fifth best city for business travel in the United States based on number of on-time flights, cost of lodging, reliability of mobile network coverage, and traffic congestion levels.

Conventions. Denver's meeting and convention activity grew in 2017, with 934 conventions held at the Colorado Convention Center and area hotels and more than 390,000 delegates. In 2016, Denver and the Colorado Convention Center were ranked as one of the top 13 convention centers with superior facilities according to the Watkins Research Group. According to the same study, Visit Denver was ranked among the top Convention and Visitors Bureau (CVB) by meeting planners surveyed across the country.[5]

[5] Watkins Research Group 2016 Survey of Meeting Planners.

Table 5
VISITOR ACTIVITY
Denver Metropolitan Area

	Overnight trips to Denver (millions)			Denver Conventions *(a)*	
Year	Leisure	Business	Total	Number	Number of delegates
2000	6.9	2.7	9.6	342	235,996
2005	7.9	2.5	10.4	420	257,956
2010	10.9	1.8	12.7	498	371,003
2011	11.0	2.2	13.2	515	369,059
2012	11.3	2.3	13.6	617	377,115
2013	11.7	2.3	14.0	628	385,292
2014	13.0	2.4	15.4	733	429,497
2015	13.8	2.6	16.4	747	375,278
2016	14.7	2.6	17.3	858	368,459
2017	15.0	2.4	17.4	934	390,074
	Average annual percent increase (decrease)				
2000-2005	2.7%	(1.5)%	1.6%	4.2%	1.8%
2010-2017	4.7	4.2	4.6	9.4	0.7
2000-2017	4.7	(0.7)	3.6	6.1	3.0

Note: Columns may not add to totals shown because of rounding.
(a) Includes conventions at hotels and the Colorado Convention Center.
Sources: Colorado Tourism Office, visitor data compiled by Longwoods International, final reports for years noted, and Visit Denver, the Convention and Visitors Bureau records.

Economic Outlook

The economic outlook for the United States, the State of Colorado, and the Denver Metropolitan Area forms a basis for anticipated growth in airline traffic at the Airport. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, state, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of global, national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends, as presented in the later section titled “Airline Traffic Trends.”

Global Economy. Globalization of the world economy has created linkages between national economies that relate not only to trade, but also to airline travel. The economic growth of world regions, in terms of GDP, is directly related to the growth in airline travel. Forecast GDP for world regions is shown in Table 6. In regions such as Asia, Africa, and Latin America, that have emerging economies with strong growth in GDP combined with a growing middle class, growth in the number of airline passengers has been significant. As other countries and regions experience strong economic growth, the propensity to travel increases, resulting in more leisure travel by residents and more business travel within those areas and to the United States, including the Denver Metropolitan Area.

Table 6
HISTORICAL AND FORECAST GDP GROWTH BY WORLD REGION

	Average annual percentage increase in GDP (in billions of 2010 U.S. dollars)	
World region	Historical 2000-2017	Forecast 2018-2038
Asia *(a)*	4.6%	3.8%
Atlantic *(b)*	1.9	2.1
Canada	2.2	2.0
Latin America *(c)*	1.5	3.0
United States *(d)*	2.1	2.0
World	2.8	2.8

(a) Including Asia, the Pacific Basin, Australia, and New Zealand.
(b) Including Europe, the Middle East, and Africa.
(c) Including Mexico, Central America, the Caribbean, and South America.
(d) The FAA reports United States GDP in billions of 2009 U.S. dollars.
Sources: Global Insight, as reported in U.S. Department of Transportation, Federal Aviation Administration, *FAA Aerospace Forecasts, Fiscal Years 2018-2038*, accessed June 2018.

National Economy. The national economy is expected to grow at a moderate pace through 2019. The national economic expansion that began after the 2008-2009 economic recession is approaching the longest period of sustained economic growth on record, supported by improved business investment and increased global economic activity.[6]

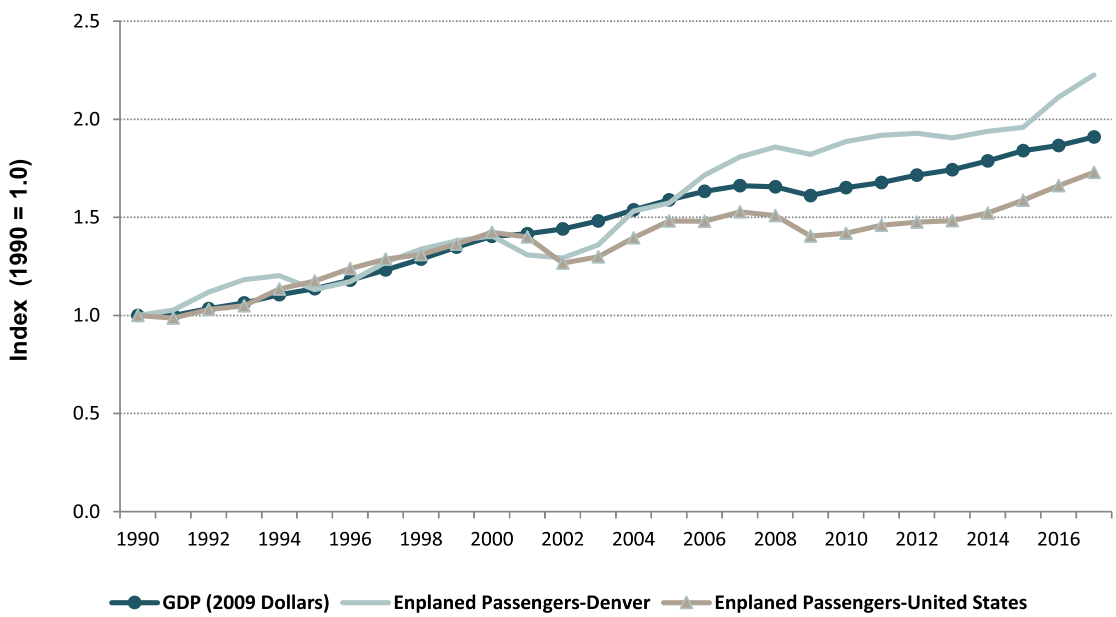
Figure 11 presents trends in U.S. GDP (in 2009 dollars) and numbers of enplaned passengers at the Airport and in the nation from 1990 through 2017 (using 1990 as the index year). Overall, trends in national passenger traffic have closely correlated with the trends in GDP since 1990, including decreases during the 2008-2009 economic recession and two earlier national economic recessions. In comparison, the Airport has outperformed, or its performance has correlated with national passenger trends during periods of national economic recession. From 1990 through 2017, GDP increased an average of 2.4% per year, while the numbers of enplaned passengers increased at annual averages of 2.0% in the nation and 3.0% at the Airport.

During the most recent national economic recession from 2008 to 2009, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased 2.0% in 2009. In comparison, the number of enplaned passengers in the United States decreased 1.2% in 2008 and 7.0% in 2009, based on U.S. DOT data. During the recovery from the 2008-2009 recession, the number of passengers enplaned at the Airport increased 3.6% in 2010, 1.7% in 2011, and 0.5% in 2012. Passenger data available from the U.S. DOT indicate that the number of

[6] Colorado Legislative Council, *Focus Colorado: Economic and Revenue Forecast*, December 11, 2018, www.colorado.gov, accessed June 2018.

enplaned passengers on U.S. flights increased 0.4% between 2011 and 2012. The Congressional Budget Office (CBO) expects that real GDP will expand at an average annual rate of 2.9% from the fourth quarter of 2017 to the fourth quarter of 2019 due to increased consumer spending, business investment, and residential construction. The CBO predicts that the current rate of economic expansion will produce upward pressure on inflation and interest rates and that the U.S. economy will expand at slower annual growth rates in the near to mid-term: from 1.8% for the period of 2019-2020, 1.5% from 2020-2022, and 1.7% from 2023-2028. The CBO also predicts that the unemployment rate will decrease from 4.1% in the fourth quarter of 2017 to 3.3% in the fourth quarter of 2019, falling below the CBO's calculated natural rate of unemployment.[7]

Figure 11
U.S. GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



Sources: U.S. GDP—U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed August 2018. Denver enplaned passengers—Department management records. U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, www.faa.gov, accessed August 2018.

[7] Congressional Budget Office, *Budget and Economic Outlook: Fiscal Years 2017 to 2027*, April 2018; accessed June 2018.

Colorado Economy. Colorado's economy continues to outperform most states economically, as noted by the Leeds School of Business at the University of Colorado[8]. Colorado has seen strong growth in new business formation and is one of the nation's leaders in business startup rates. The Leeds School of Business cites Colorado's entrepreneurial networks as one of the main drivers behind its new business growth rate, specifically those networks in Denver, Boulder, and Fort Collins.

- **Population**—The Colorado Legislative Council (CLC) forecasts a 1.7% increase in Colorado's population between 2017 and 2018, and a 1.4% annual population growth rate from 2018-2019. According to Development Research Partners' report "An Economic & Demographic Overview of the Denver Metropolitan Area," net in-migration to Colorado will remain the top reason for population growth[9].

- **Nonagricultural employment**— Over the past 10 years, Colorado employment grew at an annual average rate of 1.3%, double the national rate of 0.6% over the same period. For 2017, Colorado's unemployment rate fell to 2.8%, 1.6% below the U.S. average and remains among the lowest in the nation. The CLC forecasts 1.7% growth in Colorado's nonagricultural employment in 2018 and 1.5% growth in 2019.

- **Retail trade**—Following a 4.4% increase in Colorado retail trade sales (an indicator of consumer spending) in 2016, the CLC forecasts that retail trade sales in Colorado will increase 5.0% in 2017, 4.7% in 2018, and 4.8% in 2019 (unadjusted for inflation). The CLC notes that rising rates are a result of "…an increasing population and rising personal income supporting expanding sales."

- **Residential construction**—The CLC forecasts that the number of new single-family home permits issued in Colorado will increase 3.5% in 2018 and 2.9% in 2019. The CLC attributes the slower increase in new single-family home permits in 2019 to new multi-family housing units being completed.

Denver Metropolitan Area Economy. The economic drivers in the Denver Metropolitan Area are diverse and include mature, stable, and emerging industries. In its "2018 Economic Forecast for Metro Denver," dated January 2018, the Metro Denver Economic Development Corporation (MDEDC) noted that Metro Denver "…is bolstered by a vibrant entrepreneurial community, an active start-up-market, and optimistic businesses."

- **Population**—The Metro Denver Area is consistently ranked as one of the fastest-growing metropolitan areas in the nation, with net migration representing 59% of total Metro Denver Area population growth between 2008 and 2017. According to the MDEDC, population growth in the Denver Metropolitan Area increased an average of 1.7%

[8] Leeds School of Business, University of Colorado, Boulder, *Business Economic Outlook 2018,* December 2017; accessed June 2018.
[9] Development Research Partners, *An Economic & Demographic Overview of the Denver Metropolitan Area*, May 2018; accessed June 2018.

between 2007 and 2017. Looking forward, the MDEDC anticipates that the population will increase 1.6% in 2018, which is higher than the projected national growth of 0.8%.

- **Nonagricultural employment**— The MDEDC estimates that nonagricultural employment in the Denver Metropolitan Area grew 2.1% from 2016 to 2017. According to Development Research Partners, this was driven in part by information technology software companies growing in Denver and Boulder, "…drawn by the quality of the high technology workforce" in the Denver Metro Area. These trends in employment growth should continue according to the MDEDC, which forecasts 1.9% growth for 2018. The MDEDC cites Denver's ability to attract new companies, draw in talented workers, and the Metro Denver Area's ability to promote entrepreneurship.

- **Retail trade**— Retail sales in the Denver metro area increased 5.5% in 2015 over 2014, the latest available data from the Colorado Department of Revenue. The MDEDC forecasts that retail trade sales (an indicator of consumer spending) in the Denver Metropolitan Area will increase 5.5% in 2018 (unadjusted for inflation), following a 5.4% increase between 2016 and 2017.

- **Residential construction**—The MDEDC estimated that construction of new residential units in the Denver Metropolitan Area increased 3.3% in 2017, while for 2018, the MDEDC forecasts a slight decrease in the number of new residential units being built. The slight decrease in the Denver Metropolitan Area forecast for 2018 is in contrast to the 3.5% increase for Colorado, as forecast by the Colorado Department of Local Affairs, Division of Local Governments.

Risks to the Economic Outlook. Although the short-term and mid- to long-term economic outlooks are favorable, there are risks that these projections/forecasts may not be achieved. Key risks include the following:

- U.S. consumers may not be able to generate much spending growth as a result of a lack of growth in wages, persistent unemployment, or other factors.

- Recent increases in fuel prices could continue. According to the Bureau of Transportation Statistics, the average cost per gallon of jet fuel was $2.19 as of May 2018, a 36% increase over May 2017. Despite recent increases in price of jet fuel per gallon, prices remain well below the highs in 2008 and 2011-2014. In addition, increases in fuel prices related to increasing global demand and political instability in oil producing countries would present a risk to continued economic growth.

- In the long term, the continuing deficits in the U.S. balance of payments as well as continuing large U.S. fiscal deficits could result in volatility in the currency markets, spending reductions, higher interest rates, and reduced access to credit, thereby presenting a risk to continued economic growth.

- A shift toward more protectionist economic policies in the U.S. and abroad could result in reduced cross-border trade and investment, thus lowering global growth.

- Non-economic factors such as political discord, terrorism and security concerns, and geopolitical tensions could dampen growth.

Economic Growth Factors. 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) continued growth in the leisure and hospitality industry sectors, (3) generally lower labor and living costs compared with those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle-Tacoma, (4) an educated labor force able to support the development of knowledge-based and service industries, and (5) continued reinvestment to support the development of tourism, conventions, and other businesses.

AIRLINE TRAFFIC TRENDS

The following sections present the airlines serving the Airport; a discussion of enplaned passengers at the Airport since 2000; passenger market shares of enplaned and originating passengers; and the role of the Airport in the systems of United Airlines, Southwest Airlines, and Frontier Airlines.

Airlines Serving the Airport

Table 7 lists the passenger airlines that served the Airport as of August 2018. In addition, several all-cargo airlines, including ABX Air, Inc., Alpine Air Express, Atlas Air (Prime Air), Bemidji Aviation Services, Inc., DHL Express (USA), FedEx Corporation, Southern Air, and UPS Air Cargo provided service at the Airport.

Table 7
PASSENGER AIRLINES SERVING DENVER
August 2018

Mainline/National	***Regional/Commuter***
Alaska Airlines *(a)*	American Eagle
Allegiant Air	Boutique Air
American Airlines	Delta Connection
Delta Air Lines	Denver Air Connection
Frontier Airlines	Great Lakes *(d)*
jetBlue Airways	United Express
Southwest Airlines	
Spirit Airlines	
Sun Country Airlines	
United Airlines	

Foreign-flag
AeroMéxico
Air Canada *(b)*
British Airways
Copa Airlines
Edelweiss Air
Icelandair
Lufthansa German Airlines
Norwegian Air *(c)*
Volaris
WestJet

(a) Includes Virgin America, which was acquired by Alaska Airlines in December 2016.
(b) Includes Jazz Aviation L.P., and Sky Regional Airlines, Inc.
(c) Includes Norwegian Air Shuttle ASA Limited and Norwegian Air UK LTD.
(d) Great Lakes announced the cessation of all scheduled operations in March 2018 but continues to provide scheduled service at the Airport through the Great Lakes Jet Express brand, operated by Aerodynamics, Inc.
Sources: Innovata, online database, accessed May 2018; Department management records.

Enplaned Passengers

Table 8 summarizes the numbers of enplaned passengers at the Airport in 2000 and 2005, and yearly from 2010 through the first six months of 2018, organized by originating, connecting, and total enplaned passengers.

The total number of enplaned passengers at the Airport increased an average of 2.7% per year between 2000 and 2017, with the number of originating and connecting passengers increasing an average of 3.5% and 1.6% per year, respectively.

Table 8
HISTORICAL ENPLANED PASSENGERS
Denver International Airport

	Enplaned passengers			Total annual percent	Percent
Year	Originating	Connecting	Total	increase (decrease)	originating
2000	10,979,642	8,413,354	19,392,996	--%	56.6%
2005	11,983,822	9,718,153	21,701,975	--	55.2
2010	14,101,491	11,923,411	26,024,902	--	54.2
2011	14,595,225	11,860,570	26,455,795	1.7	55.2
2012	14,785,089	11,811,902	26,596,991	0.5	55.6
2013	15,328,369	10,956,938	26,285,307	(1.2)	58.3
2014	16,213,831	10,522,853	26,736,684	1.7	60.6
2015	17,353,408	9,665,521	27,018,929	1.1	64.2
2016	18,527,324	10,612,880	29,140,204	7.9	63.6
2017	19,655,635	11,058,376	30,714,011	5.4	64.0
January-June					
2017	9,429,908	5,381,711	14,811,619	--%	63.7%
2018	9,871,520	5,556,829	15,428,349	4.2%	64.0
	Average annual percent increase (decrease)				
2000-2005	1.8%	2.9%	2.3%		
2005-2013	3.1	1.5	2.4		
2013-2017	6.4	0.2	4.0		
2000-2017	3.5	1.6	2.7		

Source: Department management records.

From 2013 through 2017, the number of enplaned passengers at the Airport increased an average of 4.0% per year, with the number of originating passengers increasing an average of 6.4% per year while connecting passengers increased an average of 0.2% per year (largely due to Frontier Airlines' changing its business model, as discussed later in this Report). Over the same period of time (2013-2017), the average rate of increase (decrease) in enplaned passengers at the Airport by type of business model was as follows:

- 5.3% average annual rate of growth for full service airlines, which includes the United Airlines Group, Delta Air Lines, American Airlines, Alaska Airlines, and Hawaiian Airlines

- 8.0% average annual rate of growth for low-cost[10] carriers which includes Southwest Airlines, jetBlue Airways, and Sun Country Airlines.

- 5.8% average annual rate of decrease for ultra-low-cost[11] carriers, which includes Frontier Airlines, Spirit Airlines, and Allegiant Air. The decline in growth for ultra-low-cost carriers is largely due to Frontier Airlines decentralizing its route network.

In 2017, the number of enplaned passengers at the Airport increased 5.4%, reflecting a 6.1% increase in the number of originating passengers and a 4.2% increase in the number of connecting passengers.

In the first six months of 2018, the number of enplaned passengers at the Airport increased 4.2% compared with the number of enplaned passengers in the first six months of 2017. In the first six months of 2018, the number of originating passengers increased 4.7% and the number of connecting passengers increased 3.3%, compared with the number of originating and connecting passengers in the first six months of 2017.

Total domestic seat capacity decreased by 1.7% in the first six months of 2018, compared to the first six months of 2017. The domestic capacity decline was mostly due to capacity reductions by American Airlines, Spirit Airlines and Alaska Airlines, which decreased their departing seats by 4.8%, 14.5%, and 12.5% respectively, over the same period in 2017. However, continued growth in scheduled service in the first six months of 2018 by United Airlines, Southwest Airlines, Frontier Airlines, and Delta Air Lines have offset some of the capacity reductions by other airlines, increasing their departing seats by 3.7, 2.3%, 1.9%, and 6.7% respectively. During the first six months of 2018, international seat capacity increased by 17.6% as compared to the same period in 2017, driven by WestJet Airlines commencing service to Calgary, United Airlines commencing service to London Heathrow, and Sun Country Airlines commencing seasonal service to Mazatlán.

Table 8 also presents trends in the numbers of connecting passengers at the Airport from 2000 through the first six months of 2018. Connecting passengers decreased every year from 2011 to 2015, as a result of Frontier Airlines decentralizing its network and decreasing its operations from the Airport. Later sections of this Report discuss the changing importance and role of the Airport as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines.

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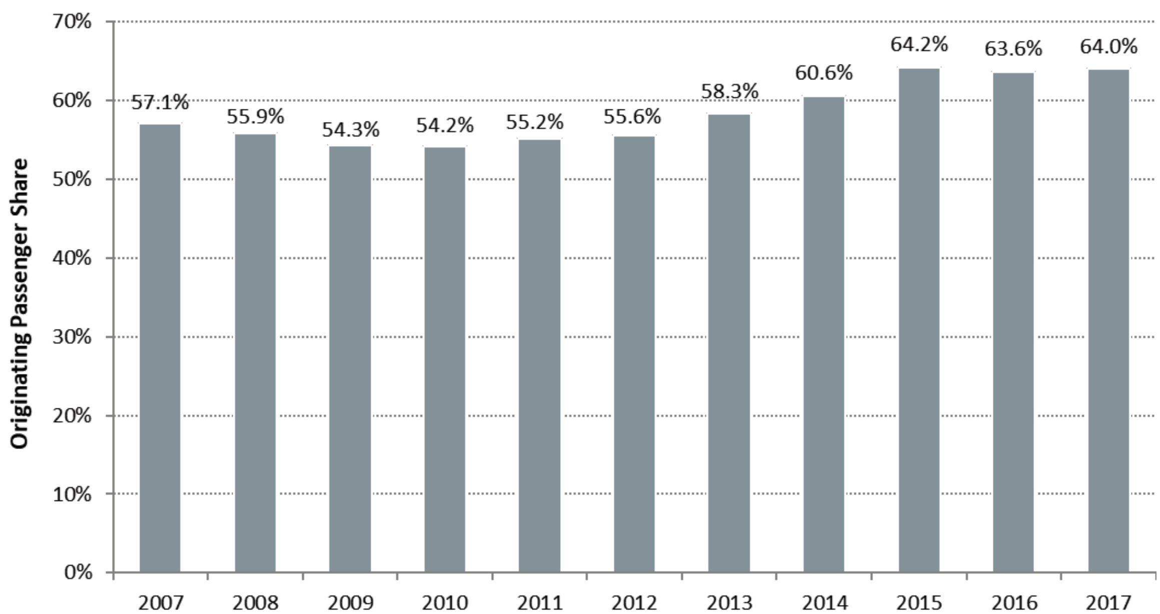
[10] The U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics defines current industry structure in terms of business models. A "low-cost carrier" operates under a generally recognized low-cost business model, which may include a single passenger class of service, standardized aircraft utilization, limited in-flight services, use of smaller or less expensive airports, and lower employee wages and benefits.

[11] In this Report, Ultra-low-cost airlines are considered a subset of the Low-Cost Airlines category, but have additional focus on lowering base fare and increasing ancillary revenue. Ancillary revenues are products and services airlines charge customers in addition to the cost of the airfare, such as assigned seating, checked bags or in-flight food and beverages.

Between 2000 and 2017, the number of originating passengers at the Airport increased in 14 of the 17 years. The three years of declines were related to the effects of the 2001 terrorist attacks and national economic recession that followed in 2002, and a decrease in 2009, related to the effects of the national economic recession and financial crisis.

The increase in originating passengers at the Airport since 2000 reflects the continued population and economic growth in the Denver Metropolitan Area and the State of Colorado, as well as increases in airline service, increased airline competition, and the continued development of airline service at the Airport by the low-cost and ultra-low-cost carriers. As shown on Figure 12, the originating passenger share of total Airport enplaned passengers increased steadily between 2010 and 2015 and has since remained relatively constant at around 64%.

Figure 12
ORIGINATING PASSENGER SHARE OF TOTAL AIRPORT ENPLANED PASSENGERS
Denver International Airport



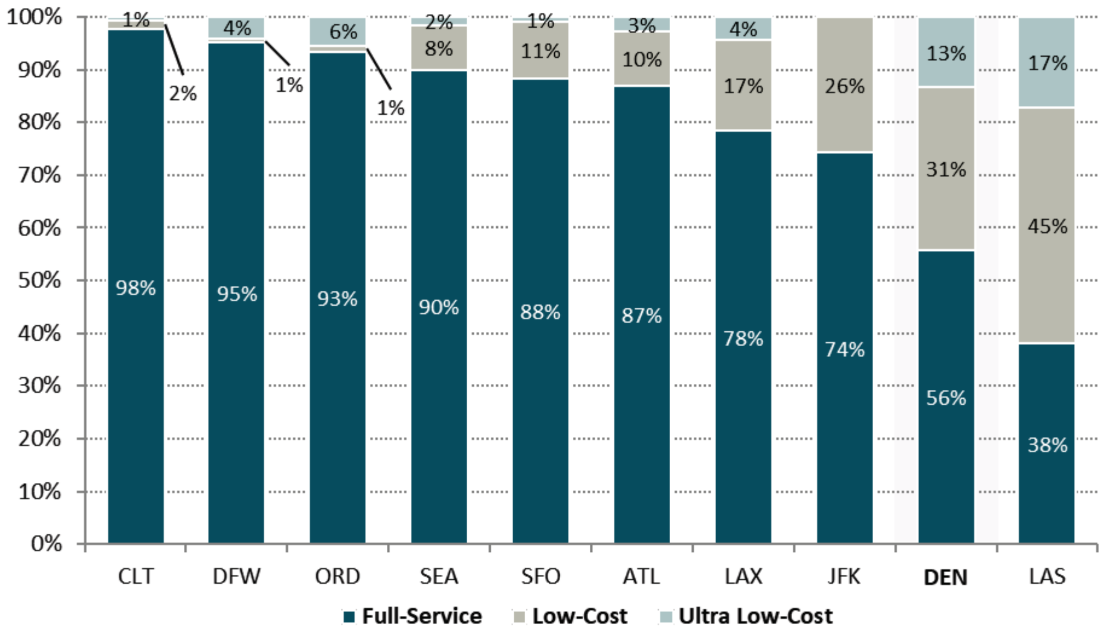
Source: Department management records.

The Airport benefits from a diverse carrier base, with each of the three largest carriers operating distinct business models that focus on different types of travelers. United Airlines is a full-service legacy carrier serving both business and leisure travelers. Southwest Airlines is a traditional low-cost carrier serving primarily leisure travelers, and Frontier Airlines is an ultra-low-cost carrier serving cost-conscious travelers. The Airport is one of the few airports in the U.S. that supports connecting operations by multiple carriers representing different airline business models.

In 2017, full-service carriers accounted for 55.7% of enplaned passengers at the Airport, low-cost carriers accounted for 31.0% of enplaned passengers, and ultra-low-cost carriers accounted for 13.3% of enplaned passengers. As shown on Figure 13, the Airport is one of only two airports (Las Vegas McCarran International Airport being the other airport) among the 10 busiest airports in the U.S. with at least a 13.0% share of total enplaned passengers.

Figure 13

SHARE OF ENPLANED PASSENGERS BY CARRIER TYPE, TOP 10 U.S. AIRPORTS 2017



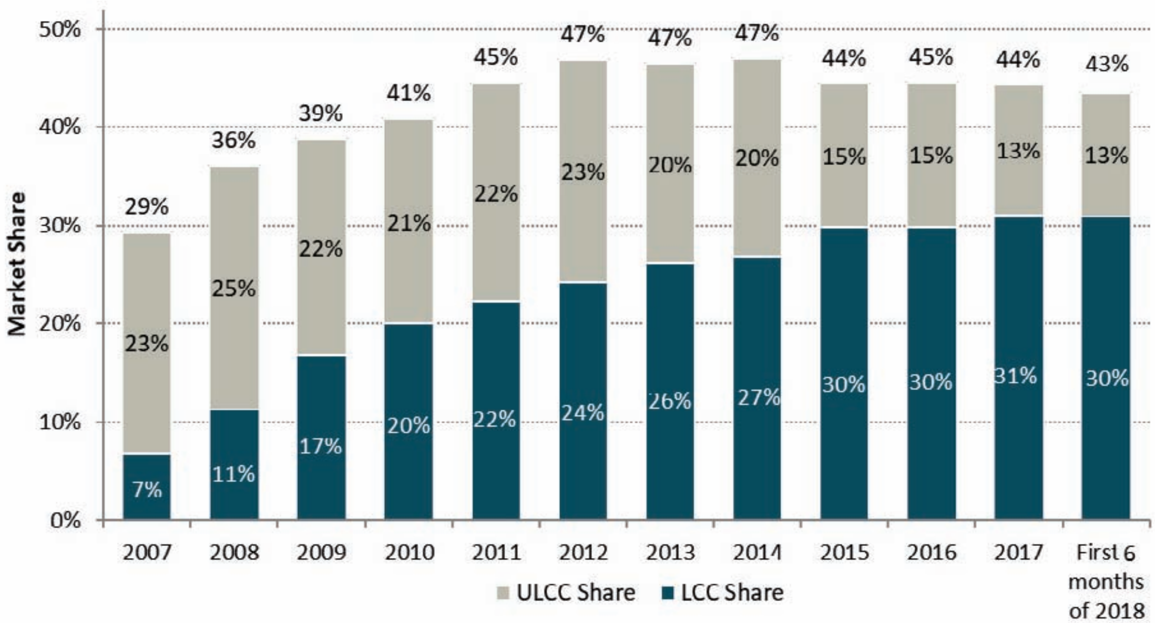
CLT = Charlotte Douglas International Airport
DFW = Dallas-Ft. Worth International Airport
ORD = Chicago O'Hare International Airport
SEA = Seattle-Tacoma International Airport
SFO = San Francisco International Airport
ATL = Hartsfield-Jackson Atlanta International Airport
LAX = Los Angeles International Airport
JFK = John F. Kennedy International Airport
DEN = Denver International Airport
LAS = McCarran International Airport

Notes: Top 10 U.S. airports by 2017 enplaned passengers. Airports ordered by share of full service carrier enplaned passengers. U.S. full-service carriers include Delta Air Lines, American Airlines, United Airlines, Alaska Airlines, and Hawaiian Airlines. U.S. low-cost carriers include Southwest Airlines, jetBlue Airways, and Sun Country Airlines. U.S. ultra-low-cost carriers include Spirit Airlines, Allegiant Air, and Frontier Airlines. International carriers are not listed separately. Totals may not add to 100% because of rounding.

Sources: Denver—Department management records. Other airports—U.S. Department of Transportation, T-100, accessed June 2018.

Figure 14 presents the shares of passengers enplaned by the low-cost and ultra-low-cost carriers at the Airport over the last 10 years, which increased from 29.3% in 2007 to 44.3% in 2017, exceeding the national market share of passengers enplaned by the low-cost and ultra-low-cost carriers of 26.3% in 2007 and 32.2% in 2017, according to U.S. DOT data. For the first six months of 2018, the share of passengers enplaned by the low-cost and ultra-low-cost carriers is equal to 43.3%, lower than the full-year 2017 share. A significant portion of the increase in low-cost carrier market share at the Airport since 2007 is attributable to Southwest Airlines, which was the second busiest airline at the Airport in terms of numbers of enplaned passengers in 2017, and which has continued to add seat capacity in 2018. The decrease in low-cost and ultra-low-cost carrier market share of enplaned passengers after 2014 is attributable to a reduction in the number of scheduled seats offered by Frontier Airlines at the Airport.

Figure 14
LOW-COST AND ULTRA-LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS
Denver International Airport



Note: Low-cost and ultra-low-cost carriers include AirTran Airways, Allegiant Air, ATA Airlines (ceased service in April 2008), Frontier Airlines (including subsidiaries), jetBlue Airways, Midwest Airlines (no longer in service), Spirit Airlines, Southwest Airlines, Sun Country Airlines, Volaris, WestJet Airlines, and Norwegian Air.
Source: Department management records.

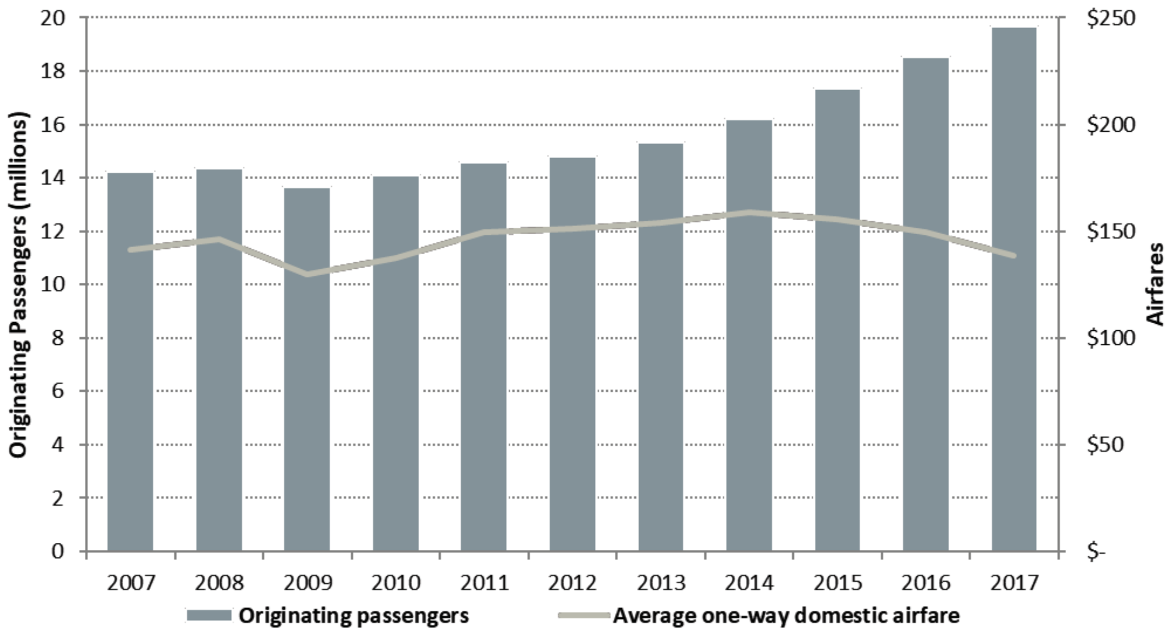
Average airfares at the Airport have been relatively constant since 2007 as the result of increasing competition between United Airlines, Southwest Airlines, and Frontier Airlines. Between 2008 and 2009, average airfares decreased slightly as a result of the national economic recession and financial crisis. Stable airfares and local and regional economic growth have contributed to increasing numbers of originating passengers at the Airport in recent years, as shown earlier in Table 8 and below on Figure 15.

In January 2018, United Airlines announced plans to increase operations at three of its major domestic hubs, including the Airport, while offering lower fares as compared to the fares offered by ultra-low-cost carriers. On a recent investor call, United Airlines' President stated that the airline will "…continue to have an aggressive competitive posture [and] intends to push back on Spirit Airlines, Frontier Airlines, and other ultra-low-cost airlines by stepping up its no-frills basic economy fares[12]." Average airfares at the Airport may decline due to increased

[12] "As United Airlines bulks up to chase more customers, does fare war loom?" Chicago Tribune, January 26, 2018.

competition from United Airlines and other airlines, which could result in the continued growth of originating passengers.

Figure 15
AIRFARES AND ORIGINATING PASSENGERS
Denver International Airport

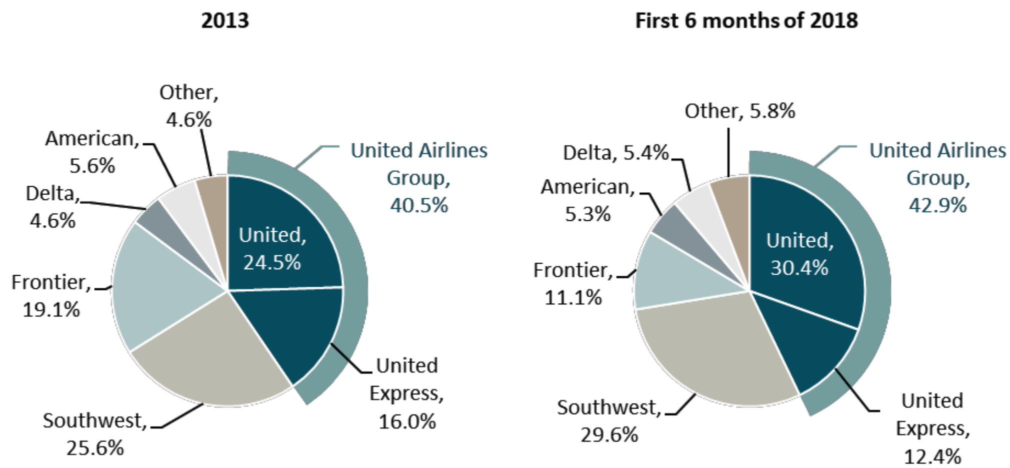


Sources: Airfare data—U.S. Department of Transportation, O&D database, accessed May 2018.
Originating passenger data—Department management records.

Passenger Market Shares

Enplaned Passengers. Enplaned passenger market shares for the airlines serving the Airport in 2013 and in the first six months of 2018 are shown on Figure 16 and in Table 9. During the first six months of 2018, the United Airlines Group enplaned the largest share of passengers at the Airport (42.9%), followed by Southwest Airlines (29.6%) and Frontier Airlines (11.1%).

Figure 16
ENPLANED PASSENGER MARKET SHARES
Denver International Airport



Notes: Includes regional affiliates. Totals may not add to 100% because of rounding.
Source: Department management records.

Beginning in 2012, Southwest Airlines became the second busiest airline serving the Airport in terms of numbers of enplaned passengers. As shown in Table 9, Southwest Airlines increased its market share of enplaned passengers at the Airport from 25.6% in 2013 to 29.7% in 2017. During that same period, Frontier Airlines' enplaned passenger market share decreased from 19.1% to 11.4% and United Airlines Group's enplaned passenger market share increased from 40.5% to 42.3%.

Importantly, the Airport is served by a diverse carrier base, with no single carrier accounting for more than 42.9% of enplaned passengers through the first six months of 2018. Among the top 10 U.S. airports by enplaned passengers in 2017, the Airport had the fourth lowest concentration of service by a single carrier, as shown on Figure 17.

Table 9

HISTORICAL ENPLANED PASSENGERS BY AIRLINE

Denver International Airport

	2013	2014	2015	2016	2017	First six months 2018
United Airlines Group						
Mainline	6,446,117	6,490,795	7,493,209	8,548,734	9,428,550	4,695,899
United Express *(a)*	4,213,069	4,369,613	3,927,764	3,697,343	3,548,333	1,918,387
	10,659,186	10,860,408	11,420,973	12,246,077	12,976,883	6,614,286
Southwest	6,721,126	7,064,833	7,929,104	8,565,381	9,137,172	4,560,153
Frontier	5,015,687	4,932,132	3,360,325	3,567,393	3,501,127	1,715,170
American *(b)*	1,476,796	1,537,392	1,642,359	1,642,277	1,682,943	810,249
Delta	1,200,920	1,179,878	1,333,693	1,489,659	1,635,708	835,830
Other	1,211,593	1,162,041	1,332,475	1,629,417	1,780,178	892,661
	15,626,121	15,876,276	15,597,956	16,894,127	17,737,128	8,814,063
Total	26,285,307	26,736,684	27,018,929	29,140,204	30,714,011	15,428,349
			Percent of total			
United Airlines Group						
Mainline	24.5%	24.3%	27.7%	29.3%	30.7%	30.4%
United Express *(a)*	16.0	16.3	14.6	12.7	11.6	12.4
	40.5%	40.6%	42.3%	42.0%	42.3%	42.9%
Southwest	25.6%	26.4%	29.3%	29.4%	29.7%	29.6%
Frontier	19.1	18.4	12.4	12.2	11.4	11.1
American *(b)*	5.6	5.8	6.1	5.6	5.5	5.3
Delta	4.6	4.4	4.9	5.1	5.3	5.4
Other	4.6	4.3	4.9	5.6	5.8	5.8
	59.5%	59.4%	57.7%	58.0%	57.7%	57.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airline's commuter affiliates. Columns may not add to totals shown because of rounding.

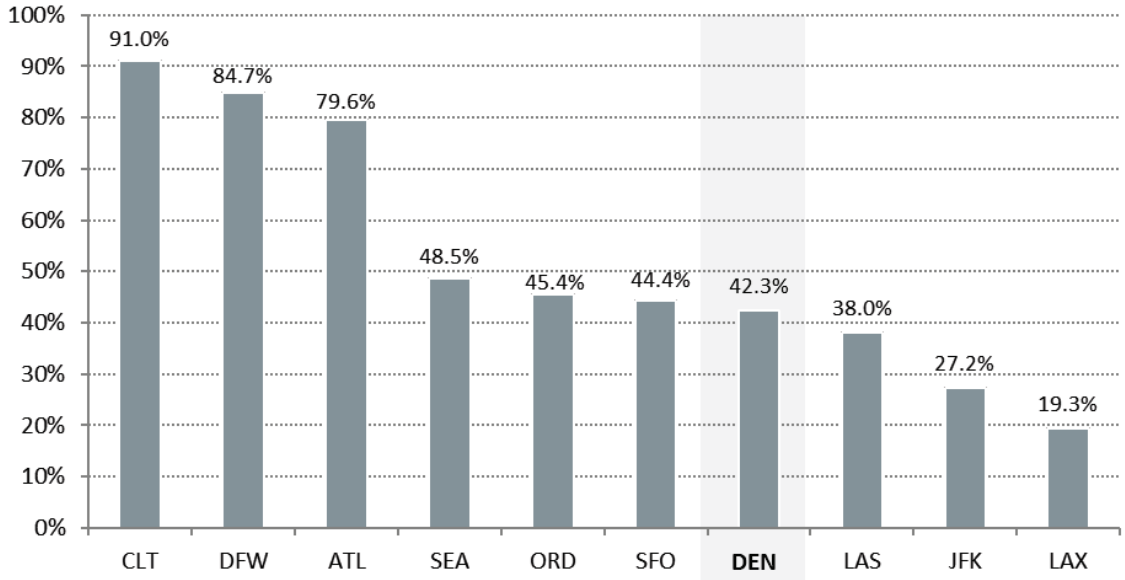
(a) Includes SkyWest Airlines, GoJet, and Republic in 2012-2018; ExpressJet and Shuttle America in 2012-2017; Trans States Airlines in 2015-2018; and Mesa in 2014-2015.

(b) Includes US Airways, which merged with American in 2015.

Source: Department management records.

Figure 17

SHARE OF PASSENGERS CARRIED BY LARGEST AIRLINE AT TOP 10 U.S. AIRPORTS 2017



CLT = Charlotte Douglas International Airport
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SEA = Seattle-Tacoma International Airport
ORD = Chicago O'Hare International Airport
SFO = San Francisco International Airport
DEN = Denver International Airport
LAS = McCarran International Airport
JFK = John F. Kennedy International Airport
LAX = Los Angeles International Airport

Sources: Denver—Department management records. All other airports—U.S. Department of Transportation, T-100, accessed June 2018.

Originating Passengers. Table 10 presents numbers of originating passengers and airline market shares at the Airport for 2013 through the first six months of 2018. Between 2013 and 2017, the number of originating passengers at the Airport increased an average of 6.4% per year.

In 2013, Southwest Airlines and the United Airlines Group enplaned 30.2% and 28.6%, respectively, of originating passengers at the Airport. Since that year, Southwest Airlines has held the largest share of originating passengers at the Airport, increasing its share from 30.2% in 2013 to 33.4% in the first six months of 2018. Between 2013 and 2017, Southwest Airlines' growth at the Airport was the fourth fastest among its top 10 airports by seat capacity.

Table 10
HISTORICAL ORIGINATING PASSENGERS BY AIRLINE
Denver International Airport

	2013	2014	2015	2016	2017	First six months 2018
United Airlines Group						
Mainline	3,158,850	3,171,520	3,560,192	3,998,450	4,605,384	2,385,526
United Express *(a)*	1,217,539	1,212,419	1,048,894	1,004,988	1,000,056	575,179
	4,376,389	4,383,939	4,609,086	5,003,438	5,605,440	2,960,705
Southwest	4,635,891	5,092,923	5,993,365	6,293,540	6,598,237	3,297,325
Frontier	2,760,383	3,087,655	2,651,044	2,709,707	2,614,224	1,177,981
American *(b)*	1,476,796	1,537,392	1,642,359	1,640,911	1,682,943	810,249
Delta	1,148,792	1,128,786	1,277,100	1,428,266	1,566,119	796,586
Other	930,118	983,136	1,180,454	1,451,462	1,588,672	828,674
	10,951,980	11,829,892	12,744,322	13,523,886	14,050,195	6,910,815
Total	15,328,369	16,213,831	17,353,408	18,527,324	19,655,635	9,871,520
United Airlines Group						
Mainline	20.6%	19.6%	20.5%	21.6%	23.4%	24.2%
United Express *(a)*	7.9	7.5	6.0	5.4	5.1	5.8
	28.6%	27.0%	26.6%	27.0%	28.5%	30.0%
Southwest	30.2%	31.4%	34.5%	34.0%	33.6%	33.4%
Frontier	18.0	19.0	15.3	14.6	13.3	11.9
American *(b)*	9.6	9.5	9.5	8.9	8.6	8.2
Delta	7.5	7.0	7.4	7.7	8.0	8.1
Other	6.1	6.1	6.8	7.8	8.1	8.4
	71.4%	73.0%	73.4%	73.0%	71.5%	70.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airlines' commuter affiliates. Columns may not add to totals shown because of rounding.
(a) Includes SkyWest Airlines, GoJet, and Republic in 2012-2018; ExpressJet and Shuttle America in 2012-2017; Trans States Airlines in 2015-2018; and Mesa in 2014-2015.
(b) Includes US Airways, which merged with American Airlines in 2015.
Source: Department management records

Frontier Airlines' numbers and shares of total originating passengers at the Airport have decreased since 2014, as a result of its steady decrease in operations at the Airport resulting from its changing business strategy, as discussed later in this Report.

Table 11 presents the Airport's top 20 domestic O&D passenger markets for the 12 months ended December 31, 2017. Table 11 also shows the average number of seats on scheduled daily nonstop departures from the Airport to each of the top 20 markets in August 2018. Of the scheduled daily nonstop seats from the Airport in August 2018, 65.7% were to the top 20 markets listed in the table. The low-cost and ultra-low-cost carriers accounted for 44.0% of all scheduled departing seats to domestic destinations from the Airport during this period and more than 50% of scheduled departing seats to 10 of the top 20 domestic markets. New York, Atlanta, and Seattle accounted for the smallest shares of low-cost and ultra-low-cost carrier seats in August 2018, with 24.6%, 29.5%, and 32.0%, respectively.

Table 11

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE

Denver International Airport

Rank	Origin-destination passenger market	Air miles from Denver	Percent of originating passengers at the Airport	Scheduled departing seats August 2018: Average daily seats	Scheduled departing seats August 2018: Percent of low/ultra-low-cost carrier seats	No. of Carriers Serving Market
1	Los Angeles *(a)*	846	7.5%	6,623	51.6%	6
2	San Francisco *(b)*	957	5.1	5,084	50.1	3
3	Chicago *(c)*	892	4.9	4,847	43.6	5
4	New York *(d)*	1,617	4.7	4,558	24.6	6
5	Phoenix	602	4.3	2,994	59.9	4
6	Dallas/Ft. Worth *(e)*	646	4.2	3,328	44.1	5
7	Las Vegas	629	3.9	3,272	74.3	4
8	Washington, DC *(f)*	1,473	3.9	3,975	54.0	3
9	Houston *(g)*	872	3.1	2,938	43.7	4
10	Minneapolis-St. Paul	680	2.9	2,840	47.5	6
11	Seattle	1,024	2.7	3,360	32.0	5
12	Atlanta	1,199	2.6	2,775	29.5	4
13	San Diego	853	2.3	1,973	61.2	3
14	Orlando	1,545	2.2	1,337	65.2	3
15	Miami *(h)*	1,706	2.2	1,292	47.3	5
16	Boston	1,754	2.0	1,657	47.1	3
17	Salt Lake City	391	1.9	2,818	55.7	4
18	Philadelphia	1,566	1.8	1,405	42.6	4
19	Austin	768	1.8	1,495	63.9	3
20	Portland		1.7	1,557	53.1	3
	Cities listed		65.7%	60,126		
	Other cities		34.3	45,384		
	All cities		100.0%	105,510	44.0%	

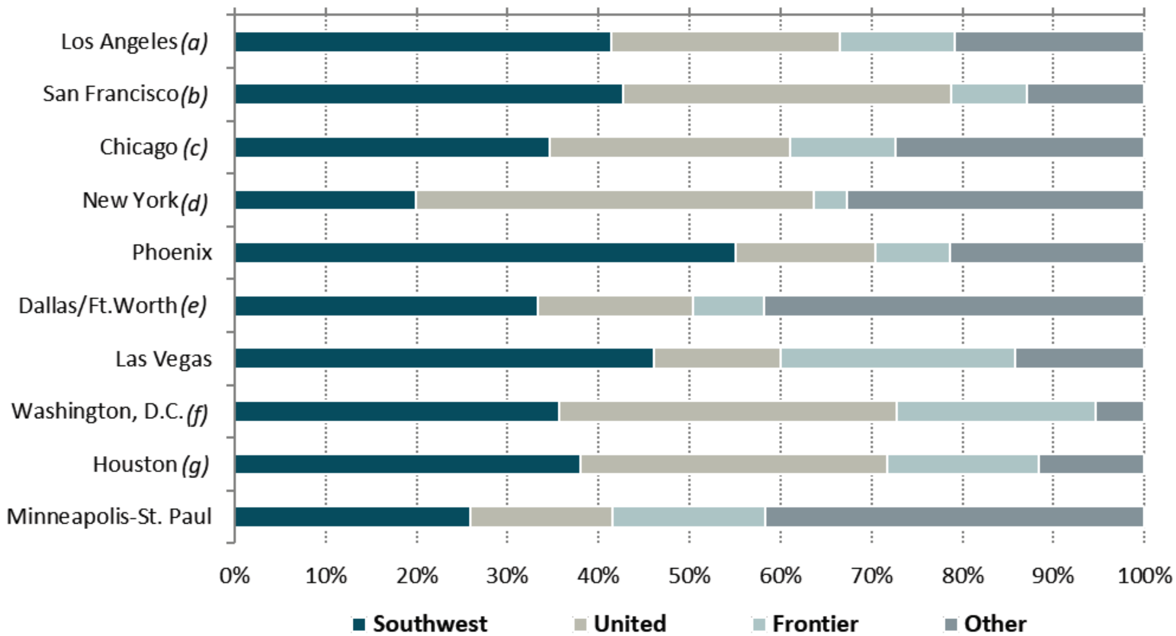
(a) Los Angeles International, LA/Ontario International, Hollywood Burbank (Bob Hope), John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Mineta San Jose, and Oakland international airports.
(c) Chicago O'Hare and Chicago Midway international airports.
(d) John F. Kennedy, Newark Liberty, and LaGuardia international airports.
(e) Dallas/Fort Worth International Airport and Dallas Love Field.
(f) Washington Dulles, Ronald Reagan Washington National, Baltimore/Washington Thurgood Marshall international airports.
(g) Bush Intercontinental Airport/Houston and William P. Hobby international airports.
(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating passenger percentages—U.S. Department of Transportation, O&D survey, accessed May 2018.
Departures and seats—Innovata, online database, accessed May 2018.

Figure 18 presents the airline shares of originating passengers to the Airport's top 10 O&D markets for the 12 months ended December 31, 2017. Southwest Airlines accounted for the largest share of originating passengers to eight of the Airport's top 10 markets, including Los Angeles, San Francisco, Chicago, Phoenix, Dallas-Ft. Worth, Las Vegas, Houston and

Minneapolis-St. Paul, all of which are among Southwest Airlines' 10 busiest markets. United Airlines accounted for the largest share of originating passengers to two of the Airport's top 10 markets, New York and Washington, DC, which are United Airlines connecting hubs.

Figure 18
AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS FROM DENVER
2017



Note: Includes regional affiliates.
(a) Los Angeles International, LA/Ontario International, Hollywood Burbank (Bob Hope), John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Mineta San Jose, and Oakland international airports.
(c) Chicago O'Hare and Chicago Midway international airports.
(d) John F. Kennedy, Newark Liberty, and LaGuardia international airports.
(e) Dallas/Fort Worth International Airport and Dallas Love Field.
(f) Washington Dulles, Ronald Reagan Washington National, and Baltimore/Washington Thurgood Marshall international airports.
(g) Bush Intercontinental Airport/Houston and William P. Hobby international airports.
Source: U.S. Department of Transportation, O&D survey, accessed May 2018.

New International Markets

International passengers, while still a relatively small share of the total Airport traffic (4.4% of total enplaned passengers in 2017), are growing faster than domestic passengers and becoming an increasingly important passenger segment of the market. Between 2013 and 2017, international enplaned passengers at the Airport grew by 7.1% per year, compared to 3.8% average annual growth for domestic passengers over the same period. Growth in the number of international enplaned passengers should continue as new aircraft technology makes smaller markets such as Denver economically viable for airlines.

As shown in Table 12, several new international routes were launched at the Airport in 2018, including WestJet Airlines service to Calgary in March 2018, Norwegian Airlines service to Paris Charles de Gaulle in April 2018, and Edelweiss Air, a Swiss leisure airline, service to Switzerland in June 2018.

Table 12
NEW INTERNATIONAL SERVICE AT DENVER INTERNATIONAL AIRPORT
2016 through December 31, 2018

Carrier	Destination	Service Launch	Carrier	Destination	Service Launch
United	Cozumel	December 2017	Air Canada	Vancouver	May 2017
	London-Heathrow	March 2018	Copa Airlines	Panama City	December 2017
			Norwegian	London Gatwick	September 2017
Southwest	Belize City	March 2017		Paris	April 2018
			Lufthansa	Munich	May 2016
Frontier	Calgary	May 2018	Volaris	Monterrey	December 2016
			Edelweiss	Zurich	June 2018
			WestJet	Calgary	March 2018

Note: Advance Innovata Schedules used for September 1, 2018 through December 31, 2018.
Source: Innovata, online database, accessed May 2018.

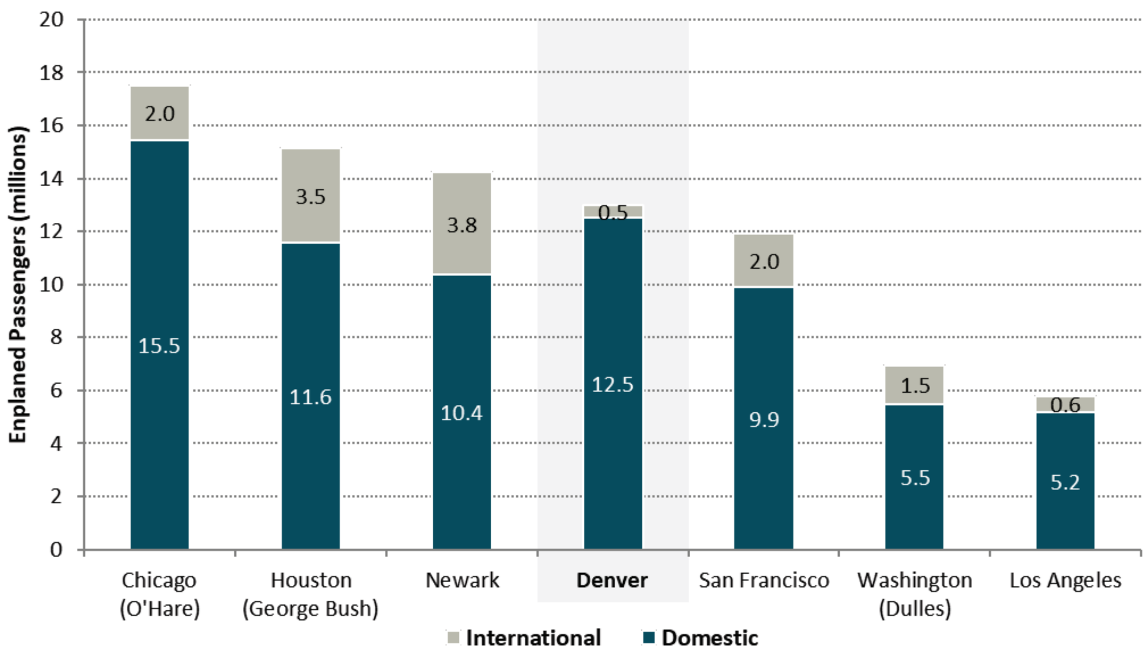
The Airport's Role in United Airlines' System

United Airlines has been the dominant carrier at Denver for more than 25 years. The airline utilizes the Airport as a key connecting hub within its network, together with airports in Chicago (O'Hare), Houston (George Bush), Newark, San Francisco, Washington (Dulles), and Los Angeles. Geographically, Denver represents an important hub in United Airlines' network, helping to facilitate East-West domestic traffic flows, facilitating connections for customers in the Great Plains and Mountain regions, and serves as a centrally located international gateway for partners in the Star Alliance, of which United Airlines is a founding member.

As shown on Figure 19, the Airport is the fourth largest airport in United Airlines' system based on total enplaned passengers, even though it serves a smaller metropolitan area population than any of the other United Airlines connecting hub airports. Chicago O'Hare accounts for the largest share of enplaned passengers in the route system of United Airlines, followed by George Bush Intercontinental Airport/Houston and Newark Liberty international airports.

In terms of domestic enplaned passengers, the Airport is the second largest airport in United Airlines' system. The number of passengers enplaned by United Airlines at its hub airports is a function of many factors, including local population and travel demand, geographic location, competitive factors, and airline strategy.

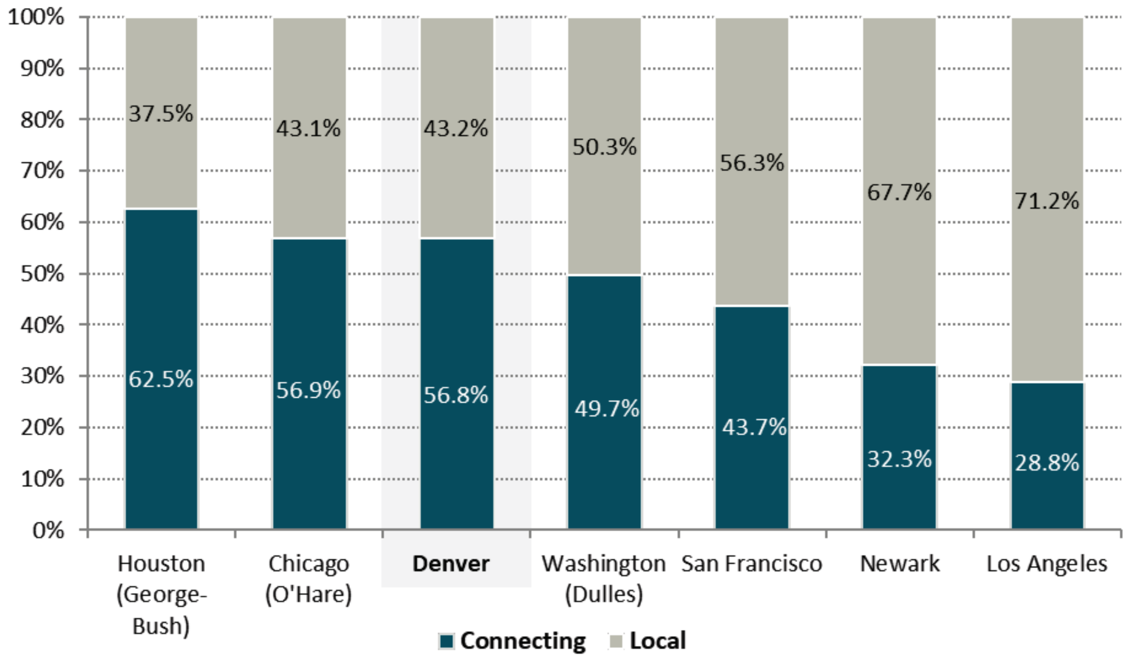
Figure 19
UNITED AIRLINES GROUP ENPLANED PASSENGERS BY AIRPORT
2017



Sources: Denver—Department management records. Other airports—U.S. Department of Transportation, T-100, accessed June 2018.

United Airlines' busiest airports accommodate a wide range of O&D and connecting passengers, reflecting differing levels of local travel demand, geographic location, and other factors, as shown on Figure 20. The Airport has the third highest percentage of connecting passengers among United Airlines' major airports after George-Bush Intercontinental Airport/Houston and Chicago O'Hare. Los Angeles International Airport and Newark Liberty International Airport have the lowest percentages of United connecting passengers.

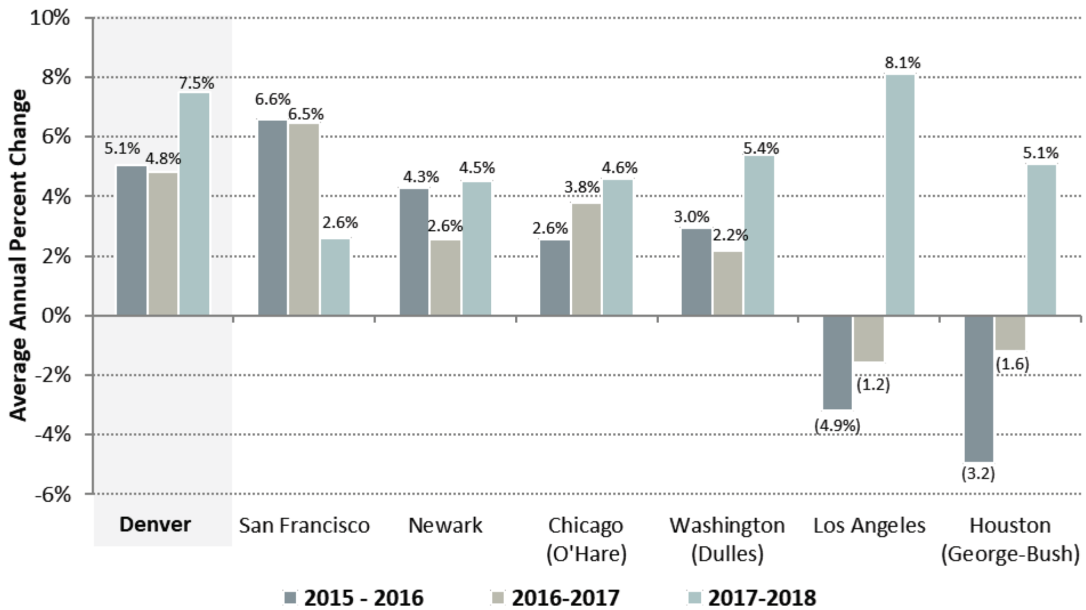
Figure 20
ORIGIN-DESTINATION AND CONNECTING PASSENGERS AT UNITED AIRLINES' HUBS
2017



Sources: U.S. Department of Transportation, OD1B database and T-100 on-flight report, accessed June 2018.

As shown on Figure 21, the Airport was the only connecting hub airport used by United Airlines that had an increase in seat capacity of 4% or more in each of the past three years. At the Airport, the United Airlines Group's number of scheduled departing seats increased approximately 5.1% between 2015 and 2016, and a further 4.8% between 2016 and 2017. Based on scheduled flight data, the number of United Airlines' scheduled departing seats at the Airport is estimated to increase 7.5% between 2017 and 2018, the second largest increase among United Airlines' major connecting hub airports.

Figure 21
UNITED AIRLINES GROUP CHANGE IN SCHEDULED DEPARTING SEATS
Ranked by total change between 2015-2018



Source: Innovata, online database, accessed May 2018.

Table 13 presents the numbers of passengers enplaned by the United Airlines Group at the Airport in 2000, 2005, 2010-2017, and the first six months of 2018. Between 2000 and 2010, United Airlines' number of enplaned passengers at the Airport decreased by 1.2% per year, which period of time included the 2001 terrorist attacks and the national economic downturn in 2002, as well as the 2008-2009 recession. Between 2011 and 2017, the number of passengers that United Airlines enplaned at the Airport increased an average of 2.3% per year.

Table 13

UNITED AIRLINES GROUP HISTORICAL ENPLANED PASSENGERS

Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Connecting percent of total
2000	5,764,370	7,927,421	13,691,791	57.9%
2005	5,355,043	7,420,191	12,775,234	58.1
2010	4,621,411	7,461,902	12,083,313	61.8
2011	4,486,789	6,862,674	11,349,463	60.5
2012	4,303,160	6,456,916	10,760,076	60.0
2013	4,376,389	6,282,797	10,659,186	58.9
2014	4,383,939	6,476,469	10,860,408	59.6
2015	4,609,086	6,811,887	11,420,973	59.6
2016	5,003,438	7,242,639	12,246,077	59.1
2017	5,605,440	7,371,443	12,976,883	56.8
January – June				
2017	2,677,214	3,633,184	6,310,398	57.6
2018	2,960,705	3,653,581	6,614,286	55.2
	Annual percent increase (decrease)			
2010-2011	(2.9%)	(8.0%)	(6.1%)	
2011-2012	(4.1)	(5.9)	(5.2)	
2012-2013	1.7	(2.7)	(0.9)	
2013-2014	0.2	3.1	1.9	
2014-2015	5.1	5.2	5.2	
2015-2016	8.6	6.3	7.2	
2016-2017	12.0	1.8	6.0	
January – June				
2017-2018	10.5%	0.5%	4.8%	
	Average annual percent increase (decrease)			
2000-2005	(1.5%)	(1.3%)	(1.4%)	
2005-2013	(2.5)	(2.1)	(2.2)	
2013-2017	6.4	1.2	2.3	
2000-2017	(0.2)	(0.4)	(0.3)	

Note: Includes mainline and regional airline affiliate activity. Data for United Airlines includes Continental.

Source: Department management records.

The United Airlines Group has expanded its network through alliances and code-sharing agreements. United Airlines is a member of the Star Alliance, which includes 28 airlines throughout the world. In addition to United Airlines, other Star Alliance members that serve the Airport are Air Canada, Lufthansa German Airlines, and Copa Airlines, with whom United Airlines also has additional partnership agreements.

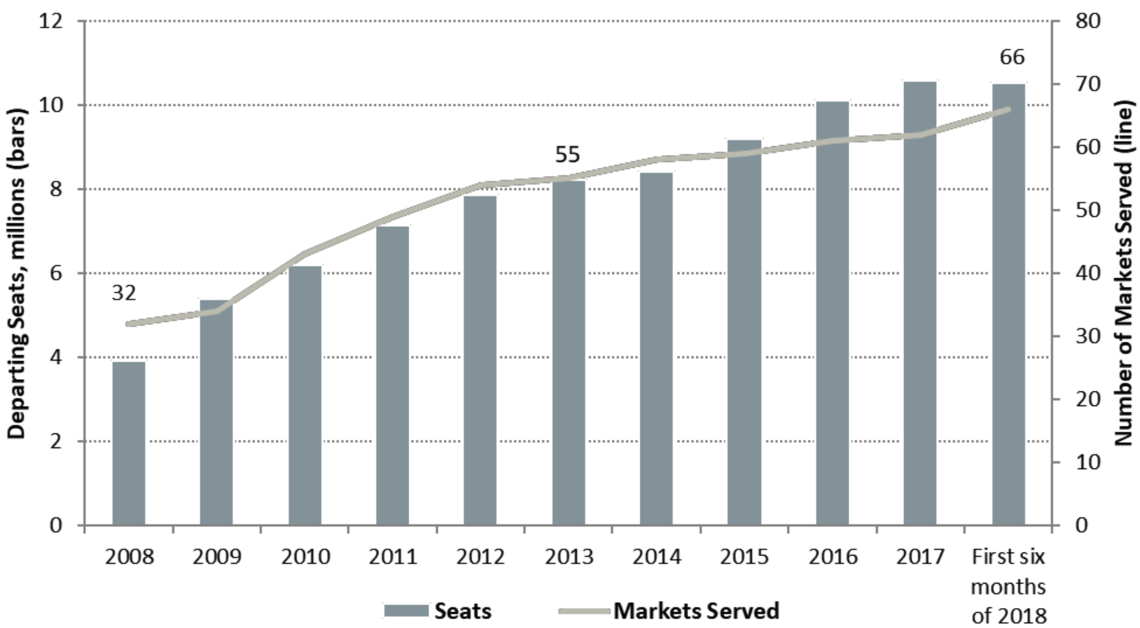
The Airport's Role in Southwest Airlines' System

In 2012, Southwest Airlines became the second busiest airline at the Airport with 6.3 million enplaned passengers compared with 5.8 million enplaned passengers on Frontier Airlines. Frontier Airlines was the second busiest airline at the Airport between 1999 and 2011.

For the first six months of 2018, Southwest Airlines served 66 cities from the Airport, including 3 year-round international destinations (Puerto Vallarta, San Jose del Cabo, and Cancun), and one seasonal international destination (Belize). During the first six months of 2018, Southwest continued to add seat capacity at the Airport, increasing scheduled seats by 2.5%.

Since January 2006, when Southwest Airlines re-established service in Denver, the airline has rapidly grown its service, both in terms of seat capacity and number of markets served. As shown on Figure 22, Southwest Airlines served 32 cities from Denver in 2008, 55 cities in 2013, and 66 cities as of the first six months of 2018.

Figure 22
SOUTHWEST AIRLINES SEAT CAPACITY AND NUMBER OF MARKETS SERVED
Denver International Airport



Source: Innovata, online database, accessed May 2018.

Table 14 presents enplaned passenger trends for Southwest Airlines at the Airport from 2010 through the first six months of 2018.

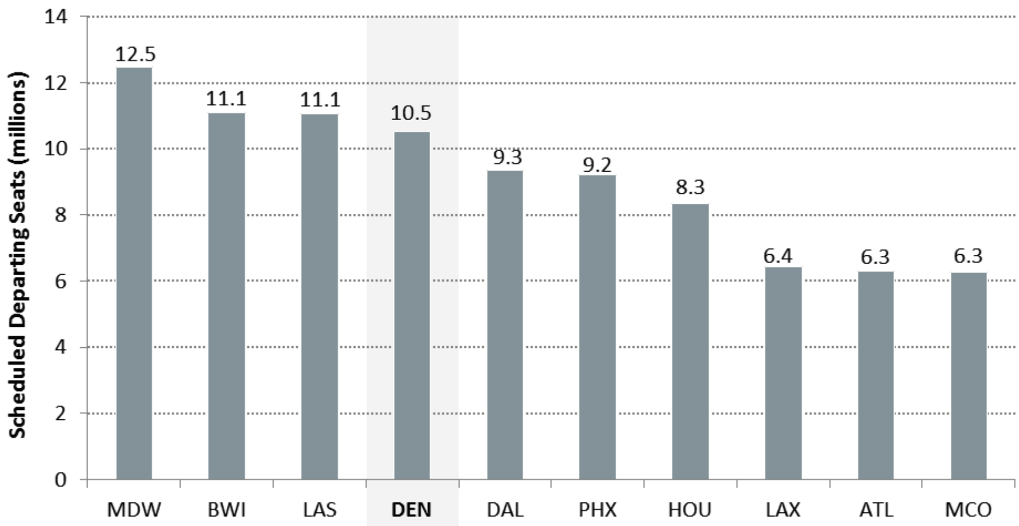
Table 14
HISTORICAL ENPLANED PASSENGERS—SOUTHWEST AIRLINES
Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent connecting
2010	3,558,198	1,350,341	4,908,539	27.5%
2011	4,055,850	1,700,231	5,756,081	29.5
2012	4,302,165	1,999,001	6,301,166	31.7
2013	4,635,891	2,085,235	6,721,126	31.0
2014	5,092,923	1,971,910	7,064,833	27.9
2015	5,993,365	1,935,739	7,929,104	24.4
2016	6,293,540	2,271,841	8,565,381	26.5
2017	6,598,237	2,538,935	9,137,172	27.8
January-June				
2017	3,149,769	1,205,103	4,354,872	27.7
2018	3,297,325	1,262,828	4,560,153	27.7
	Annual percent increase (decrease)			
2010-2011	14.0%	25.9%	17.3%	
2011-2012	6.1	17.6	9.5	
2012-2013	7.8	4.3	6.7	
2013-2014	9.9	(5.4)	5.1	
2014-2015	17.7	(1.8)	12.2	
2015-2016	5.0	17.4	8.0	
2016-2017	4.8	11.8	6.7	
January-June				
2017-2018	4.7%	4.8%	4.7%	
	Average annual percent increase			
2010-2017	9.2%	9.4%	9.3%	

Note: Includes data for AirTran Airways in 2010-2014.
Source: Department management records.

As shown on Figure 23, the Airport is the fourth busiest airport in Southwest Airlines' route system in 2018 and has consistently been the fourth busiest since 2014.

Figure 23
SCHEDULED DEPARTING SEATS FOR THE 10 BUSIEST AIRPORTS IN THE SOUTHWEST SYSTEM IN 2018

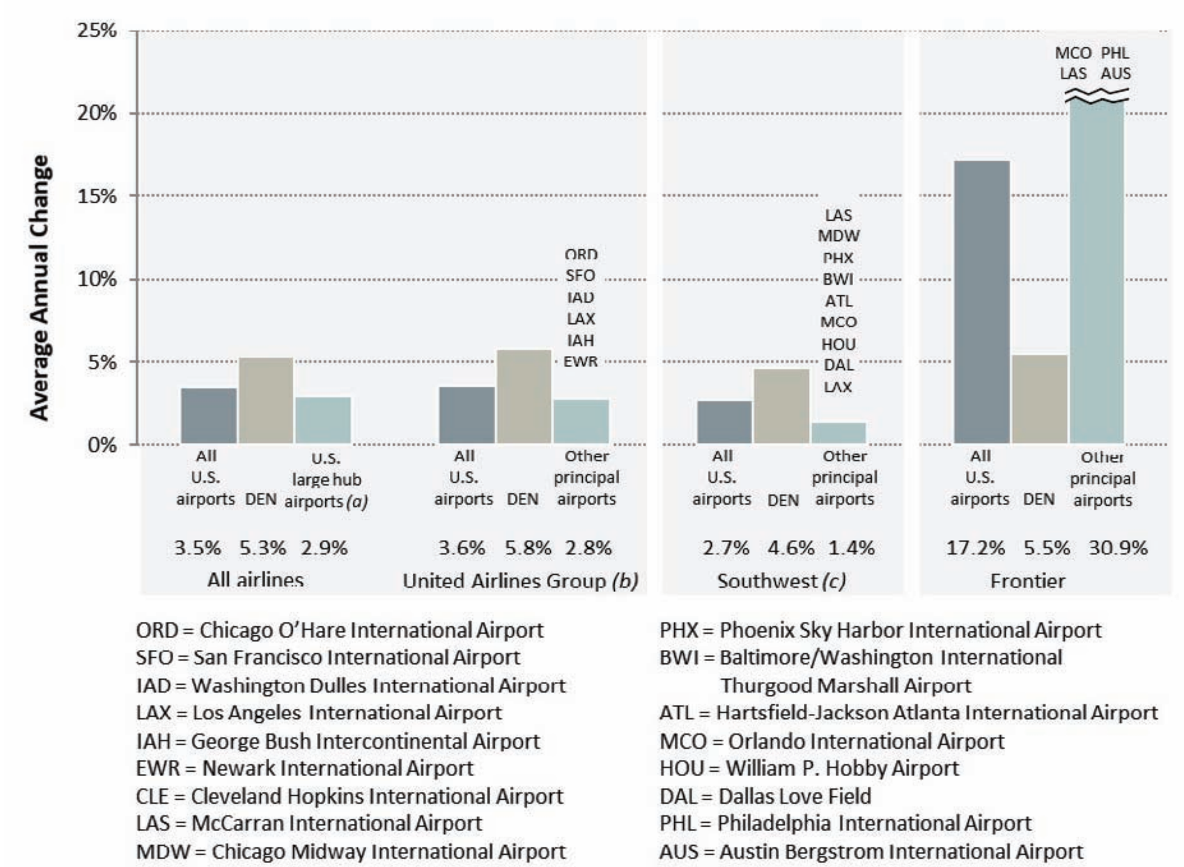


MDW = Chicago Midway International Airport
BWI = Baltimore/Washington International Thurgood Marshall Airport
LAS = McCarran International Airport
DEN = Denver International Airport
DAL = Dallas Love Field
PHX = Phoenix Sky Harbor International Airport
HOU = William P. Hobby Airport
LAX = Los Angeles International Airport
ATL = Hartsfield–Jackson Atlanta International Airport
MCO = Orlando International Airport

Source: Innovata, online database, accessed May 2018.

Southwest Airlines' strong and continued growth in scheduled service at the Airport, as well as the growth of United Airlines and other airlines serving the Airport, are shown on Figure 24. Southwest Airlines' seat capacity at the Airport grew 4.6% per year on average between 2015 and 2018, compared with a 2.7% annual increase in its system-wide capacity over the same time period.

Figure 24
AVERAGE ANNUAL CHANGE IN SCHEDULED SEAT CAPACITY
2015-2018



Note: Average annual rate of growth in total scheduled departing seats (domestic and international).
(a) As defined by the FAA.
Source: Innovata, online database, accessed May 2018.

The Airport's Role in Frontier Airlines' System

Frontier Airlines accounted for 11.4% of enplaned passengers at the Airport in 2017, and the Airport was the busiest airport in Frontier Airlines' system in 2017 in terms of enplaned passengers. During the first six months of 2018, Frontier Airlines accounted for 11.1% of enplaned passengers at the Airport.

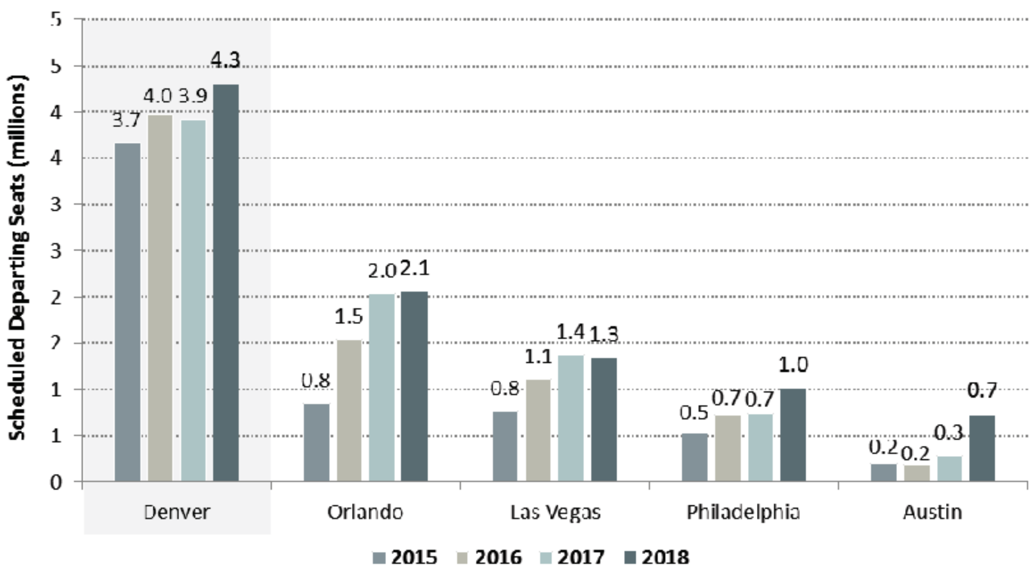
Frontier Airlines was acquired by Republic Airways Holdings in 2009 and was subsequently merged with Midway Airlines, but the Frontier Airlines brand was maintained. In 2013, Frontier Airlines was acquired by the private equity firm Indigo Partners and shifted to an ultra-low-cost airline business model. Since then, it has decentralized its route network and started to move away from a single hub-and-spoke system at the Airport toward service at select focus cities including Orlando, Las Vegas, and Philadelphia. As a result, the Airport has seen significant fluctuations in Frontier Airline service since 2014. In June 2014, Frontier Airlines served Denver with 70 destinations and over 116,000 departing seats per week. One year later, Frontier

Airlines reduced service to 46 destinations and reduced weekly seats by more than 40% to approximately 67,000 departing seats.

Recently Frontier Airlines has showed a renewed interest in the Denver market. In 2017, the airline announced a major expansion at the Airport. While still below 2014 levels, year-over-year scheduled seat capacity increased more than 8% from 2015 to 2016 and 10% from 2017-2018. Based on Frontier Airlines' published flight schedules, the carrier will launch 26 new routes from the Airport in 2018.

The Airport continues to be the busiest airport in Frontier Airlines' system in terms of scheduled departing seats, followed by Orlando International Airport, Las Vegas McCarran International Airport, Philadelphia International Airport, and Austin-Bergstrom International Airport as shown on Figure 25.

Figure 25
SCHEDULED DEPARTING SEATS IN FRONTIER SYSTEM



Note: Includes activity of Midwest Airlines.
Source: Innovata, online database, accessed May 2018.

Table 15 presents the numbers of passengers enplaned by Frontier Airlines and its regional affiliates at the Airport, including connecting passengers. Between 2000 and 2011, the number of Frontier Airlines' enplaned passengers at the Airport increased more than threefold, with the airlines' share of connecting passengers increasing from 21.8% in 2000 to 50.0% in 2011, reflecting the growth of its hub operation at the Airport.

In 2009 and 2010, the number of passengers enplaned by Frontier Airlines at the Airport decreased 11.7% and 3.9%, respectively, reflecting dampened demand for airline travel related to the national economic recession and seat capacity reductions initiated by Frontier Airlines in the last quarter of 2008.

From 2011-2017, enplaned passengers decreased at an annual rate of 8.3% as Frontier Airlines decentralized its network away from the Airport. During the first six months of 2018, the number of passengers enplaned at the Airport by Frontier increased by 0.8% over the first six months of 2017.

Table 15
HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES
Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Connecting percent of total
2000	1,223,140	340,605	1,563,745	21.8%
2005	2,346,521	1,939,431	4,285,952	45.3
2010	2,817,267	2,777,930	5,595,197	49.6
2011	2,944,251	2,945,381	5,889,632	50.0
2012	2,818,547	3,007,170	5,825,717	51.6
2013	2,760,383	2,255,304	5,015,687	45.0
2014	3,087,655	1,844,477	4,932,132	37.4
2015	2,651,044	709,281	3,360,325	21.1
2016	2,709,707	857,686	3,567,393	24.0
2017	2,614,224	886,903	3,501,127	25.3
January – June				
2017	1,284,894	417,013	1,701,907	24.5
2018	1,177,981	537,189	1,715,170	31.3
	Annual percent increase (decrease)			
2010-2011	4.5%	6.0%	5.3%	
2011-2012	(4.3)	2.1	(1.1)	
2012-2013	(2.1)	(25.0)	(13.9)	
2013-2014	11.9	(18.2)	(1.7)	
2014-2015	(14.1)	(61.5)	(31.9)	
2015-2016	2.2	20.9	6.2	
2016-2017	(3.5)	3.4	(1.9)	
January – June				
2017-2018	(8.3)%	28.8%	0.8%	
	Annual percent increase (decrease)			
2000-2005	13.9%	41.6%	22.3%	
2005-2013	2.1	1.9	2.0	
2013-2017	(1.4)	(20.8)	(8.6)	
2000-2017	4.6	5.8	4.9	

Note: Includes data for Frontier's regional affiliates and Midwest Airlines.
Source: Department management records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

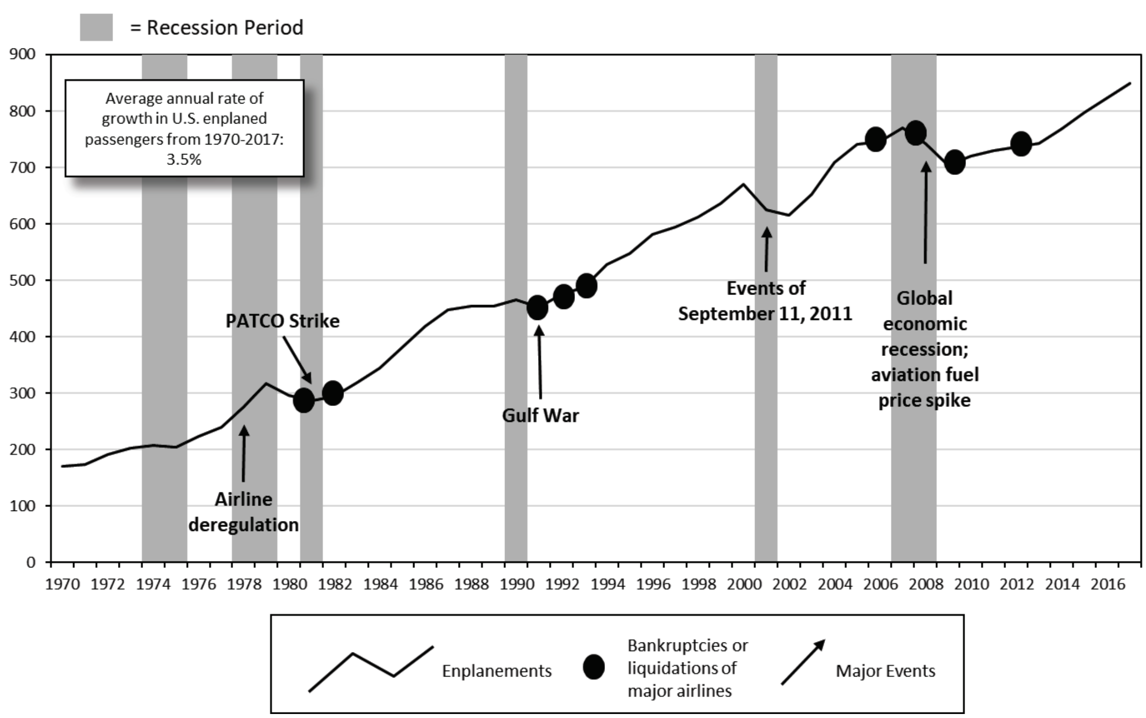
In addition to the demographics and economy of the Denver Metropolitan Area, as discussed earlier, key factors that will affect future airline traffic at the Airport include:

- Economic Conditions
- Airline Consolidation and Alliances
- Airline Capacity Discipline
- Low/Ultra-Low-Cost Airline Growth
- Fuel Cost
- Aircraft Trends
- Capacity of the Airport

Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated on Figure 26, recessions in the U.S. economy in 2001 and 2008-2009 contributed to a reduction in airline travel in those years, likely as a result of high unemployment and reduced discretionary income. However, the aviation industry has recovered from prior recessions and passenger traffic has increased. From 1970 through 2017, the total numbers of domestic and international enplaned passengers in the United States increased an average of 3.5% per year.

Figure 26
U.S. TOTAL PASSENGER ENPLANEMENTS
(in millions)



Source: Airlines for America (previously Air Transport Association).

The Airport has consistently rebounded from external events and periods of weak demand in aviation activity. After the events of September 11, 2001, similar to other airports across the United States, the Airport was affected by significant seat capacity reductions associated with airline bankruptcy reorganizations and sharply rising fuel prices. The global recession in 2008 and 2009 also resulted in declining airline travel demand and reduced traffic. The number of enplaned passengers at the Airport between 2010 and 2017 exceeded the number of enplaned passengers at the Airport during the recession in 2008 and 2009, in part as a result of a strong O&D market and continued growth in numbers of domestic and international passengers.

The major factors that continue to affect the airline industry and that are expected to influence airline service and traffic levels at the Airport during the Forecast Period are discussed below.

Airline Consolidation and Alliances

The events of September 11, 2001, and the difficult operating conditions caused by high fuel prices and global recession led to a number of airline bankruptcies and mergers over the past decade and a half. Between 2002 and 2011, all of the major U.S. network airlines (US Airways, United Airlines, Northwest Airlines, Delta Air Lines, and American Airlines) filed for Chapter 11 bankruptcy protection to reorganize and lower operating costs.

The U.S. airline industry has been moving toward consolidation, with many high-profile mergers and acquisitions. Mergers among the U.S. network airlines have included: Delta and Northwest Airlines (October 2008), United and Continental Airlines (August 2010), and American and US Airways (December 2013). Other mergers included low-cost airline Frontier Airlines and regional airline Midwest Airlines in April 2010, Southwest and AirTran in April 2011, and Alaska Airlines and Virgin America (December 2016).

Airline consolidation has also progressed through the creation of global alliances and joint ventures. Airlines worldwide have increasingly sought to increase revenues, share costs, and expand the reach of their networks by developing international partnerships through multilateral alliances or joint ventures. Three major global alliances were created between 1997 and 2000: Star Alliance, SkyTeam, and oneworld. In recent years, antitrust immunity has been granted to a number of joint ventures within the global alliances, allowing airlines to more closely coordinate operations, including pricing, and increase cost savings in international markets. As discussed in the earlier section titled “The Airport’s Role in United Airlines’ System,” United Airlines is a member of the Star Alliance and participates in joint ventures, code-sharing, and other commercial arrangements with several airlines.

As a result of airline mergers, seat capacity has become more concentrated among fewer airlines. However, given the Airport’s diverse air service market, strong O&D markets, and role as a connecting hub, any future U.S. airline consolidation caused by bankruptcies or mergers is not anticipated to have a detrimental long-term effect on airline service at the Airport.

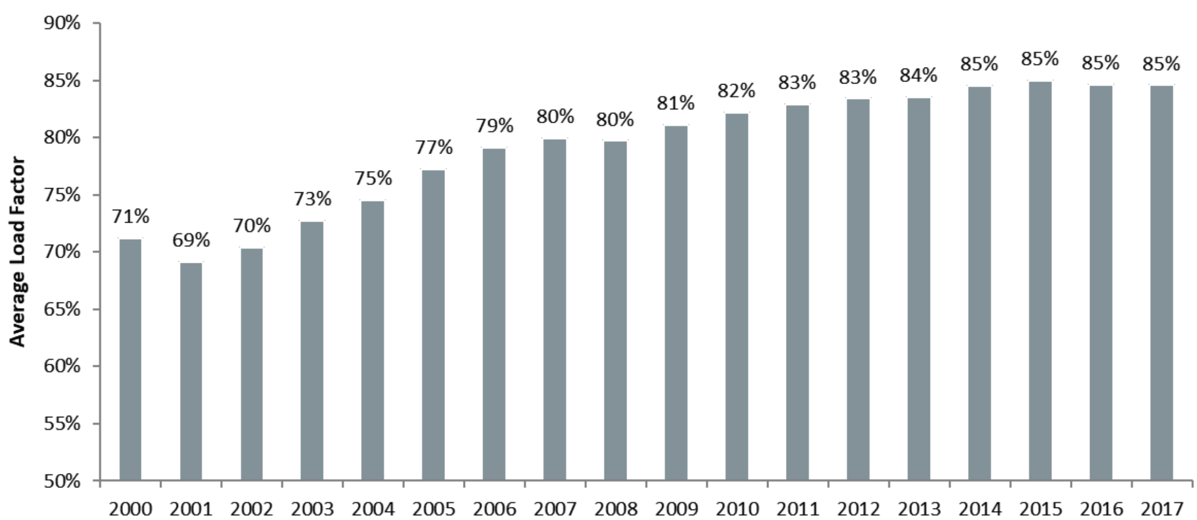
Airline Capacity Discipline

A new focus on capacity discipline among U.S. airlines emerged from the 2008-2009 national economic and financial crises. Nationally, the network airlines and the low-cost airlines have substantially reduced seat capacity, withdrawing service from less profitable and low passenger demand markets. Large-hub airports, such as the Airport, have experienced fewer declines in seat capacity as compared to smaller, regional markets across the United States, which have lost commercial service as a result. Airline emphasis has shifted from increasing market share to managing supply-and-demand on specific routes. Airlines are expected to maintain capacity discipline in the near term, emphasizing slower capacity growth and the use of right-sized aircraft to serve their markets.

Seat capacity reductions in the U.S. in 2008 and 2009, as well as the airlines' current emphasis on seat capacity control, have resulted in an all-time high in passenger load factors.

Figure 27 shows the continuing upward trend in U.S. domestic airline aircraft load factors since 2000. The average domestic airline aircraft load factor was approximately 71% in 2000. The decline in the average load factor in 2001 occurred as passenger traffic decreased faster than the airlines could adjust to the effects of September 11, 2001, by reducing capacity. Following 2001, load factors rose steadily to approximately 85% in 2014 and have since leveled off. From 2012 through 2016, the average domestic load factors at the Airport were slightly higher than the national averages for the same years.

Figure 27
HISTORICAL U.S. DOMESTIC AIRLINE SERVICE AIRCRAFT LOAD FACTORS



Note: Includes scheduled airline service only.
Sources: U.S. Department of Transportation, T100 Onboard Data.

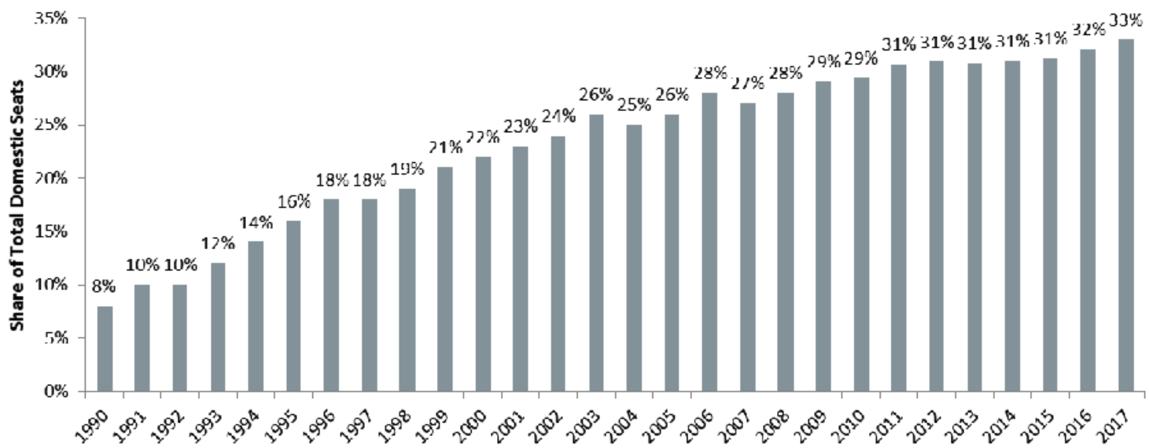
Low/Ultra-Low-Cost Airline Growth

In the early 2000s, the U.S.-flag low-cost airlines expanded rapidly and increased their market share of passenger traffic in the U.S. The low-cost and ultra-low-cost airlines, (collectively the Low/Ultra-Low-Cost Airlines), including Spirit Airlines, Frontier Airlines, jetBlue Airways, and Southwest Airlines, popularized the no frills, low-cost business model.

As shown on Figure 28, the Low/Ultra-Low-Cost Airlines provided approximately 8% of U.S. domestic seat capacity in 1990. Through 2017, the Low/Ultra-Low-Cost Airlines accounted for approximately 33% of overall U.S. domestic seat capacity. While rising fuel prices and the economic downturn forced network airlines to reduce domestic seat capacity and focus on more profitable international routes, the Low/Ultra-Low-Cost Airlines increased their domestic market shares of passengers. Between 2003 and 2009, the Low/Ultra-Low-Cost Airlines also added approximately 84 billion domestic seat miles to their route systems. In comparison, American Airlines (including US Airways), Delta Air Lines, and United Airlines experienced a 20% average reduction in mainline domestic seat capacity over the same period, for a combined reduction of 85 billion domestic seat miles.

Figure 28

LOW/ULTRA-LOW-COST AIRLINE SHARES OF TOTAL U.S. DOMESTIC AIRLINE AIRCRAFT SEATS



Source: Official Airline Guides schedules.

The rapid growth of the Low/Ultra-Low-Cost Airlines over the past decade was helped by the lower unit cost advantage they maintained over the network airlines, as a result of differences in network structure, overhead cost, and crew seniority. In more recent years, there have been fewer distinctions between the low-cost airlines and the network airlines. The lowering of the network airline cost structures and consolidation of airline networks has allowed the network airlines to compete more effectively with the low-cost airlines. In addition, most of the network airlines have begun to offer fare classes that directly compete with the Low/Ultra-Low-Cost Airlines, such as basic economy for United Airlines. With these fare classes the network airlines are able to offer a similar level of service to the Low/Ultra-Low-Cost airlines in their existing mainline aircraft and compete at a similar price point.

The Low/Ultra-Low-Cost Airlines have also begun to actively analyze international expansion possibilities. JetBlue Airways has built a strong presence in the Caribbean and Latin America, adding service to 31 markets. With the acquisition of AirTran Airways, Southwest Airlines is now serving AirTran Airways' Caribbean and Mexican routes, becoming positioned for further international expansion.

At the Airport, enplaned passengers on Low/Ultra-Low-Cost Airlines grew by 2.5% annually since 2011. In 2017, the Low/Ultra-Low-Cost Airlines accounted for approximately 46.3% of domestic seats and 44.3% of domestic enplaned passengers at the Airport. It is expected that the Low/Ultra-Low-Cost Airlines will continue to increase domestic and international service at the Airport in the coming years.

Fuel Cost Impacts

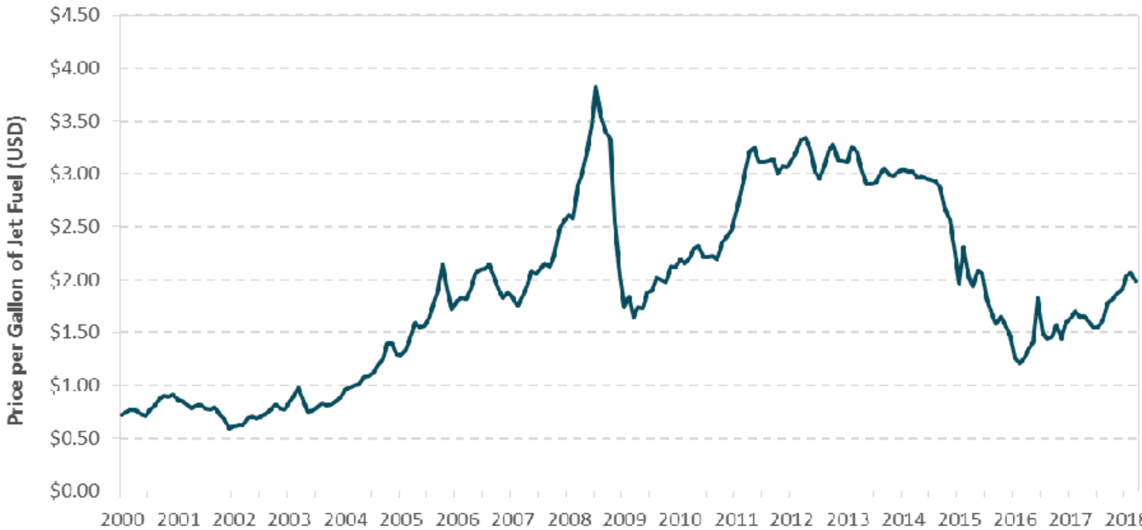
The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 29 shows the historical fluctuation in fuel prices since 2000. Beginning in 2003, fuel prices rapidly increased as a result of political unrest in Iraq and other oil-producing countries, as well as other factors influencing the demand for and supply of oil. In 2008, a spike in crude oil prices drove up jet fuel prices to an unprecedented high, forcing many airlines to introduce fuel surcharges. Fuel prices fell sharply in the second half of 2008 but rose again in 2011.

The price of fuel increased to such high levels that fuel represented the largest operating expense for airlines, accounting for between 30% and 40% of expenses for most airlines in 2011 through 2014.

From June 2014 to June 2017 the average price of aviation fuel has decreased by approximately 50%, reflecting continued growth in U.S. oil production, strong global supply, and weakening outlooks for growth in the global economy and oil demand. Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. Continued low fuel prices could result in dramatic changes in the aviation industry, such as lower airline operating costs potentially resulting in lower passenger ticket prices, which would likely result in increased travel demand. Higher profits and the ability to keep older, less fuel-efficient aircraft in service may also contribute to increased aircraft seat capacity at a slightly greater rate than currently experienced.

Since August 2017, oil prices have risen steadily, but remain below the prices in 2008 and between 2011 and 2015. There is widespread agreement that fuel prices will continue to be volatile and are likely to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies. As of March 2018, according to the Bureau of Transportation Statistics, the average cost per gallon of jet fuel was $1.99.

Figure 29
HISTORICAL AVIATION FUEL PRICES
U.S. Carriers Scheduled Service



Sources: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption, January 2000 – March 2018, www.transtats.bts.gov.

Aircraft Trends

Between 2001 and 2007, many airlines transferred a number of less profitable routes to their regional airline partners in order to reduce costs. Trends at the Airport mirrored the national trend, with an increase in the number of regional aircraft operations.

Beginning with the fuel price spike in 2008, airlines began to reduce the number of 50-seat regional jets in their fleets, which aircraft had been widely used as feeder aircraft for the network airlines. Airlines such as Delta Air Lines, United Airlines, and American Airlines are expected to ground or sell hundreds of these small regional jets in the coming years. In the face of volatile fuel prices, airlines continued to move toward the use of larger, more fuel-efficient aircraft. Over the next decade, the network airlines will continue to upgrade their fleets with new, fuel-efficient aircraft, potentially reducing the fuel efficiency advantage of the low-cost airlines.

The introduction of aircraft with new technology will likely result in new nonstop service around the world. Aircraft such as the next-generation Boeing 777s, the Boeing 787, and the Airbus A350 incorporate new airframe, engine, and wing designs for significant improvements in aircraft range and fuel efficiency. Entering commercial service in 2011, the Boeing 787 "Dreamliner" was the first commercial service aircraft made of lightweight composite carbon fiber material rather than aluminum, allowing for fuel savings of approximately 20% compared with jets of similar size. Despite delays in production and various initial in-service problems, the Boeing 787 has had incredible success and, according to Boeing, became the fastest-selling aircraft since its launch. The Airbus A350, a long-range twin-engine jetliner made primarily of composite materials, is a rival to the Boeing 787 that entered commercial service in January 2015. These new fuel-efficient aircraft are allowing airlines to profitably serve long-haul routes that were previously uneconomical using the older Boeing 777, Boeing 747, Airbus A340, and other older long-range aircraft. Airports like Denver should benefit over the long term from these trends.

Currently, two airlines operate Boeing 787 aircraft on international services at the Airport: Norwegian (London-Gatwick and Paris) and United (Tokyo-Narita and London-Heathrow). Lufthansa began operating international services on the A350 aircraft in March 2018, with service to Munich.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will depend on the provision of sufficient capacity at the Airport itself, both in airfield and terminal areas. The Airport's existing six-runway layout provides significant airfield capacity. Additionally, areas are reserved for up to six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. As stated previously, the 2018-2022 Capital Program includes the largest expansion of gates at the Airport (an increase of 39 gates), since it opened in 1995.

AIRLINE TRAFFIC FORECASTS

Table 16 presents historical, estimated, and forecast numbers of enplaned passengers and landed weight at the Airport from 2016 through 2025.

Assumptions Underlying the Forecasts

Forecasts of airline traffic were developed taking into account analyses of the economic basis for airline traffic, airline traffic trends, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, it was assumed that changes in airline traffic at the Airport over the long term will occur as a function of growth in the economy of the Airport service region and changes in airline network strategy including the role of the Airport as a connecting hub for United Airlines, Southwest Airlines, and Frontier Airlines. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

Table 16
AIRLINE TRAFFIC FORECASTS
Denver International Airport

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						
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Enplaned passengers										
Originating	18,527,324	19,655,635	20,541,531	20,896,535	21,418,048	21,941,088	22,474,851	23,008,825	23,547,770	24,094,180
Connecting	10,612,880	11,058,376	11,554,611	11,709,678	11,976,550	12,243,058	12,514,333	12,784,482	13,056,153	13,330,713
Total	29,140,204	30,714,011	32,096,141	32,606,213	33,394,598	34,184,146	34,989,184	35,793,307	36,603,923	37,424,893
Annual percent increase (decrease)	--%	5.4%	4.5%	1.6%	2.4%	2.4%	2.4%	2.3%	2.3%	2.2%
Percent originating	63.6	64.0	64.0	64.1	64.1	64.2	64.2	64.3	64.3	64.4
Percent connecting	36.4	36.0	36.0	35.9	35.9	35.8	35.8	35.7	35.7	35.6
Landed weight (1,000-pound units)										
Passenger airlines	30,995,992	32,492,224	33,842,445	34,248,969	34,899,375	35,544,119	36,198,094	36,844,257	37,490,296	38,140,129
All-cargo airlines	1,425,420	1,391,966	1,462,756	1,464,436	1,497,277	1,530,136	1,563,594	1,596,989	1,630,622	1,664,649
Total landed weight	32,421,412	33,884,189	35,305,201	35,713,405	36,396,651	37,074,255	37,761,688	38,441,246	39,120,918	39,804,779
Annual percent increase (decrease)	--%	4.5%	4.2%	1.2%	1.9%	1.9%	1.9%	1.8%	1.8%	1.7%

Note: Columns may not add to totals shown due to rounding.
Sources: Historical: Department management records. Forecast: ICF.

It was assumed that, during the Forecast Period:

- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.
- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities or international/domestic terrorist acts or threats.
- Aviation fuel prices will remain relatively stable and at lower levels than the record high prices reached in mid-2008.
- In the short term, full service carriers, including United Airlines, will maintain capacity discipline, leading to growth rates in line with U.S. GDP.
- The busiest airlines serving the Airport (measured by the number of enplaned passengers) will be financially viable.
- Denver MSA real GDP growth will average 2.2% per year from 2018 through 2025, based on projections by Woods & Poole Economics.
- The Airport will continue to be one of the busiest connecting hubs for United Airlines and Southwest Airlines, as measured by the number of connecting passengers on each airline.
- There will be continued increases in scheduled seat capacity from 2017 to 2018 by the three busiest airlines serving the Airport, as follows:
    - United Airlines will increase the number of scheduled seats at the Airport by approximately 5.8% from 2017 to 2018, based on advanced published schedules for the remaining months of 2018. The increase in United Airlines' scheduled seat capacity at the Airport is due, in part, to double-digit increases in service to large airports in the following cities: Chicago, Houston, Boston, and Seattle, and new service to London and the expansion of existing service to Toronto and Winnipeg.
    - Southwest Airlines is expected to increase scheduled seat capacity at the Airport by approximately 4.6% from 2017 to 2018, based on advanced published schedules for the remaining months of 2018.
    - Frontier Airlines will increase the number of scheduled seats at the Airport by approximately 10.9% in 2018 compared to 2017, based on advanced published schedules, which show the addition of 24 new markets from the Airport over the same period of comparison.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.
- New international service as outlined in Table 12 of this report will continue through the Forecast Period.

Forecast of Enplaned Passengers

Between 2017 and 2025, the number of passengers enplaned at the Airport is forecast to increase an average of 2.5% per year, to 37.4 million in 2025. In its most recent *Terminal Area Forecast* for the Airport (issued January 2018), the FAA forecasts an increase of 2.5% in 2018 compared to 2017, and then 2.0% per year thereafter between 2019 and 2025 (The FAA uses a base year of 2016 for the forecast of enplaned passengers at the Airport). The FAA projects the Airport will have 35.0 million enplaned passengers in 2025**.**

The Terminal Area Forecast for the Airport uses a base year of 2016 as compared to the base year of 2017 used in this Report. The actual number of enplaned passengers from 2016 to 2017 increased by 5.4%, which is one of the reasons why the forecast rate of growth in the Terminal Area Forecast is different than the forecast rate of growth assumed in this Report. If the same base year (2016) was used in both forecasts, the average annual rate of growth from 2016 through 2025 would be 2.6% per year for the Terminal Area Forecast and 2.8% per year for the forecast of enplaned passengers presented in this Report.

Landed Weight

Under the baseline forecasts, aircraft landed weight increases from 33.9 million 1,000-pound units in 2017 to 39.8 million 1,000-pound units in 2025, equal to an average annual increase of 2.0% per year. The forecast growth for landed weight is lower than for enplaned passengers, reflecting slower growth of aircraft movements than enplaned passengers based on assumptions of slightly increasing average load factors and larger average aircraft size.

AIRPORT FACILITIES AND CAPITAL PROGRAM

AIRPORT FACILITIES

The Airport occupies approximately 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 non-intersecting runways and a related system of taxiways and aircraft aprons. Four runways are oriented north-south and two runways 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 Airport is one of the few major U.S. airports with room to expand its current terminal and airfield facilities to accommodate future growth. The Airport has capacity for six additional runways, for a total of 12 runways at complete build-out.

The passenger terminal complex consists of a Landside Terminal Building (also referred to as the Jeppesen Terminal) and three airside concourses (A, B, and C). The Landside Terminal Building accommodates passenger ticketing, baggage claim, concessions, and other facilities and amenities, 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 Building, surface parking lots, and remote parking lots accessible by shuttle buses. Parking spaces are also provided for Airport employee and tenant parking.

Immediately adjacent to the Landside Terminal Building is the Hotel and Transit Center (HTC) comprised of a train station linking the Airport to downtown Denver's Union Station, a 519-room hotel offering conference space, meeting rooms, and an open-air plaza for arts and entertainment. The HTC is connected to the Landside Terminal Building by a public plaza offering outdoor space that is designed to host exhibits, conventions and special events.

Passengers travel between the Landside Terminal Building and Concourses A, B, and C via an underground Automated Guideway Transit System (AGTS). In addition, a pedestrian bridge provides access from the Landside Terminal Building to Concourse A. Concourses A, B, and C provide 92 mainline gates (parking positions) for large jet air carrier aircraft, 19 gates for regional/commuter aircraft, and 24 ground loading positions for mainline and regional/commuter aircraft. Concourse A has 28 mainline gates, eight of which are available on a common-use basis for all airlines and can also accommodate international flights, and 24 are ground loading positions (6 mainline positions and 18 regional/commuter positions). Concourse B has 35 mainline gates, 19 regional/commuter gates, and 14 regional/commuter ground loading gates. Concourse C has 29 mainline gates.

The 2018-2022 Capital Program includes projects that will improve, expand, or result in new facilities at the Airport. These projects are discussed in the following section.

AIRPORT CAPITAL PROGRAM

Department management has developed the 2018-2022 Capital Program for the Airport, which includes Airport facility projects with the following primary purposes:

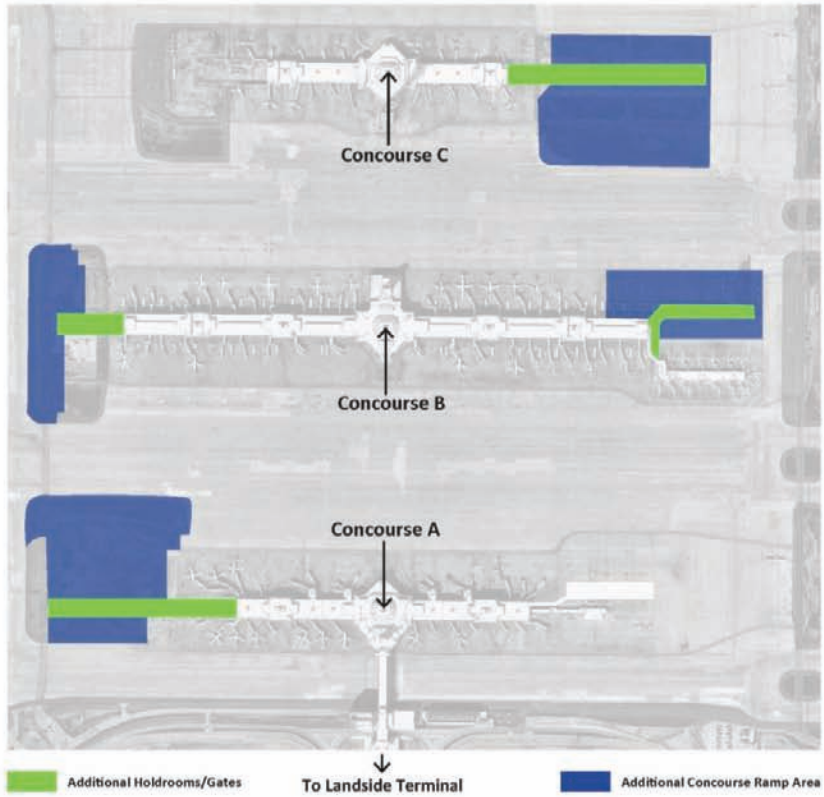
- Major maintenance
- Expansion
- Capacity enhancements
- Facility upgrades and improvements
- Revenue generation

The projects in the 2018-2022 Capital Program are estimated by Department management to cost approximately $3.5 billion. Approximately $567.1 million or 16.2% of project costs included in the 2018-2022 Capital Program are related to the major maintenance of Airport facilities. The cost of the 2018-2022 Capital Program is shown on Exhibit A and includes an allowance for inflation based on the start and end dates of each project.

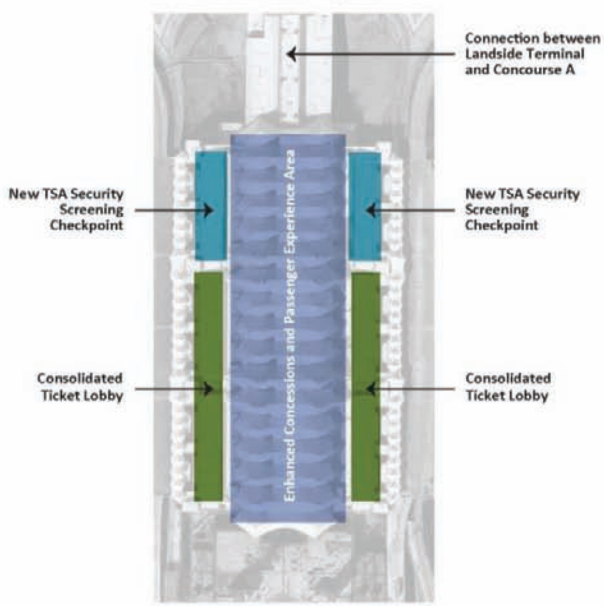
The two largest projects in the 2018-2022 Capital Program (as measured by project costs) are the Concourse Expansion Projects and the Great Hall Project, the locations of which are shown on Figure 30. Construction began on the Concourse Expansion Projects in May 2018, and all the new gates are expected to be ready and available for their intended use in early 2021. Construction on the Great Hall Project began in July 2018 and is scheduled to open in November 2021.

Figure 30
LOCATION OF LARGEST PROJECTS IN CAPITAL PROGRAM
Denver International Airport

Concourse Expansion Projects



Great Hall Project



The primary projects in the 2018-2022 Capital Program and their purpose are discussed below by Airport cost center.

Airfield Area and Concourse Apron

- **Concourse Expansion Projects (Airfield and Apron).** This project includes the construction of additional apron and required airfield improvements associated with the Concourse Expansion Projects, including improvements to utilities and fuel pits.

- **Runway pavement and lighting rehabilitation**. This project includes the rehabilitation of Runway 17R-35L pavement as well as the rehabilitation of other runway pavement and lighting systems.

- **Taxiway and apron pavement and lighting rehabilitation.** This project consists of pavement and lighting rehabilitation and safety area upgrades to Taxiways F, G, and H, including terminal taxiway and apron slab rehabilitation in targeted areas, and safety area upgrades.

- **Gate apron rehabilitation and drainage improvements.** This project consists of the replacement of the gate apron pavement and subgrade adjacent to Concourses B and C.

Baggage System and Automated Guideway Transit System (AGTS)

- **Baggage handling system Checked Bag Resolution Areas (CBRA).** This project includes the development of two new CBRAs that will replace the nine existing areas, the installation of new conventional baggage conveyors, and the installation of individual carrier systems to move alarmed bags between the screening areas to the new CBRA and the airline baggage makeup areas.

- **Baggage handling system modification in Landside Terminal Building.** This project consists of modifications to the baggage handling system to accommodate the new layout of the passenger processing lobby.

- **AGTS car replacement program.** This project consists of the replacement of the original AGTS vehicles.

- **Baggage handling system controls upgrade.** This upgrade includes the replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet Transportation Security Administration (TSA) requirements.

Terminal Complex

- **Concourse Expansion Projects (Terminal Complex).** This project includes the construction of 12 new gates on the west side of Concourse A; 16 new gates on the east side of Concourse C; 4 new gates on the west side of Concourse B; and 7 new narrow body gates on the east side of Concourse B. The new east side gates on Concourse B will replace certain ground loading operations and regional jet gates to improve aircraft operations.

- **HVAC refrigerant replacement program.** This project includes the upgrade or replacement of HVAC equipment to comply with Environmental Protection Agency requirements.

- **Concessions redevelopment program.** This project consists of the renovation of existing concourse space as well as building new concession space, all of which is based on the concessions master plan which is currently being prepared.

- **Great Hall redevelopment program.** This project consists of the redevelopment of levels five and six of the Landside Terminal Building by the Developer. The Developer is a consortium that includes Ferrovial Airports and S\JLC (a joint venture between Saunders Construction Inc. and JLC).

  Under the executed agreement between the City and the Developer (the Great Hall Agreement), the Developer will be responsible for designing, constructing, and financing certain improvements to the Landside Terminal Building as described below. Once the project is ready and available for its intended use, the Developer will be responsible for operating certain concessions in the Landside Terminal Building. The 34-year agreement between the City and Developer includes approximately four years of planning, design, and construction and 30 years of operation.

  The Great Hall Project includes:

  - Increasing TSA throughput by an estimated 50% to 70% by relocating TSA passenger screening from its existing location on level five to level six.
  - Increasing passenger processing capacity of the terminal.
  - Consolidating ticket lobbies to the south end of level six.
  - Creating a new meeter/greeter area at the south end of the Landside Terminal Building, and a new “front door” to the Airport.
  - Improving food and retail offerings in the Landside Terminal Building.
  - Upgrading all escalators, elevators, restrooms, and security within the Landside Terminal Building.
  - Enhancing the pre- and post-security passenger experience.
  - Developing level five into a post-security commercial area.

Roadways, Public Parking, and Ground Transportation

- **Peña Boulevard terminal reconfiguration**. This project includes the reconstruction, realignment, and widening of various sections of Pena Boulevard and associated roadways, as well as the replacement of deteriorating concrete.

- **Revenue control replacement and new parking canopies**. This project includes, but is not limited to, the replacement of the revenue control system and the installation of the parking lot entrance and exit canopies.

- **Concourse Expansion Projects (Roadways).** This project includes roadway improvements associated with the planned construction of additional gates.

Other Airport Areas

- **Real estate infrastructure improvements.** This project consists of improvements to the Airport's real estate infrastructure in certain areas.

- **Technology infrastructure improvements.** This project consists of the implementation of the technology infrastructure program to address all major and critical technology infrastructure.

- **Physical access control system replacement.** This project consists of the replacement of the legacy access control system for the Airport.

FUNDING THE AIRPORT CAPITAL PROGRAM

Improvements to the Airport System have historically been financed through the City's issuance of Airport System Revenue Bonds under the GBO and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the SBO.

Pursuant to the GBO, the City may also issue Special Facilities Bonds to fund the cost of facilities related to or used in connection with the Airport System. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in the Report.

Department management expects to pay for 2018-2022 Capital Program costs using the major funding sources shown on Exhibits A and B, as discussed below. Additional information regarding the funding of the Great Hall Project is provided later in this section.

To the extent that the City does not receive the funding shown on Exhibit A, Department management would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Bonds, or (3) use additional Airport balances on deposit in its Capital Improvement Account.

Certain assumptions were incorporated into the financial forecasts presented in this Report in connection with the completion of projects in the 2018-2022 Capital Program, and the issuance of Future Planned Bonds regarding additional (1) Gross Revenues from airline rentals, rates, fees, and charges and other sources, (2) O&M Expenses, and (3) aggregate Debt Service Requirements and Subordinate Debt Service Requirements.

Federal Grants

Federal grants received by the City include federal grants under the Airport Improvement Program (AIP), which provides discretionary and entitlement grants for eligible airport projects, and TSA grants.

The City is eligible to receive FAA grants-in-aid under the AIP for up to 75% of the costs of eligible projects. Certain of these grants are to be received as entitlement grants, the annual amounts of which are calculated based on the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Other grants to be received are discretionary grants, awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

The federal funding shown on Exhibit A reflects entitlement, discretionary and TSA grants that Department management expects to receive during the Forecast Period based, in part, on previous federal funding and expected grant applications for specific projects in the 2018-2022 Capital Program. Federal grants-in-aid assumed to be applied to fund 2018-2022 Capital Program project costs equal approximately $116.4 million. If federal grants-in-aid are not received in the amounts expected, Department management intends to revise the list of projects in the 2018-2022 Capital Program assumed to be funded with such grants.

If the actual amount of federal grants is lower than the amount shown on Exhibit A, such reduction could (1) result in the City issuing more Future Planned Bonds and/or using more Airport cash to fund project costs, (2) result in decreases in 2018-2022 Capital Program costs, or (3) extend the timing for completion of certain projects in the 2018-2022 Capital Program.

AIP grants and TSA grants received by the City for capital projects are not defined as Gross Revenue under the Bond Ordinances.

Purchase Agreements

The City has Master Installment Purchase Agreements (the Purchase Agreements) with Santander, Banc of America Public Capital Corp, and Sovereign Leasing, LLC (the Financing Companies), which allow the City to take loans to fund equipment acquisitions and installations at the Airport. The City has taken such loans for certain earlier projects at the Airport but does not currently expect to use loans from the Financing Companies to fund projects in the 2018-2022 Capital Program.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for three to 10 years at interest rates that are generally lower than or comparable to interest rates on airport revenue bonds. Please refer to the later section of this report entitled "Application of Revenues" regarding the City's priority for making installment purchase payments to the Financing Companies relative to other City obligations under the Bond Ordinances.

The Proposed 2018 Bonds

The proposed 2018 Bonds are expected to be issued with fixed interest rates as Subordinate Bonds under the SBO in two series, as follows:

- The proposed 2018A Bonds are expected to be subject to AMT and would be issued to fund approximately $2.1 billion of 2018-2022 Capital Program project costs.

- The proposed 2018B Bonds are not expected to be subject to AMT and would be issued to fund approximately $77.5 million of 2018-2022 Capital Program project costs.

A portion of the project costs shown above were funded on an interim basis from the net proceeds of the Series 2017C Bonds. The Series 2017C Bonds are to be fully refunded with the net proceeds from the sale of the proposed 2018 Bonds.

A portion of the net proceeds of the proposed 2018 Bonds would be used to fund (1) a debt service reserve account for the proposed 2018 Bonds within the Subordinate Bond Reserve Account equal to its portion of the Minimum Subordinate Bond Reserve under the SBO, (2) capitalized interest, and (3) cost of issuance, including underwriters' discount and financing, legal and other costs.

Future Planned Bonds

Exhibit B also shows the sources and uses of funds for Future Planned Bonds. Together with estimated FAA grants-in-aid and prior Bond proceeds, the net proceeds of Future Planned Bonds would be used to:

- Fund approximately $1.1 billion of 2018-2022 Capital Program costs.

- Fund deposits to the Bond Reserve Fund in an amount required to equal the Minimum Bond Reserve Requirement.

- Pay capitalized interest on Future Planned Bonds.

- Pay the costs of issuance for Future Planned Bonds.

The Future Planned Bonds were assumed to be issued as Senior Bonds, with the principal amount estimated to be approximately $1.3 billion.

During the Forecast Period, however, Department management may decide to fund 2018-2022 Capital Program costs from the net proceeds from the sale of Subordinate Bonds based on a number of factors at the time of issuance, such as (1) the type of project to be financed (i.e., major maintenance or revenue generating), (2) the difference in interest rates between Senior and Subordinate Bonds, and (3) the implications, if any, on the Airport's debt service coverage ratios; airline rentals, rates, fees, and charges; and credit ratings, among other factors, as a result of issuing Subordinate Bonds.

The City may use a revolving line of credit, which is currently in place, and/or other interim credit facilities, that would be considered Subordinate Bonds or Contract Obligations under the SBO. If these sources are used to pay project costs, Department management would issue Future Planned Bonds at a later date to replace those funding sources. For purposes of this Report, it was assumed that these project costs would be financed with Future Planned Bonds.

Great Hall Project

Under the Great Hall Agreement, the Developer will be responsible for designing, constructing, and financing certain improvements to the Landside Terminal Building. The Developer reached financial close on the Great Hall Project on December 21, 2017, and construction began in July 2018.

The total design and construction costs of the Great Hall Project are estimated to be $650 million, of which $479 million will be funded by the City through progress payments made to the Developer during construction. The progress payments are included in the 2018-2022 Capital Program as shown on Exhibit A. The Developer will finance $171 million of the $650 million in project costs not paid for by the City.

When the improvements are ready and available for their intended use in November 2021, the City will make annual supplemental payments to the Developer that include an operations and maintenance component and a capital component. The annual supplemental payments to be paid by the City to the Developer start in 2022 and are estimated to range from $22.9 million in 2022 to $57.4 million in 2051, which is the last year of the Great Hall Agreement. These payments are Junior Lien Obligations under the JBO.

In addition to the progress payments made during construction and the annual supplemental payments made to the Developer once the improvements are ready and available for their intended use, the Developer will also receive 20% of the concession revenues that it operates in the Landside Terminal Building, with the remaining 80% paid to the City as Gross Revenues. The revenues subject to the 80%/20% split mostly include food and beverage, and retail concessions.

Under the Great Hall Agreement, the City is responsible for $120 million of Great Hall Project contingency costs, which are included in the 2018-2022 Capital Program (see Exhibit A). For purposes of this Report, it was assumed that approximately $45 million of project contingency costs would be spent and funded with net proceeds from the sale of the proposed 2018 Bonds. It was assumed that the remaining $75 million of contingency costs would be funded with Future Planned Bonds.

FINANCIAL PERFORMANCE

FINANCIAL FRAMEWORK

The City accounts for Airport System financial operations and results according to generally accepted accounting principles for governmental entities and the requirements of the Bond Ordinances. Other key documents that influence the financial operations of the Airport are the Prior PFC Ordinances, the proposed PFC Supplemental Ordinance and the Airline Agreement.

The financial forecasts presented in this Report reflect Department management's expected course of action during the Forecast Period to generate Gross Revenues and Other Available Funds sufficient to meet the Rate Maintenance Covenant of the GBO and the SBO.

Under the Rate Maintenance Covenant of the SBO, 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 (1) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (2) 110% of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds for such Fiscal Year.

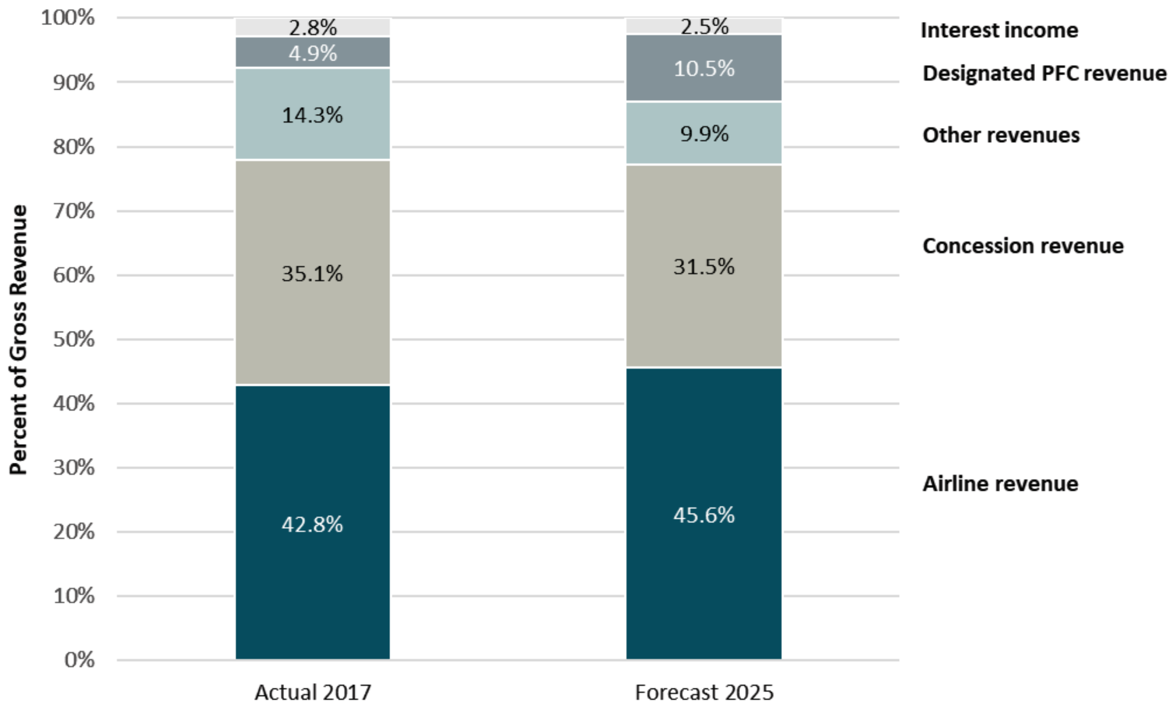
The following sections provide an overview of recent historical Airport financial results and describe the assumptions used as the basis for forecasting Gross Revenues, O&M Expenses, aggregate Debt Service Requirements (Senior Bonds, Subordinate Bonds and Obligations, and Junior Lien Obligations), and deposits to the funds and accounts of the Bond Ordinances.

GROSS REVENUES

Figure 31 presents the major sources of Gross Revenues for the Airport. Additional line-item detail for airline rentals, rates, fees, and charges and nonairline revenues are shown on Exhibit C and Exhibit D, respectively.

Revenues from a customer facility charge (CFC) that is collected by the on-Airport rental car companies and remitted to the City are currently defined as Gross Revenues, but are not included in the forecast of Gross Revenues and debt service coverage presented in this Report because the use of CFC revenues is restricted.

Figure 31
GROSS REVENUES
Denver International Airport



Note: Columns may not add to 100% because of rounding. Excludes actual and forecast CFC revenues for the reasons described in this Report.
Source: Department management records.

AIRLINE RENTALS, FEES, AND CHARGES

Overview

Historical and forecast airline rentals, rates, fees, and charges for the Airport, in total and expressed on a per enplaned passenger basis, are shown on Exhibit C. In 2017, airline rentals, rates, fees, and charges accounted for 42.8% of Gross Revenues.

The City and certain airlines (the Signatory Airlines) serving the Airport have executed an Airline Agreement, as amended, that provides for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculating and recalculating rentals, rates, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest rights of the airlines regarding changes to the methodology used to establish their rentals, rates, fees, and charges. The Airline Agreement also:

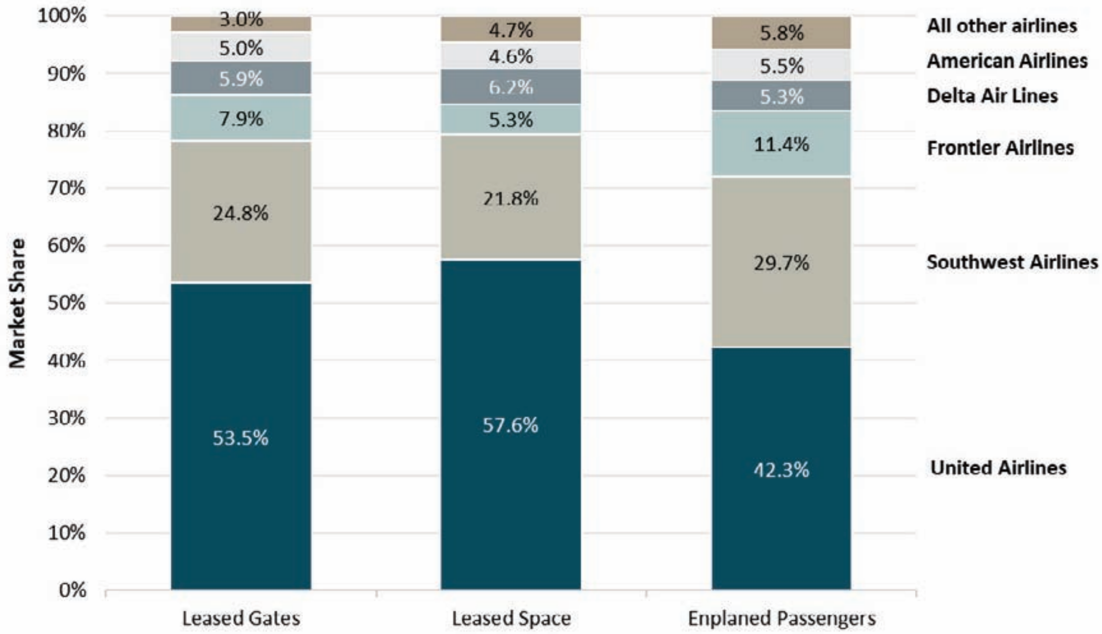
- Provides that 50% of the Net Revenues remaining at the end of each year after all other requirements are satisfied, up to a maximum of $40.0 million, is to be credited to the airlines signatory to the Airline Agreement in the following year through the Airline Revenue Credit Account.

- Contains a provision stating that, notwithstanding any other provision of the agreement regarding rate-making methodologies or rentals, rates, fees, and charges, the airline rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

For those airlines that are not signatory to the Airline Agreement, Department management assesses rentals, rates, fees, and charges following procedures consistent with those outlined in the Airline Agreement, in an amount equal to 20% more than Signatory Airline rentals, rates, fees, and charges. In addition, the nonsignatory airlines do not share in the year-end Net Revenue credit.

The amount of revenues from airline rentals, rates, fees, and charges each year is a function of a number of factors, including the amount of space and gates leased by the Signatory Airlines to support their aviation activity and operations at the Airport. Using actual 2017 data, Figure 32 provides a comparison of market shares of leased gates, leased space, and enplaned passengers for the five busiest airlines serving the Airport (ranked on the basis of market shares of enplaned passengers in 2017). Collectively, the five busiest airlines lease approximately 96.7% of gates and 95.3% of airline leased space at the Airport. The amount of space leased by each airline to support its operations at the Airport compared to market shares of enplaned passengers vary significantly.

Figure 32
AIRLINE PERCENTAGES OF LEASED GATES, LEASED SPACE AND ENPLANED PASSENGERS IN 2017
Denver International Airport



Note: Reflects actual 2017 data for all airlines. Columns may not add to 100% because of rounding.
Source: Department management records.

Airline Agreement—United Airlines

Various amendments to United Airlines' Airline Agreement have been adopted since its execution in 1991, including, but not limited to, amendments to maintain United Airlines' commitment to continue using the Airport as a connecting hub in its route system.

In May 2012, the City and United Airlines further amended the Airline Agreement with United Airlines (the 2012 Amendment) to provide, among other things, using the equivalent of 75% of future revenue from the $1.50 portion of the PFC per eligible enplaned passenger to pay existing PFC-eligible Debt Service Requirements in the Terminal Complex. The effect of the 2012 Amendment was to further reduce rentals, rates, fees, and charges for airlines leasing space in the Terminal Complex, including United Airlines, and to make the Airport more cost-competitive for existing and future airlines serving the Airport.

The City and United Airlines amended the Airline Agreement in 2014 (the 2014 Amendment) with an effective date of January 1, 2015. Under the 2014 Amendment, the City agreed to (1) restructure the Airport's debt with the intention of reducing airline rates and charges from 2015 to 2025, (2) permanently delete up to 140,000 square feet from United Airlines' demised premises (which amount was subsequently modified by an amendment to the 2014 Amendment), (3) consolidate the requirement for United Airlines' activity levels at the Airport, and (4) seek approval from the Signatory Airlines at the Airport to revise amortization charges.

In addition, under the 2014 Amendment, United agreed to a 10-year extension of the lease to February 28, 2035 as well as committed to maintain available seat miles (ASMs) at the Airport through February 28, 2025 at a level equal to or greater than 9.1% of total ASMs in the worldwide United Airlines system, subject to a payment offset to United Airlines' portion of the Annual Revenue Credit account if United Airlines falls short of its commitment. United Airlines shall not be deemed to be in default of the lease provided it makes payments to the City subject to annual payment caps, $12 million to $20 million per year, as outlined in the 2014 Agreement. The City would deposit these amounts in the Capital Improvement Account (and such deposits would not be included in Gross Revenues) and use the deposits for any lawful Airport System purpose. While this Report includes forecasts of aviation activity, this Report does not include forecasts of future ASMs and as such, no determination is made regarding payments, if any, that United Airlines may be obligated to make to the City pursuant to the 2014 Amendment.

United Airlines may terminate its Airline Agreement, as supplemented and amended, if its cost per enplaned revenue passenger at the Airport exceeds $20 (in 1990 dollars) in any given year. United Airlines' cost per enplaned revenue passenger at the Airport is not expected to exceed $20 (in 1990 dollars) during the Forecast Period.

Airline Agreement—Other Airlines

The airlines listed in Table 17 operate at the Airport under an Airline Agreement that expires on December 31, 2018, with two one-year extension options exercisable by the City and are listed in order of their numbers of leased gates as of June 30, 2018. Certain other airlines also operate at the Airport pursuant to an Airline Agreement, but do not lease gates. Many of these are regional airlines that have code-sharing agreements with the airlines listed in Table 17 or are foreign-flag passenger airlines.

Table 17
OTHER SIGNATORY AIRLINES AND THEIR NUMBERS OF LEASED GATES

Signatory Airline	Leased Gates
Southwest Airlines	25
Frontier Airlines	8
Delta Air Lines	6
American Airlines	5
Spirit Airlines	2
Alaska Airlines	1

Source: Department management records.

As of the date of this Report, Department management intends to exercise its first 1-year option to extend the Airline Agreement. It is Department management's expectation that the rate-making methodology in the new Airline Agreement will be substantially similar to that in the existing Airline Agreement when it expires during the remainder of the Forecast Period.

The City has also executed 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.

Forecast of Airline Rentals, Rates, Fees, and Charges

The forecast revenues from airline rentals, rates, fees, and charges are presented on Exhibit C and are based on (1) the cost recovery and rate-making principles in the Airline Agreement, (2) the forecast of O&M Expenses, aggregate Debt Service Requirements on Senior and Subordinate bonds, and other costs that are allocable to airline cost centers and included in the annual calculation of airline rentals, rates fees, and charges pursuant to the Airline Agreement, (3) the assumption that the amount of existing airline leased space and number of leased gates as of the date of this Report would remain constant during the Forecast Period, and (4) the assumed reductions in rentals, rates, fees, and charges under various amendments to the Airline Agreement with United Airlines, as discussed earlier, during the Forecast Period.

Forecast airline landing fees and Terminal Complex rentals, which together accounted for 64.1% of airline rentals, rates, fees, and charges at the Airport in 2017, are discussed below. The calculation of the airline landing fee rate is shown on Exhibit C-1 and the calculation of the average Terminal Complex rental rate is shown on Exhibit C-2.

Exhibit C-1 shows the landing fees, calculated according to a cost-center residual cost rate-making 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 other costs in the airline rate base.

Exhibit C-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal Building and concourses) through 2025.

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 90,500 square feet of space on Concourse B, which is charged at 65% of the average rental rate.

The 2018-2022 Capital Program includes the expansion of Concourse A west, Concourse C east, and Concourse B west and east, as well as the construction of the Great Hall Project. The Great Hall improvements are estimated to open in November 2021, but for purposes of the financial forecasts presented in this Report, a January 1, 2022 start date was assumed. The forecast net Terminal Complex requirement includes an allowance for additional O&M Expenses, Debt

Service Requirements and rentable space associated with these and other terminal-related projects included in the 2018-2022 Capital Program.

The forecasts of Terminal Complex rentals reflect Department management's expectation that (1) there will be a temporary reduction in rentable and rented space in the Landside Terminal Building during the construction period of the Great Hall Project and that when this project is completed all airline space will be leased and (2) all of the domestic gates and associated airline rentable space that are included in the Concourse Expansion Projects will be leased during the Forecast Period when the additional gates and space are ready and available for their intended use in early 2021.

The Concourse Expansion Project also includes the construction of three new international gates. An airline using the international gates (plus federal inspection services [FIS]) pays a gate fee to the City. An airline that uses international gates for domestic flights (meaning, the airline does not use the FIS) pays a non-preferential gate use fee to the City. The forecast of international facility fees plus non-preferential common-use gate fees includes additional revenue from airline use of the additional international gates.

NONAIRLINE REVENUES

Revenues from nonairline sources, shown on Exhibit D and based on actual 2017 data, accounted for 49.4% of Gross Revenues in 2017. As described below, Department management intends to continue implementing certain key nonairline revenue initiatives during the Forecast Period, including renegotiating leases and agreements, rebidding concession opportunities and agreements, and developing new nonairline revenue sources.

Terminal Complex Concessions

The City leases space at the Airport to concessionaires pursuant to Terminal Complex 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 reestablishment clause that allows Department management to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant of the GBO. In 2017, revenues from Terminal Complex concessions accounted for 7.6% of Gross Revenues.

As existing terminal and specialty retail program concession agreements expire during the Forecast Period, Department management will have the opportunity to rebid the agreements to incorporate new concepts and, potentially, new concessionaires based on the Airport's Concession Policy. Department management believes that refreshing and expanding the in-terminal concessions will not only improve the passengers' experience at the Airport, but also increase the revenues earned by the City from these locations.

The Premium Value Concessions Program (PVC Program) was implemented to provide for the City to retain the best performing concessionaries at the Airport, as measured by sales, operations, and customer satisfaction, among other factors. Concessions distinguishing themselves in these areas will lead to earning the PVC Program Benefit award for their respective concessionaires, which means the opportunity to execute a new concession agreement for another term at the terms (including but not limited to rental rates, minimum capital investment, length of term and surety requirements) in effect at the time of the new agreement for the concession category. Under this award program, Department management expects to have 13 new concession agreements in effect during 2018 and 7 new concession agreements in effect during 2019.

The forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned and originating passengers, as presented earlier in Table 16; (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned or originating passenger basis; (3) allowances for inflation, an average of approximately 2.0% per year; (4) allowances for the estimated effect on the existing concessions during the construction of the Great Hall Project and the Concourse Expansion Projects; and (5) the terms and conditions of current and future concession agreements with the City, including the Great Hall Project and those associated with the Concourse Expansion Projects. The Great Hall is estimated to open in November 2021, but for purposes of the financial forecasts presented in this Report, a January 1, 2022 start date was assumed.

Recognizing that Department management is planning additional concession space in the Concourse Expansion Projects in the 2018-2022 Capital Program, the Great Hall Agreement includes a mechanism for the Developer to receive additional compensation from the City if airside concession space in Concourse A, Concourse B and Concourse C exceeds an agreed upon concessions growth ratio, which is equal to airside concession space per thousand enplaned passengers. Airside concession space includes retail, food and beverage, and passenger services space on each of the concourses. During the Forecast Period, the City does not expect this ratio to be exceeded. As such no compensation payments to the Developer have been included in the financial forecasts presented in this Report.

Additional assumptions are discussed below.

Food and Beverage. The food and beverage concession agreements provide for percentage fee revenues to the City primarily ranging from 7% to 18% of gross revenues or a minimum annual guarantee, whichever is higher. 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.

The forecast of Landside Terminal Building food and beverage is equal to the forecast of revenues prepared by the Developer multiplied by the Airport's share (80%), which is assumed to start in 2022 when the Great Hall improvements would be ready and available for its intended use.

Merchandise. The specialty retail and merchandise concession agreements provide for percentage revenues to the City primarily ranging from 8% to 21% of gross revenues or a minimum annual guarantee, whichever is higher. Recent performance trends were taken into account in forecasting specialty retail, merchandise store and kiosk revenues. Revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

The forecast for the Landside Terminal Building merchandise revenues is equal to the forecast of revenues prepared by the Developer multiplied by the Airport's share (80%), which is assumed to start in 2022 when the Great Hall improvements would be ready and available for its intended use.

Terminal Services. Services include advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, personal care, on-Airport gas station and convenience store, 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, depending on the type of service provided. For most concessionaires, the estimated revenue from the percentage fee would be higher than the minimum annual guarantee, with percentage fees ranging from 5% to 12% of gross revenues.

In addition to the services listed above, revenues from Department Management's concession joint marketing program are in the category "terminal services." The concession joint marketing program was established by Department management and assists concessionaires in achieving increased sales and revenues. The program is funded by 1% of sales from each concessionaire in addition to concession payments to the City.

Outside Concession Revenues

Outside concession revenues are generated from public automobile parking, rental car privilege fees, and ground transportation services.

Public Automobile Parking. Public automobile parking at the Airport is provided in parking structures, surface lots adjacent to the Landside Terminal Building, and remote parking lots. In 2017, public parking revenues accounted for 19.3% of total Gross Revenues and 39.1% of nonairline revenues.

Table 18 lists the City-owned parking facilities at the Airport, as well as the number of spaces and the parking rates for each facility, which are adjusted by Department management from time-to-time. Parking rates were recently adjusted on February 15, 2018 and reflect an increase of $1.00 per day in the garages and $3.00 per day in the long-term surface lots. There was no change to the parking rates in the remote surface parking lots.

To accommodate demand for on-Airport public parking facilities, the City opened the 61st and Peña lot in 2017 that is accessible by the Regional Transportation District's A Line commuter service, and expanded the East Garage in October 2016, adding 1,822 new public parking spaces. The Airport hotel opened in November 2015 which has 185 valet spaces in the West Garage on Level 1 and another 65 spaces on the surface lot adjacent to the West Garage. Standard Parking Corporation, subcontracting with Global Parking Systems, operates and manages the public parking facilities at the Airport under a management contract with the City that was effective on February 1, 2017 and expires on January 31, 2022. Under this contract, the City retains all rights to increase parking rates. When the existing agreement expires, Department management expects that they will either extend the agreement through the end of the Forecast Period or rebid or renegotiate terms and conditions that would produce similar or higher parking revenues to the City.

Table 18

EXISTING CITY OWNED PUBLIC PARKING FACILITIES AND RATES

Denver International Airport

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	16,002	$25	$4
Valet	642	$33	$16 first hour $4 each additional hour
Long-term surface lot parking	9,249	$16	$4
Remote surface lot parking	17,377	$8	$2
61st and Peña surface lot parking	800	$4	N/A
	44,070		

Source: Department management records, as of March 2018.

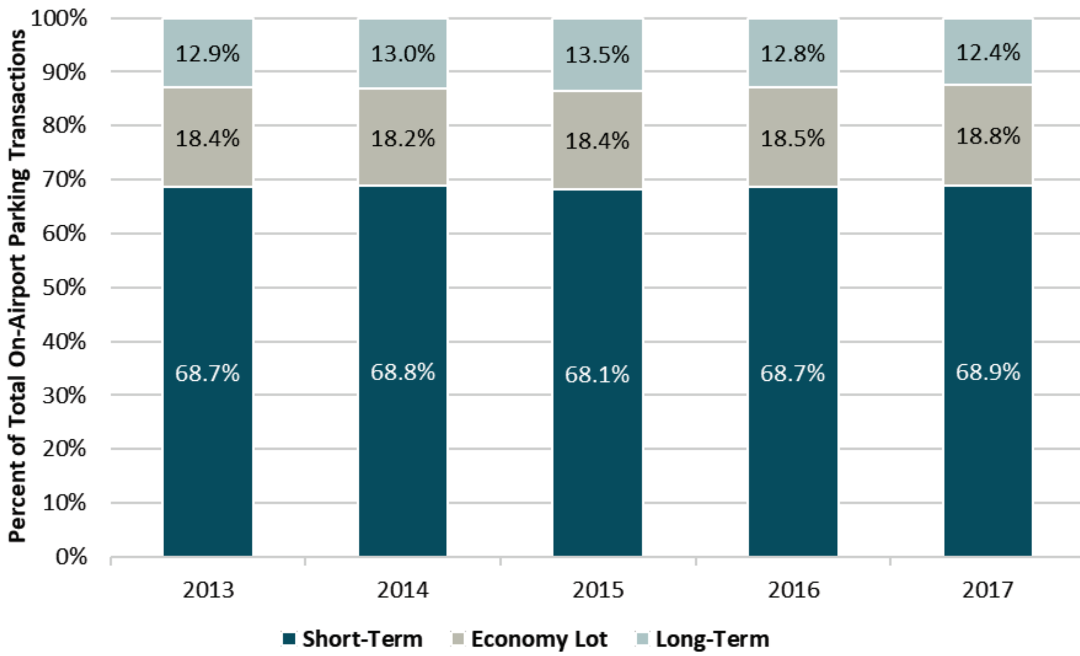
The City also has an agreement with LRW Investment Company, effective through October 31, 2028, to operate WallyPark, an automobile parking lot service located on Airport property. WallyPark transports its passengers to and from the Landside Terminal Building via shuttle buses.

The agreement with LRW Investment Company was recently extended from a scheduled termination in 2014 through 2028 as part of an amendment that obligates LRW to expand WallyPark parking facilities at the Airport. Published daily rates are $13.95 for self-parking and $17.95 for valet parking, with discounts available through online reservations. Pursuant to the agreement with LRW Investment Company, the City receives the higher of (1) a minimum annual guarantee equal to 85% of the previous year's payment to the City or (2) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. Revenue from WallyPark is included with "Terminal services" on Exhibit D.

A number of off-Airport parking facilities are operated near the Airport by Canopy Airport Parking, DIA Park, Fine Parking (which started service in October 2017), Parking Spot, and US Airport. The off-Airport parking operators provide courtesy vehicle service to and from the Landside Terminal Building and pay the City an off-Airport parking privilege fee equal to 8.0% of Gross Revenues, which revenues are included in the line-item "Ground transportation" on Exhibit D.

Figure 33 shows the shares of parking transactions—a measure of customer use—by public parking lot for 2013 through 2017.

Figure 33
PERCENT OF TOTAL ON-AIRPORT PARKING TRANSACTIONS BY LOT
Denver International Airport

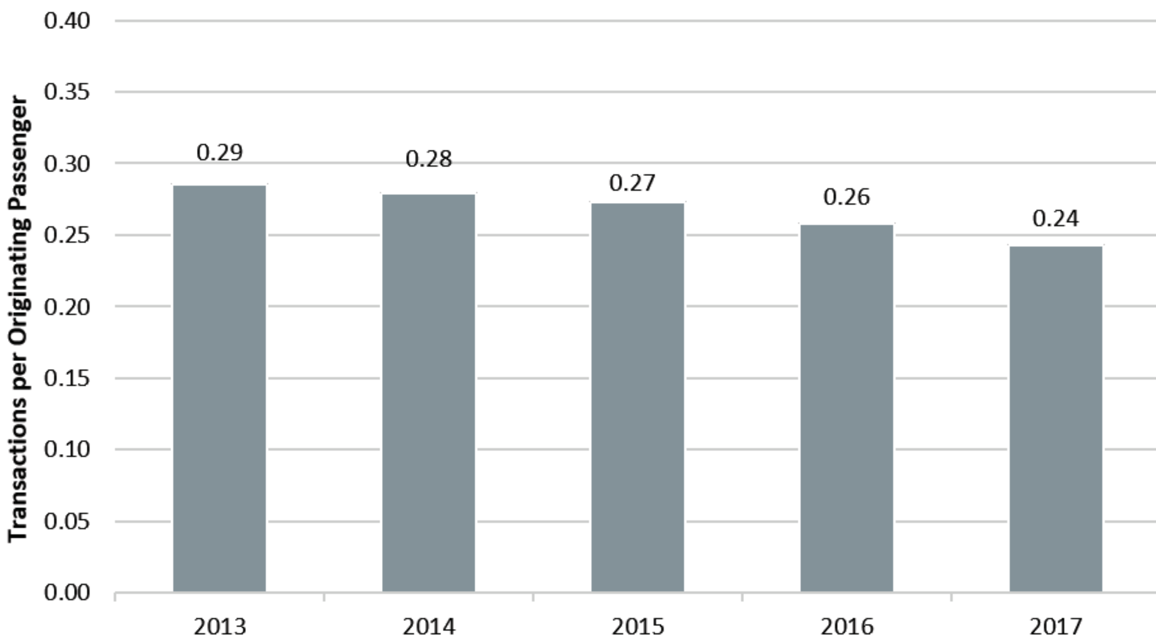


Notes: The short-term lot includes garage and valet spaces. Columns may not add to 100% because of rounding.
Source: Department management records.

As shown on Figure 33, use of each of the Airport's public parking facilities has remained relatively consistent from 2013 through 2017 while the total number of on-Airport parking transactions increased from 4.4 million in 2013 to 4.8 million in 2017, a total increase of 9.2%.

The number of parking transactions per originating passenger—a measure of the proportion of originating passengers who choose to park in Airport parking facilities—has decreased over the last five years, as shown on Figure 34. According to the City, the decrease in transactions per originating passenger from 2013 through 2017 is an indication that parking demand exceeds capacity for on-Airport parking facilities, which is one of the reasons why the City opened the 61st and Peña lot in 2017 and expanded the number of short-term parking garage spaces in 2016. From 2013 through 2017, the number of originating passengers using the Airport has steadily increased approximately 28.2% while the number of on-Airport parking spaces, including the additional spaces added in 2016 and 2017, only increased approximately 6.3%.

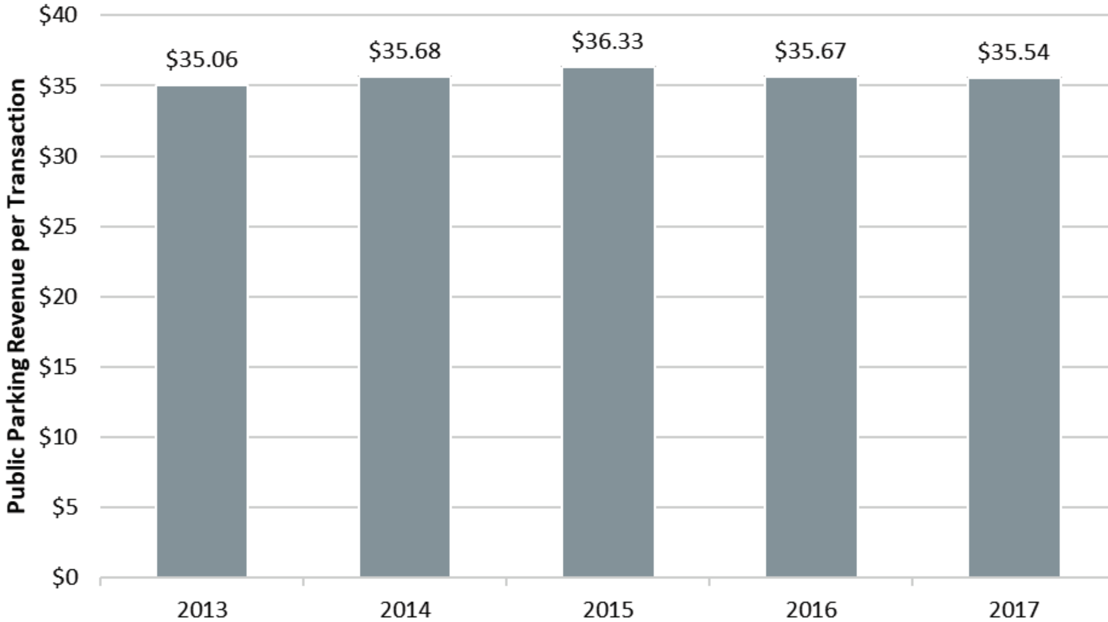
Figure 34
ON-AIRPORT PUBLIC PARKING TRANSACTIONS PER ORIGINATING PASSENGER
Denver International Airport



Source: Department management records.

On-Airport public parking revenue per transaction—a measure of customers' parking duration, as well as their choice of on-Airport parking facility—is shown on Figure 35 for 2013 through 2017. The average revenue per transaction increased between 2013 and 2015, reflecting parking rate increases implemented in January 2013 to all on-Airport parking options, and in August 2015 in the short-term and economy lots. Parking revenue per transaction was relatively flat from 2015 to 2017, due, in part, to a slight decline in the average duration of a parking transaction.

Figure 35
ON-AIRPORT PUBLIC PARKING REVENUE PER TRANSACTION
Denver International Airport



Source: Department management records.

The forecast of public parking revenue was based on the following:

- The forecast number of originating passengers at the Airport, as shown in Table 16 of this Report.
- The percentage of passengers using on-Airport parking facilities remaining constant with prior year trends.
- Consideration that Department management is not currently planning to add additional on-Airport public parking spaces during the Forecast Period.
- The average number of transactions per originating passenger, which decreased from 2013 through 2017, remaining constant with the average number of transactions per originating passenger in 2017.
- Public parking revenue per originating passenger remaining relatively flat in 2018 and 2019, and then increasing as a new parking rate yield management system is phased in from 2020 through 2021.
- Public parking rate increases based on assumed rates of inflation starting in 2019 and each year thereafter during the Forecast Period.

When the existing management contract with Standard Parking Corporation expires, Department management expects that they will either extend the contract through the end of the Forecast Period, or Department management will rebid or renegotiate terms and conditions that would produce similar operations and revenue.

Rental Car Revenues. Rental car revenues paid to the City include privilege fees and rentals for service, storage, and building facilities. The City has executed two contracts with each on-Airport rental car entity, which became effective on January 1, 2014, and expire on December 31, 2020, as described below. In 2017, rental car privilege fee and rental revenues accounted for 8.2% of Gross Revenues.

- **Concession Agreement and Terminal Building Premise Lease (concession agreement)**, which requires each rental car company to pay the City a privilege fee equal to 10% of its annual gross revenues or a minimum annual guarantee, whichever is higher. 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 in any previous year since 1999, whichever is greater.

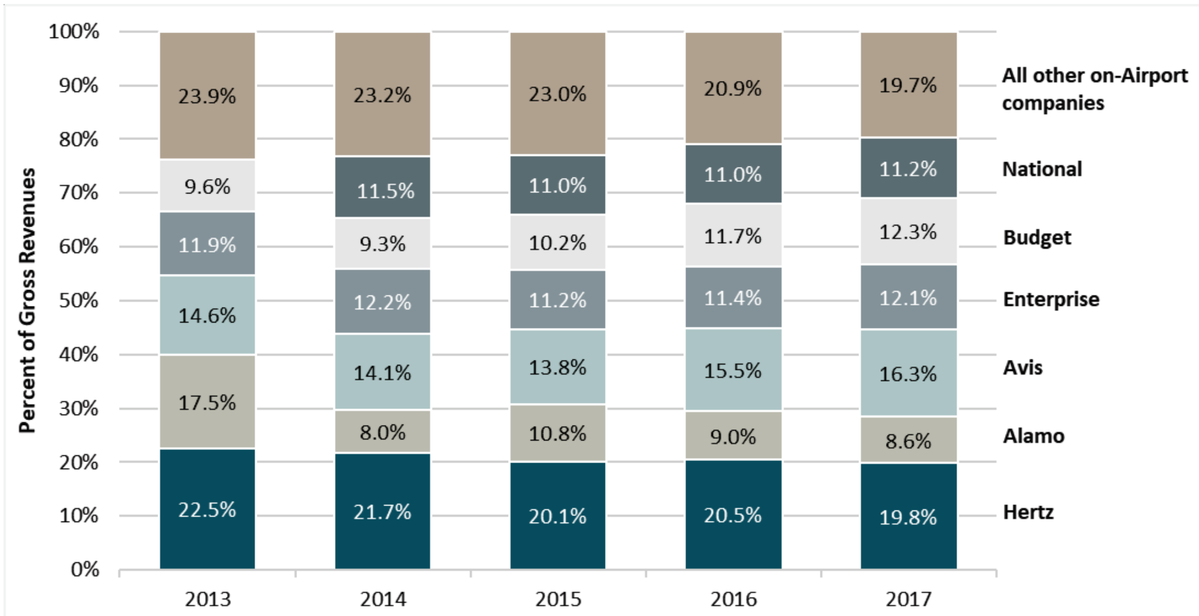
  The City has concession agreements with eight rental car companies that operate twelve rental car brands at the Airport: Advantage Rent A Car, Alamo Rent A Car, Avis Rent A Car, Budget Rent A Car, Dollar Rent A Car, Enterprise Rent-A-Car, E-Z Rent-A-Car, Fox Rent A Car, Hertz, National Car Rental, Payless Car Rental, and Thrifty Car Rental.

- **Car Rental Facilities and Ground Lease (facilities and ground lease),** under which each rental car company pays a (1) ground rental, and a (2) facility rental charge. Each rental car company pays an additional common use service charge for its lease premises to recover the cost of services, which may include, but is not limited to insurance, snow removal, landscape watering, law enforcement and/or security officers, industrial waste handling, sewer, and trash/refuse removal.

  The City has facilities and ground leases with Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. The City has separate agreements with E-Z and Fox, both of which pay ground rentals to the City.

The City's expectation is that when the existing concession agreements and facilities and ground leases expire in 2020, the agreements will either be extended, rebid, or renegotiated with terms and conditions that would produce similar or higher revenues to the City. Figure 36 presents the on-Airport rental car company market shares of gross revenue for 2013 through 2017.

Figure 36
ON-AIRPORT RENTAL CAR COMPANY SHARES OF GROSS REVENUES
Denver International Airport



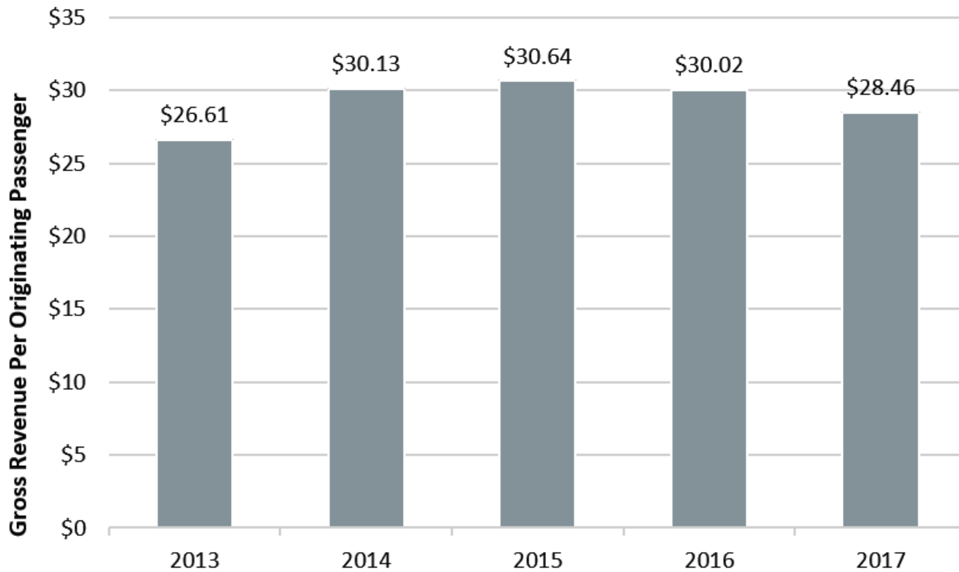
Notes: Columns may not total 100% because of rounding. "All other on-Airport companies" include Advantage Rent A Car, Dollar Rent A Car, E-Z Rent-A-Car, Fox Rent A Car, Payless Car Rental, and Thrifty Car Rental.

Source: Department management records, reflecting final car rental annual statements through 2017.

Figure 37 presents the trend in rental car gross revenues per originating passenger at the Airport for 2013 through 2017.

From 2013 to 2014, there was an increase of total rental car gross revenues per originating passenger of 13.2%. This increase in 2014 was primarily driven by a change in the terms of a new rental car concession agreement that took effect in May 2014, which revised the definition of gross revenues and resulted in an increase in the amount of privilege fees paid to the Airport in 2014. Between 2014 and 2015, total rental car gross revenue per originating passenger increased by approximately 1.7% reflecting the first full year in which the new rental car concession agreements were in effect. However, since 2015, rental car gross revenue per originating passenger has decreased in each year, by 2.0% from 2015 to 2016 and by 5.2% from 2016 to 2017.

Figure 37
ON-AIRPORT RENTAL CAR GROSS REVENUES PER ORIGINATING PASSENGER
Denver International Airport



Source: Department management records, reflecting final car rental annual statements through 2016.

Rental car privilege fee revenues were forecast on the basis of:

- Forecast numbers of originating passengers, as presented earlier in this Report.
- Department management's expectation that, when the existing agreements and leases expire in 2020, they will either be extended for the Forecast Period, or be rebid or renegotiated with terms and conditions with the on-Airport rental car companies that would produce similar or higher rental car revenues to the City.
- Moderate increases in the average daily rate per rental car transaction, assumed to equal 50% of the assumed rate of inflation (2.3% per year) during the Forecast Period. The assumed increase in the average daily rate was based on the assumption that on-Airport rental car companies will continue to manage their financial performance by charging higher daily rates over the long term.

Revenues from building and ground rentals were assumed to increase with inflation during each year of the Forecast Period.

Other Outside Concession and Terminal Revenues

Other sources of outside concession and terminal revenues include employee parking fees, ground transportation services, other terminal space rentals, and the Airport hotel. Other terminal revenues accounted for 7.6% of Gross Revenues in 2017.

Ground Transportation Services. The City charges the operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Landside Terminal roadways and curbside. Access to the Landside Terminal curbside is controlled by an automatic vehicle identification system that tracks the frequency and duration of use by each commercial vehicle operator. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies (TNCs), such as Uber and Lyft.

The number of trips by commercial vehicle operators at the Airport has grown recently, primarily as a result of the increasing number of O&D passengers using the Airport, as well as changes in the types of commercial vehicle operators serving the Airport. Despite the growth in the number of trips, and as shown on Exhibit D, revenues shown in the line item Ground Transportation Services, including TNCs, remained a relatively small portion of concession revenues in 2017. TNCs, which started serving the Airport in 2014, have increased their share of total commercial vehicle operator trips from approximately 14.1% in 2015 (the first full year of TNCs operating at the Airport) to approximately 16.4% in 2017. Other commercial vehicle operators, such as taxicabs and limousines, have seen corresponding declines in their respective shares of total commercial vehicle trips at the Airport, likely due to the increased use of TNCs, but also the use of train service between the Airport and downtown Denver.

Total ground transportation revenues in 2017 were 17.4% higher than 2016 primarily due to the increased number of trips by TNCs serving the Airport.

Employee Parking. The City operates 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 Complex and in the administration building. Employees of businesses at the Airport (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lots under a new contract with ABM Aviation that was effective in February of 2017 and expires January 31, 2022.

Airport Hotel. The City opened a 519-room, full service hotel in November 2015 that is operated as a Westin Hotel. The hotel is accessed from the Landside Terminal Building, the public plaza, and the train station. The hotel is owned by the City and was financed from the net proceeds of the 2012 Bonds.

The City has an agreement with Westin Hotels & Resorts for the hotel operation and management (the Hotel Management Agreement). The Hotel Management Agreement expires in 2030. Under the Hotel Management Agreement, Westin receives a management fee and reimbursements from the City for certain operating expenses.

All of the annual revenues, expenses,[13] and Debt Service Requirements associated with the hotel are the responsibility of the City and are reflected in the financial forecasts presented in this Report. Hotel revenues and expenses were forecast to increase approximately 3.0% per year from 2018 through 2025 based, in part, on the forecast rates of growth in the financial projections originally provided by Department management.

For purposes of this Report, it is assumed that any hotel revenues remaining after hotel-specific O&M Expenses, Debt Service Requirements, and required fund deposits are paid will be deposited in a Redemption Account, which is to be used by the City in the future to defease the outstanding principal of the 2012 Bonds issued to fund hotel project costs.

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, and fuel flowage fees. In 2017, Airfield Area revenues accounted for 0.3% of Gross Revenues.

The City owns all of the mineral rights to all land within the boundaries of the Airport. In addition to the sources of nonairline Airfield Area revenues listed above, the City also receives oil and gas revenues.

Oil and gas revenues increased from 2016 to 2017 as a result of a slight increase in the price of oil. For purposes of this Report, the forecast of oil and gas revenues has been removed from 2019 through 2025, as Department management is in the process of evaluating the long-term operation of this program.

Building and Ground Rentals

Building and ground rentals at the Airport include rentals for cargo, airline maintenance, and general aviation facilities. On Exhibit D, these revenues are summarized as follows: United Airlines support facilities, other North Airline Support Area, other South Airline Support Area, South Cargo Area, FedEx 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 2017, building and ground rentals accounted for 1.4% 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 in 1995, but then abandoned

[13] Some of the hotel expenses classified as O&M Expenses and other expenses constitute obligations to be paid from the Junior Lien Obligation Fund.

when cargo operations were established in 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 the proceeds of Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the building and ground space leased as of the date of this Report, will be occupied throughout the Forecast Period, (2) the City will continue to establish ground rentals in a manner consistent with its adopted policy, and (3) cargo building rentals are to be established each year based on the costs included in the calculation of airline rentals, rates, fees, and charges.

Facilities Financed with Senior Bonds. The City owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas at the Airport, which are leased to or used by the following tenants under cargo use and lease agreements: DHL Express (USA), FedEx Corporation, and United Parcel Service. The City also has an agreement with Air General, which only has cargo handling facilities at the Airport. As these and other agreements expire during the Forecast Period, the City also expects that it will negotiate new agreements with similar terms and conditions.

The City has a 25-year agreement with United Airlines for in-flight kitchen, cargo, and ground service equipment facilities that were originally financed with a portion of the net proceeds of the Series 1992B and Series 1992C Bonds. The agreement with United Airlines provides for, among other things, the repayment of debt service on the Senior Bonds issued for United Airlines' facilities. Department management does not currently expect United Airlines to continue leasing these facilities after the existing agreement expires on December 31, 2018. The City intends to pursue leases for these facilities with different tenants.

Previously, United Airlines also leased a maintenance hangar and apron. In May 2014, United Airlines paid the City $9.7 million to terminate the lease for the former Continental Airlines facility. Subsequently, the City redeemed the outstanding bonds for the facility with equity and leased the facility to Frontier Airlines. The Frontier Airlines lease on the maintenance hangar expires May 31, 2019, beyond which time the City expects the facility will continue to be leased to Frontier Airlines under similar terms.

Facilities Financed with Special Facilities Bonds. In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City issued Special Facilities Bonds to finance a line maintenance hangar and other facilities for United Airlines. The City refunded these bonds for savings in 2017.

United Airlines leases approximately 500,000 square feet of land for facilities that were financed with proceeds from the sale of Special Facilities Bonds. These bonds were refunded in

June 2007. United Airlines 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 with an option to extend through October 1, 2032.

Other Existing Facilities. The U.S. Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which was scheduled to expire in 2018 and has been extended through 2023, the USPS pays ground rent for the areas of the Airport that it uses.

In 2015, LSG Sky Chef's (Sky Chef's) 20-year ground lease expired and the flight kitchen facility financed by Sky Chef's reverted to the City. Currently, Southwest Airlines has a lease on the facility that expires February 28, 2020.

General aviation area revenues shown on Exhibit D 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 at the Airport and provides fixed base operator services for corporate and other aircraft.

New Commercial Development. Department management is completing a Land Use Strategic Development Plan that establishes the long-term vision for development of its real estate asset and generating non-aeronautical revenue within the guidelines set with the 2015 intergovernmental agreement, which allows for up to 1,500 acres of development.

The Airport has 60 acres of land integrated into the Peña Station Next Transit Oriented Development (TOD) site, which is a mixed-use TOD community. Department management is currently creating a master plan for the 60-acre site to define use and layout of future buildings and infrastructure along the existing A-Line Commuter Rail to the Airport. Panasonic Enterprise Solutions Company recently moved its headquarters into this 60-acre site.

Other Revenues

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown on Exhibit D. In 2017, other revenues accounted for 4.9% of Gross Revenues.

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 the investment of moneys held in funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund of the GBO, and the Subordinate Bond Reserve Account of the SBO) is defined as Gross Revenues under the GBO. In 2017, interest income accounted for 2.8% of Gross Revenues.

The forecasts of interest income (as shown on Exhibit H) were based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on moneys in the Bond Reserve Fund and the Bond Fund is applied as a credit to all cost centers (in the same proportion as the allocation of Debt Service Requirements) in calculating rentals, rates, fees, and charges for the passenger airlines under the Airline Agreement and for the cargo airlines under the cargo use and lease agreements.

PASSENGER FACILITY CHARGE REVENUES

The City imposes a $4.50 PFC per eligible enplaned passenger at the Airport, as approved by the FAA. Under various FAA approvals, the City has the authority to collect and use approximately $3.3 billion in PFC revenues for PFC-eligible project costs at the Airport. Through 2017, the City had collected and used $2.0 billion of PFC revenues.

The forecasts of annual PFC revenues are presented on Exhibit E and were based on (1) forecast numbers of enplaned passengers, as presented in the earlier section titled "Airline Traffic Forecasts" and (2) an assumed 90.0% of passengers qualifying to pay the $4.50 PFC, which was rounded up from the 87.8% of qualifying passengers in 2017. The paragraphs below provide an overview of the treatment of annual PFC revenues under the Prior PFC Ordinances and the proposed PFC Supplemental Ordinance, as well as the assumed uses of annual PFC revenues during the Forecast Period.

Under the Prior PFC Ordinances, the PFC Fund and two subaccounts—the PFC Debt Service Account and the PFC Project Account—were established for the annual deposit and use of PFC revenues. Through December 2018, revenues from the $3.00 portion of the $4.50 PFC are defined as Committed Passenger Facility Charges, and the remaining $1.50 portion of the $4.50 PFC are considered Designated Passenger Facility Charge Revenues.

Committed Passenger Facility Charges are not included as Gross Revenues of the Airport, but are irrevocably committed to pay PFC-eligible Debt Service Requirements of the Airport, which effectively lowers the aggregate Debt Service Requirements that would otherwise be paid from Net Revenues. Designated Passenger Facility Charges are included as Gross Revenues of the Airport. Historically, the City has used Designated Passenger Facility Charges to pay PFC-eligible Debt Service Requirements, not through an irrevocable commitment of such revenues, but by depositing Designated Passenger Facility Charges into the Bond Fund to pay PFC-eligible Debt Service Requirements.

Under a proposed PFC Supplemental Ordinance that the City expects to adopt prior to the issuance of the proposed 2018 Bonds, Committed Passenger Facility Charge Revenues and the related irrevocable commitments to pay PFC-eligible Debt Service Requirements provided in Prior PFC Ordinances will not be continued, and the Committed Passenger Facility Charges and the related administrative account and subaccounts are to be deleted from the GBO effective January 1, 2019. Starting from this same date, all annual PFC revenues and PFC interest income would (1) be defined as Designated Passenger Facility Charges, (2) continue to be included in

Gross Revenues, and (3) be used to pay, among other things, PFC-eligible Debt Service Requirements.

In forecasting the PFC revenues included in this Report, it was assumed that PFC revenues would be used to pay PFC-eligible Debt Service Requirements under an existing PFC authorization from the FAA, and to pay PFC-eligible Debt Service Requirements and PFC-eligible project costs under a future PFC authorization from the FAA. For purposes of this Report, it was assumed that the future PFC authorization may include certain reimbursements to the City for amounts the City has already expended on PFC-eligible Debt Service Requirements and PFC-eligible project costs.

The assumed use of Designated Passenger Facility Charges to pay Debt Service Requirements during the Forecast Period is shown on Exhibit G. The City intends to use a majority of the $1.50 portion of the PFC revenues to pay existing PFC-eligible Debt Service Requirements allocable to the Terminal Complex, consistent with the 2012 Amendment to the Airline Agreement with United Airlines.

OPERATION AND MAINTENANCE EXPENSES

Exhibit F presents O&M Expenses by object type and by Airport cost center. The amounts for historical years reflect audited financial results for the Airport System.

Estimated 2018 Operation and Maintenance Expenses

O&M Expenses estimated for 2018 are based on the City's appropriated budget.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports. Personnel services is expected to remain the largest category of expense at the Airport throughout the Forecast Period. Personnel services include all salaries, wages, and benefits for filled staff positions, as well as all personnel costs for other City agencies providing services at the Airport such as police and fire.

The next largest category of expense at the Airport was professional services, which includes management and other contracts for the provision of the following services at the Airport (from highest to lowest expense):

- ABM Parking Services (ABM), which provides shuttle bus service from remote employee and public parking lots to the Terminal Complex. The City reimburses ABM for the actual cost of providing this service. The contract between the City and ABM is scheduled to expire on January 31, 2022.

- Standard Parking Corporation and Global Parking Systems, which operates and manages the public parking facilities at the Airport under a contract that includes reimbursement to the companies for actual expenses. The contract between the City and Standard Parking/Global Parking Systems began on February 1, 2017 and expires on January 31, 2022.

- HSS Inc., provides guard services at the Airport under a three-year contract that expires in February 2021.

The third largest category of expense was repairs and maintenance, which includes the maintenance of (1) AGTS between the Landside Terminal building and each concourse, (2) computer software and technical equipment, and (3) the elevator/escalator systems. Major repair and maintenance contracts at the Airport include:

- Bombardier Transportation, which maintains the AGTS pursuant to a contract with the City from January 1, 2018 through December 31, 2024.

- ThyssenKrupp Elevator Inc., which maintains the elevators and escalators at the Airport under a contract that began on September 1, 2014 and expires on August 31, 2020.

The fourth largest category of expense was cleaning services, which includes janitorial and snow removal services under the following primary contracts at the Airport:

- ISS, which provides janitorial services in the Terminal Complex pursuant to a contract that began on March 1, 2018 and expires on February 28, 2021.

- Aero Snow Removal Corporation, which provides snow removal services at the Airport pursuant to a contract that began on September 1, 2015 and expires on August 31, 2020.

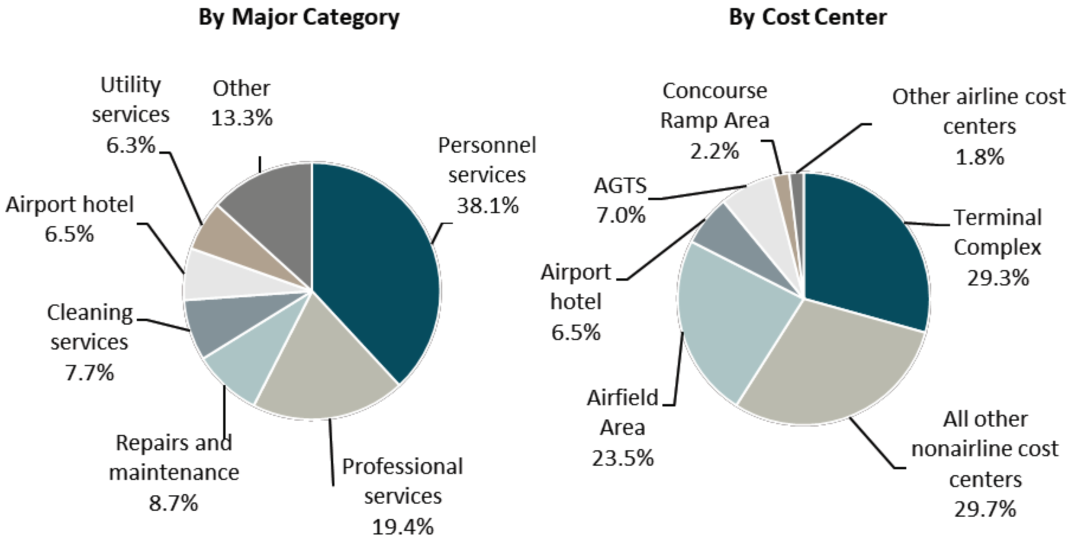
As these and other contracts and agreements expire during the Forecast Period, Department management expects to enter into new contracts or agreements that would provide a similar or better level of service, and similar or lower annual costs to the City.

As previously mentioned, the City has a Hotel Management Agreement with Westin Hotels & Resorts that became effective when the hotel opened in November 2015 and is scheduled to expire 15 years from that date. Under the Hotel Management Agreement, Westin receives a management fee and reimbursements from the City for certain operating expenses. The hotel expenses represent approximately 6.5% of the 2018 estimated O&M Expenses of the Airport.

The fifth largest category of expense excluding the Airport hotel is utilities. Electricity costs for tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to tenants, and are not included in O&M Expenses. Expenses associated with the fueling system—which is owned by the City—are paid directly by the airlines through a third-party operator. Baggage handling expenses are paid by the City and passed through to the airlines.

Estimated 2018 O&M Expenses were allocated to Airport cost centers by Department management based on historical Airport operations, airport industry practices, provisions in the Airline Agreement, and other considerations. The major categories of O&M Expenses for 2018 and the distribution of expenses among Airport cost centers are shown on Figure 38.

Figure 38
2018 ESTIMATED OPERATION AND MAINTENANCE EXPENSES
Denver International Airport



Note: Totals may not add to 100% because of rounding.
Source: Department management records.

Forecast 2019-2025 Operation and Maintenance Expenses

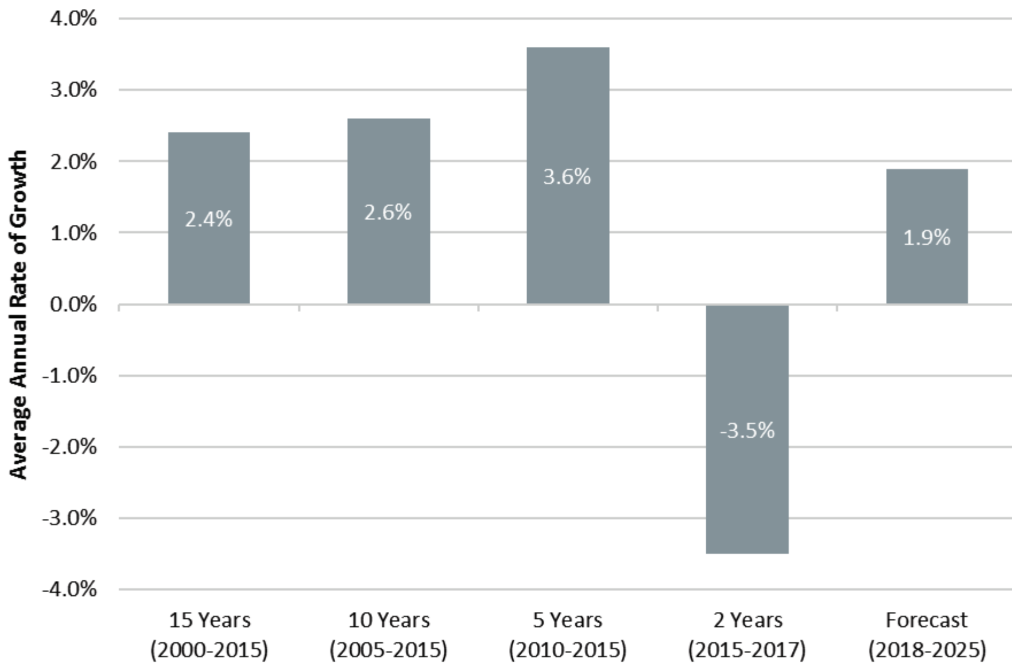
Department management has established a targeted average annual rate of growth in O&M Expenses of approximately 4.2% per year, which annual increase includes O&M Expenses for existing facilities, except for the Airport hotel (discussed below), and additional O&M Expenses associated with projects in the 2018-2022 Capital Program.

The relationship between O&M Expenses and numbers of enplaned passengers was analyzed because the cost of operating and maintaining an airport is typically tied to numbers of passengers using the airport, among other factors. A comparison of historical and forecast rates of growth in O&M Expenses per enplaned passenger at the Airport is presented on Figure 39.

For the 15-year, 10-year and 5-year periods through 2015, O&M Expenses per enplaned passenger at the Airport increased an average of 2.4%, 2.6%, and 3.6% per year, respectively, excluding the Airport hotel which opened in late 2015. From 2015-2017, O&M Expenses per enplaned passenger decreased an average of 3.5% per year, as actual O&M Expenses in 2016 and 2017 were less than the amounts estimated by Department management in those years.

During the Forecast Period, O&M Expenses per enplaned passenger are forecast to increase approximately 1.9% per year (excluding the Airport hotel). This reflects Department management's targeted average annual increase in total O&M Expenses, excluding the Airport hotel, of approximately 4.2% per year and the forecast rate of growth in enplaned passengers of 2.1% per year, for 2018 through 2025.

Figure 39
RATES OF GROWTH IN O&M EXPENSES PER ENPLANED PASSENGER
Denver International Airport



Source: Department management records for historical data. Forecast results are based on the O&M Expenses presented on Exhibit F and forecast enplaned passengers presented in Table 16 of this Report.

O&M Expenses associated with the Airport hotel were based on the annual growth rates included in the PKF report entitled *Market Demand and Financial Analysis, The Westin Denver International Airport, Denver, Colorado*, dated September 18, 2012.

Great Hall Project

The Developer will be responsible for maintaining the commercial areas of the Landside Terminal as defined in the Great Hall Agreement when the Great Hall becomes operational, which is estimated to be in November 2021, but for purposes of the financial forecasts presented in this Report, a January 1, 2022 start date was assumed. The Developer is compensated for these costs by a portion of the annual supplemental payments made by the City to the Developer when the Great Hall becomes ready and available for its intended use (estimated to occur at the end of 2021). As previously mentioned, the annual supplemental payments are considered Junior Lien Obligations and are included in the financial forecasts presented in this Report.

DEBT SERVICE REQUIREMENTS

Exhibit G presents annual Debt Service Requirements for Senior Bonds, Subordinate Bonds, and Junior Lien Obligations as applicable, for Outstanding Bonds, Future Planned Bonds, and other obligations as discussed below. Debt Service Requirements for historical years are based on audited financial results provided by the City. Debt service is shown net of capitalized interest, amounts in escrow to be used to economically defease certain Senior Bonds, and Committed Passenger Facility Charges revenue.

In addition to the aggregate Debt Service Requirements on Outstanding Bonds, the proposed 2018 Bonds, and Future Planned Bonds, the Great Hall Agreement for the Great Hall Project requires that the City make annual supplemental payments to the Developer, which are considered to be Junior Lien Obligations.

There are also certain capital costs (i.e., furniture, fixtures, and equipment costs) associated with the Airport hotel that are also considered to be Junior Lien Obligations of the Airport System.

Forecast revenue from Committed and Designated Passenger Facility Charges (discussed earlier in the section of this Report titled “Passenger Facility Charge Revenues”) were assumed to be used to pay PFC-eligible Debt Service Requirements under the existing PFC authorization from the FAA, and PFC-eligible project costs and eligible Debt Service Requirements under a future PFC authorization from the FAA. The net Debt Service Requirements included in the calculation of airline rentals, rates, fees, and charges are also shown on Exhibit G and on Exhibit G-1.

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 Requirements on Senior Bonds and on parity with the City’s payment of Debt Service Requirements on Subordinate Bonds, including the proposed 2018 Bonds. For purposes of this Report and given the methodology used to allocate Debt Service Requirements to Airport cost centers, Hedge Facility Agreements payments are included in Debt Service Requirements on Senior Bonds on Exhibit G and Exhibit G-1 of this Report. As a result, debt service coverage on Senior Bonds would be higher than that presented in this Report if Hedge Facility Agreement payments were excluded from Debt Service Requirements on Senior Bonds and treated as subordinate obligations. In 2017, total Hedge Facility Agreement net payments made by the City equaled $29.5 million.

The Proposed 2018 Bonds

Subordinate Debt Service Requirements on the proposed 2018 Bonds were estimated by the City’s Financial Consultant based on the following assumptions:

- Series 2018A Bonds with a 4.05% fixed interest rate and final maturity of December 1, 2048.

- Series 2018B Bonds with a 3.98% fixed interest rate and a final maturity of December 1, 2048.

The City expects to fully refund the Series 2017C Bonds with the issuance of the proposed 2018 Bonds.

Future Planned Bonds

Based on information provided by the City's Financial Consultant, Debt Service Requirements on Future Planned Bonds are shown on Exhibit G and reflect (1) allowances for future changes in bond interest rates and (2) varying bond terms of primarily 20 years and 30 years.

The City may refund certain other outstanding Airport System Revenue Bonds during the Forecast Period. Debt service savings, if any, from the refunding of other Senior or Subordinate Bonds are not included in the financial forecasts presented in this Report.

Allocation of Debt Service to Cost Centers

Exhibit G-1 summarizes the allocation of net Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations to Airport System cost centers in accordance with procedures and formulas specified in the Airline Agreement.

APPLICATION OF REVENUES

Exhibit H presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges, to the various funds and accounts under the GBO, as described below and shown on Figure 40.

As described earlier in this Report, the City currently expects to adopt a PFC Supplemental Ordinance prior to the issuance of the proposed 2018 Bonds that would make the following effective on January 1, 2019: (1) all PFC revenues received by the City would be Designated Passenger Facility Charges, and (2) the PFC administrative account and subaccounts would be removed.

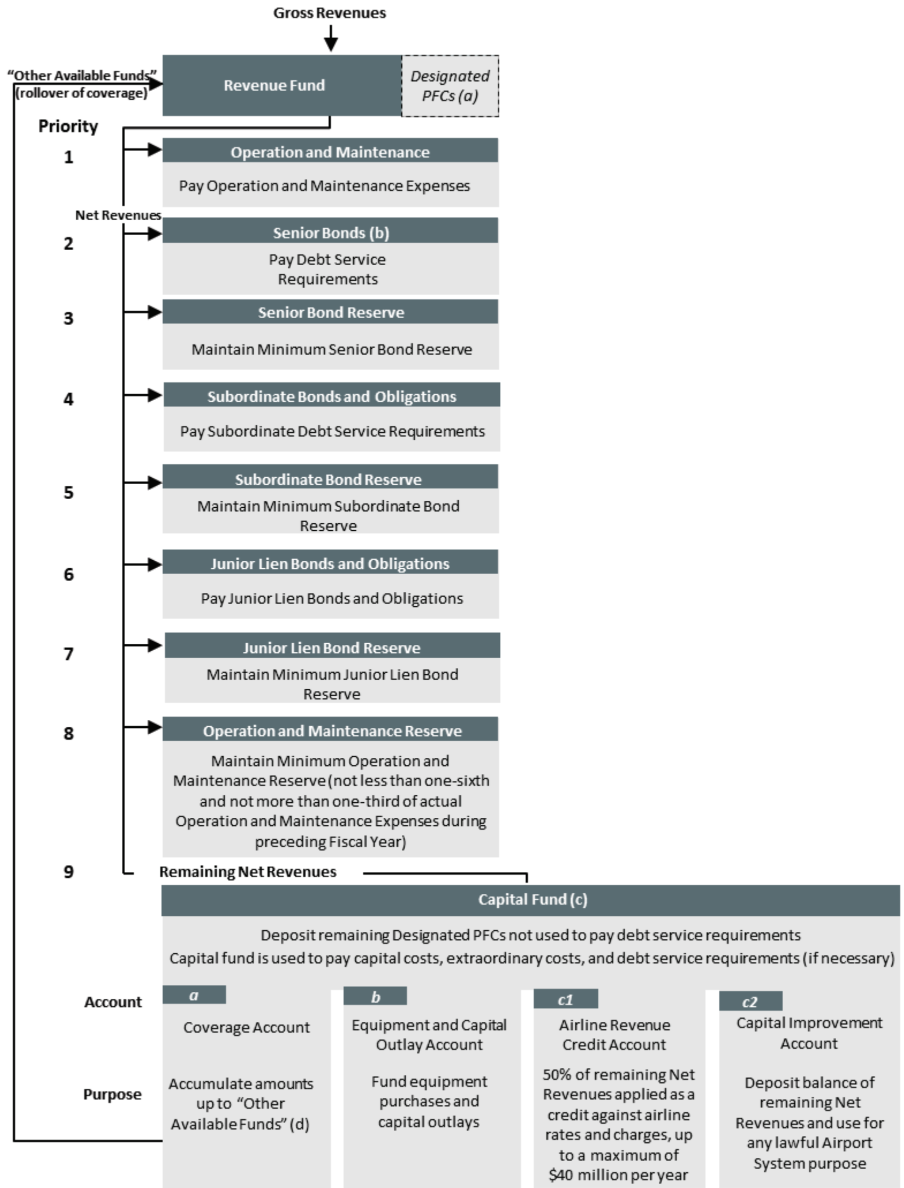
The GBO provides that Gross Revenues of the Airport are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the GBO.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations, and other fund deposit requirements (equal to remaining net revenues) are transferred to the Capital Fund at the end of each year. Under the Airline Agreement, certain accounts were established within the Capital Fund, as also shown on Figure 40.

Figure 40

STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER THE GENERAL BOND ORDINANCE, GENERAL SUBORDINATE BOND ORDINANCE, AND GENERAL JUNIOR LIEN BOND ORDINANCE

City and County of Denver



(a) Designated Passenger Facility Charges are included in Gross Revenues under the PFC Supplemental Ordinance.

(b) Through December 31, 2018, Committed Passenger Facility Charge revenues are irrevocably committed to paying certain PFC-eligible Debt Service Requirements on Senior Bonds.

(c) Account structure for the Capital Fund is used by the Department for accounting purposes. These accounts are not required by the General Bond Ordinance.

(d) Equal to the greater of 25% of Debt Service Requirements on Senior Bonds or 10% of the sum of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds.

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 purposes of this Report that the City will make installment purchase payments to the Financing Companies during the Forecast Period and that the funds to make those payments will come from the Equipment and Capital Outlay Account.

As previously mentioned, Department management has established a concession joint marketing fund, which is intended to assist all concessionaires in achieving increased sales and revenues, and a hotel redemption account that could be used to defease principal outstanding of the 2012 Bonds. Deposits to the hotel redemption account are after paying hotel-specific O&M Expenses, Debt Service Requirements, and any required fund deposits. In 2017, the City deposited approximately $1.5 million to the Redemption Account. These revenues are not included in determining Net Revenues subject to the airline revenue sharing formula under the Airline Agreement.

The balance of the remaining net revenues flow to the Capital Improvement Account to be used for any lawful Airport System purpose.

DEBT SERVICE COVERAGE

Exhibit I shows forecast Net Revenues and Other Available Funds, and the calculation of debt service coverage according to the Rate Maintenance Covenant of the GBO and SBO. For reference, Table 19 provides historical data on debt service coverage for Senior Bonds and Senior and Subordinate bonds.

According to actual 2017 results, the City had accumulated at least 25% of annual Debt Service Requirements on Senior Bonds and 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds, respectively, in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the GBO and SBO; such funds can be used by the City to meet the Rate Maintenance Covenants on Senior Bonds and Subordinate Bonds in an amount not to exceed the greater of 25% of the Debt Service Requirements on such Senior Bonds or 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds. As required by the Bond Ordinances, the City intends to deposit additional amounts, if necessary, in the Coverage Account to maintain a balance not to exceed the larger of approximately 25% of the Debt Service Requirements on Senior Bonds, or 10% of Debt Service Requirements on Senior Bonds and Subordinate Bonds, and to apply such amounts as Other Available Funds each year of the Forecast Period (through 2025) in calculating compliance with the Rate Maintenance Covenants of the Bond Ordinances.

The amount of PFC-eligible Debt Service Requirements paid from Committed Passenger Facility Charges (shown on Exhibit G) is excluded from Debt Service Requirements through 2018 under the GBO when calculating debt service coverage. As stated earlier in this Report, Committed Passenger Facility Charge Revenues and the related irrevocable commitments to the payment of PFC-eligible Debt Service Requirements will not be continued effective January 1, 2019. Table 20 provides a comparison of historical debt service coverage from 2013 through 2017

Table 19

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL AND SUBORDINATE BOND ORDINANCES

Reflects Committed Passenger Facility Charges under Prior PFC Ordinances (which are effective through the end of 2018)

Denver International Airport

(dollars in thousands)

Calculation of debt service coverage		2013	2014	2015	2016	2017
Gross Revenues (excluding Designated Passenger Facility Charges) *(a)*		$708,846	$751,428	$754,688	$808,110	$838,815
Designated Passenger Facility Charges		34,255	34,977	35,328	35,133	37,656
Gross Revenues *(a)*		$743,101	$786,405	$790,016	$843,243	$876,471
Operation and Maintenance Expenses		(349,987)	(355,769)	(377,199)	(417,140)	(425,005)
Net Revenues		$393,114	$430,636	$412,817	$426,103	$451,466
Other Available Funds *(b)*		50,409	54,833	50,320	51,574	47,090
Total Amount Available to pay Debt Service Requirements	[A]	$443,524	$485,469	$463,137	$477,677	$498,556
DEBT SERVICE COVERAGE—SENIOR BONDS						
Debt Service Requirements (Senior Bonds)		$271,268	$289,287	$271,935	$276,562	$264,814
Committed Passenger Facility Charges		(68,510)	(69,953)	(70,656)	(70,267)	(76,454)
Net Debt Service Requirements	[B]	$202,758	$219,334	$201,279	$206,295	$188,360
Debt service coverage (Senior Bonds)	**[A/B]**	219%	221%	230%	232%	265%
DEBT SERVICE COVERAGE—SENIOR AND SUBORDINATE BONDS						
Subordinate Debt Service Requirements (Subordinate Bonds)		$40,059	$49,088	$61,233	$88,619	$93,891
Debt Service Requirements (Senior Bonds)		202,758	219,334	201,279	206,295	188,360
Debt Service Requirements (Senior and Subordinate Bonds)	[C]	$242,817	$268,422	$262,512	$294,914	$282,251
Debt service coverage (Senior and Subordinate Bonds)	**[A/C]**	**183%**	**181%**	**176%**	**162%**	**177%**

Notes: Columns may not add to totals shown because of rounding. Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

(a) The amounts shown in this table may not match the amounts shown on Figures 3, Figure 31, and the financial exhibits because of the manner in which certain year end settlements and adjustments to rentals, rates, fees, and charges are calculated.

(b) Amounts on deposit in the Coverage Account of the Capital Fund.

Sources: City and County of Denver, Airport System Audited Financial Statements and Department management records for the years shown. The amount of Gross Revenues shown on this table has been adjusted to exclude CFC revenues, which are restricted in use and are also excluded from the forecast of Gross Revenues and debt service coverage presented in this Report.

under the Prior PFC Ordinances and recalculated debt service coverage assuming all annual PFC revenues from 2013 through 2017 were Designated Passenger Facility Charge revenues under the proposed PFC Supplemental Ordinance is shown below.

Table 20

HISTORICAL DEBT SERVICE COVERAGE UNDER PRIOR PFC ORDINANCES AND PROPOSED PFC SUPPLEMENTAL ORDINANCE

Denver International Airport

	Debt Service Coverage on Senior and Subordinate Bonds	
	Debt Service Coverage under the Prior PFC Ordinances	Debt Service Coverage under proposed PFC Supplemental Ordinance
2013	183%	170%
2014	181%	169%
2015	176%	166%
2016	162%	155%
2017	177%	166%

Under both the Prior PFC Ordinances (through 2018) and the proposed PFC Supplemental Ordinance (starting in 2019), Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant of the GBO in each year of the Forecast Period for Senior Bonds.

Under both the Prior PFC Ordinances (through 2018) and the proposed PFC Supplemental Ordinance (starting in 2019), Net Revenues together with Other Available Funds are forecast to exceed the 110% requirement of the Rate Maintenance Covenant of the Bond Ordinances in each year of the Forecast Period for Senior Bonds, Subordinate Bonds, and Junior Lien Obligations.

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
2018-2022 CAPITAL PROGRAM
Denver International Airport
(in thousands)

		Sources of Funds							
				Proposed 2018 Subordinate Bonds			Future Planned Bonds		
	Estimated project cost	Airport cash	Federal grants-in-aid	Series 2018A Bonds (AMT)	Series 2018B Bonds (Non-AMT)	Total	Senior Bonds	Subordinate Bonds	Total
Airfield Area and Concourse Apron									
Concourse Expansion Projects (a)	$ 214,700	$ -	$ -	$ 69,100	$ -	$ 69,100	$ 145,600	$ -	$ 145,600
Runway pavement and lighting rehabilitation	78,900	-	55,500	-	19,400	19,400	4,000	-	4,000
Taxiway and apron pavement and lighting rehabilitation	64,900	-	27,500	-	33,700	33,700	3,700	-	3,700
Gate apron rehabilitation and drainage improvements	40,200	-	-	40,200	-	40,200	-	-	-
Other	32,100	-	6,700	-	14,000	14,000	11,400	-	11,400
Total Airfield Area and Concourse Apron	**$ 430,800**	**$ -**	**$ 89,700**	**$ 109,300**	**$ 67,100**	**$ 176,400**	**$ 164,700**	**$ -**	**$ 164,700**
Baggage System and Automated Guideway Transit System (AGTS)									
Baggage handling system Checked Bag Resolution Areas (CBRA)	$ 116,100	$ -	$ 26,700	$ 89,400	$ -	$ 89,400	$ -	$ -	$ -
Baggage handling system modification in Landside Terminal Building	84,400	-	-	84,400	-	84,400	-	-	-
AGTS car replacement program	78,900	-	-	43,000	-	43,000	35,900	-	35,900
Baggage handling system controls upgrade	60,000	-	-	-	-	-	60,000	-	60,000
Other	11,000	-	-	11,000	-	11,000	-	-	-
Total Baggage System and AGTS	**$ 350,400**	**$ -**	**$ 26,700**	**$ 227,800**	**$ -**	**$ 227,800**	**$ 95,900**	**$ -**	**$ 95,900**
Terminal Complex									
Concourse Expansion Projects (a)	$ 1,292,000	$ -	$ -	$ 1,071,600	$ -	$ 1,071,600	$ 220,300	$ -	$ 220,300
HVAC refrigerant replacement program	62,400	-	-	50,000	-	50,000	12,400	-	12,400
Concessions redevelopment program	43,000	-	-	-	-	-	43,000	-	43,000
Other	209,500	-	-	81,800	-	81,800	127,700	-	127,700
	$ 1,606,900	$ -	$ -	$ 1,203,400	$ -	$ 1,203,400	$ 403,400	$ -	$ 403,400
<u>Great Hall Redevelopment Program</u>									
City progress payments (b)	$ 479,000	$ 44,000	$ -	408,000	-	$ 408,000	$ 27,000	$ -	$ 27,000
Great Hall contingency, art and insurance	132,500	-	-	45,000	-	45,000	87,500	-	87,500
	$ 611,500	$ 44,000	$ -	$ 453,000	$ -	$ 453,000	$ 114,500	$ -	$ 114,500
Total Terminal Complex	**$ 2,218,400**	**$ 44,000**	**$ -**	**$ 1,656,400**	**$ -**	**$ 1,656,400**	**$ 517,900**	**$ -**	**$ 517,900**
Roadways, Public Parking, and Ground Transportation									
Pena Boulevard terminal reconfiguration	$ 85,700	$ -	$ -	-	-	$ -	$ 85,700	$ -	$ 85,700
Revenue control replacement & new parking canopies	22,000	22,000	-	-	-	-	-	-	-
Concourse Expansion Projects (a)	15,000	-	-	-	-	-	15,000	-	15,000
Other	120,200	11,300	-	30,700	4,000	34,700	74,200	-	74,200
Total Roadways, Public Parking, and Ground Transportation	**$ 242,900**	**$ 33,300**	**$ -**	**$ 30,700**	**$ 4,000**	**$ 34,700**	**$ 174,900**	**$ -**	**$ 174,900**
Other Airport Areas									
Real estate infrastructure improvements	$ 93,000	$ 83,000	$ -	-	-	$ -	$ 10,000	$ -	$ 10,000
Technology infrastructure improvements	41,800	-	-	-	-	-	41,800	-	41,800
Physical access control system replacement	37,000	-	-	-	-	-	37,000	-	37,000
Other	98,500	-	-	63,900	6,400	70,300	28,200	-	28,200
Total Other Airport Areas	**$ 270,300**	**$ 83,000**	**$ -**	**$ 63,900**	**$ 6,400**	**$ 70,300**	**$ 117,000**	**$ -**	**$ 117,000**
Total	**$ 3,512,800**	**$ 160,300**	**$ 116,400**	**$ 2,088,100**	**$ 77,500**	**$ 2,165,600**	**$ 1,070,400**	**$ -**	**$ 1,070,400**

Notes: Columns may not add to totals shown because of rounding.
Project cost estimates include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.
The costs shown above include escalation as provided by Department management.
Source: Department management records.
(a) The Concourse Expansion Projects total $1.5 billion. The cost of the concourse expansion projects presented in the Official Statement is $1.8 billion. The difference between the $1.5 billion shown in this Report and the amount shown in the OS is approximately $300.0 million in project costs that are included in the 2018-2022 Capital Program and shown in this exhibit.
(b) Reflects the City's progress payments to the Developer as required in the Great Hall Agreement for the Great Hall Project. Does not reflect the annual supplemental payments made by the City to the Developer.

Exhibit B

ESTIMATED PLAN OF FINANCING
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Proposed 2018 Bonds (a)	Future Planned Bonds 2019	2020	2021	2022	Total
TOTAL SENIOR AND SUBORDINATE BONDS						
Sources of funds						
Par amount	$ 2,288,300	$ 538,800	$ 266,700	$ 444,600	$ 25,300	$ 1,275,400
Interest earnings	61,700	3,200	1,600	2,900	200	7,900
Original issue premium	293,600	-	-	-	-	-
Transfer from Senior Bond Reserve Fund (b)	-	-	-	-	-	-
Total sources of funds	**$ 2,643,600**	**$ 542,000**	**$ 268,300**	**$ 447,500**	**$ 25,500**	**$ 1,283,300**
Uses of funds						
Project costs	$ 2,165,600	$ 436,700	$ 219,800	$ 392,800	$ 21,100	$ 1,070,400
Bond reserve fund	168,500	47,500	23,100	34,700	2,500	107,800
Capitalized interest func	296,700	49,700	21,400	13,300	1,500	85,900
Deposits to escrow and redemption accounts (c)	-	-	-	-	-	-
Cost of issuance	12,800	8,000	4,000	6,700	400	19,100
Total uses of funds	**$ 2,643,600**	**$ 542,000**	**$ 268,300**	**$ 447,500**	**$ 25,500**	**$ 1,283,300**
SENIOR BONDS						
Sources of funds						
Par amount		$ 538,800	$ 266,700	$ 444,600	$ 25,300	$ 1,275,400
Interest earnings		3,200	1,600	2,900	200	7,900
Original issue premium		-	-	-	-	-
Transfer from Senior Bond Reserve Fund (b)		-	-	-	-	-
Total sources of funds		**$ 542,000**	**$ 268,300**	**$ 447,500**	**$ 25,500**	**$ 1,283,300**
Uses of funds						
Project costs		$ 436,700	$ 219,800	$ 392,800	$ 21,100	$ 1,070,400
Bond reserve fund		47,500	23,100	34,700	2,500	107,800
Capitalized interest fund		49,700	21,400	13,300	1,500	85,900
Deposits to escrow and redemption accounts (c)		-	-	-	-	-
Cost of issuance		8,000	4,000	6,700	400	19,100
Total uses of funds		**$ 542,000**	**$ 268,300**	**$ 447,500**	**$ 25,500**	**$ 1,283,300**
SUBORDINATE BONDS						
Sources of funds						
Par amount	$ 2,288,300	$ -	$ -	$ -	$ -	$ -
Interest earnings	61,700	-	-	-	-	-
Original issue premium	293,600	-	-	-	-	
Total sources of funds	**$ 2,643,600**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Uses of funds						
Project costs	$ 2,165,600	$ -	$ -	$ -	$ -	$ -
Bond reserve fund	168,500	-	-	-	-	-
Capitalized interest fund	296,700	-	-	-	-	-
Cost of issuance	12,800	-	-	-	-	-
Total uses of funds	**$ 2,643,600**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Notes: Columns may not add to totals shown because of rounding.
The exhibit above presents project costs funded with bond proceeds only, and does not include Airport cash, federal grants-in-aid, or other sources.
(a) Reflects the proposed issuance of the Series 2018A Bonds (AMT) and Series 2018B Bonds (non-AMT), which are expected to fund estimated project costs as reflected on Exhibit A.
(b) Reflects the reduction in the balance required to equal the minimum Bond Reserve Fund for the Refunding Bonds.
(c) Reflects amounts that will be released to the Airport on the call date of the refunded Bonds.

Exhibit C

AIRLINE RENTALS, RATES, 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 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 (a)	Actual (a)	Estimate		Forecast					
	Reference	**Calculation**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Airline Revenues												
Landing fees			$ 148,851	$ 171,737	$ 164,800	$ 173,100	$ 187,300	$ 193,100	$ 196,800	$ 205,000	$ 241,000	$ 272,000
Terminal Complex rentals			70,322	68,779	73,100	85,100	95,000	113,700	157,500	171,900	161,200	156,700
Nonpreferential, commuter, preferential common-use gates			3,769	3,580	2,100	2,200	2,500	3,300	4,000	4,100	4,200	4,200
Ticket counter per use fees			-	12	12	12	12	12	12	12	12	12
Tenant finishes and equipment charges (b)			21,679	20,686	21,300	22,000	22,000	20,900	20,000	19,200	17,800	18,400
Conventional baggage system fees			23,832	18,432	24,400	28,500	41,000	41,800	47,900	48,700	46,200	46,700
International facility fees			10,417	12,562	10,600	10,400	11,000	11,600	12,200	12,800	13,500	14,200
AGTS charges			42,653	43,263	47,600	50,200	53,100	57,300	60,600	57,900	62,100	60,700
Baggage claim charges			16,278	15,203	17,100	19,900	22,200	21,400	28,100	29,900	27,400	26,700
Concourse ramp fees			14,940	12,613	17,300	16,700	19,700	25,300	29,400	30,200	33,700	32,800
Commuter ramp fees			52	21	-	-	-	-	-	-	-	-
Common use terminal equipment fees			505	527	500	500	500	500	500	500	600	500
Fueling system charges			11,354	8,093	11,700	12,400	14,100	13,900	13,900	13,600	12,600	12,800
Total rentals, rates, fees, and charges			**$ 364,652**	**$ 375,509**	**$ 390,512**	**$ 421,012**	**$ 468,412**	**$ 502,812**	**$ 570,912**	**$ 593,812**	**$ 620,312**	**$ 645,712**
Less: Deposit to Airline Revenue Credit Account	Exhibit H		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Net rentals, rates, fees, and charges			**$ 324,652**	**$ 335,509**	**$ 350,512**	**$ 381,012**	**$ 428,412**	**$ 462,812**	**$ 530,912**	**$ 553,812**	**$ 580,312**	**$ 605,712**
Less: cargo carrier landing and other fees (c)			(6,540)	(7,055)	(6,000)	(6,400)	(6,900)	(7,200)	(7,400)	(7,700)	(9,100)	(10,300)
Net passenger airline rentals, rates, fees & charges		[A]	**$ 318,112**	**$ 328,454**	**$ 344,512**	**$ 374,612**	**$ 421,512**	**$ 455,612**	**$ 523,512**	**$ 546,112**	**$ 571,212**	**$ 595,412**
Enplaned passengers (d)		[B]	29,140	30,714	32,096	32,606	33,395	34,184	34,989	35,793	36,604	37,425
Airline cost per enplaned passenger		[A/B]	**$ 10.92**	**$ 10.69**	**$ 10.73**	**$ 11.49**	**$ 12.62**	**$ 13.33**	**$ 14.96**	**$ 15.26**	**$ 15.61**	**$ 15.91**

(a) Source: Department 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 airline cost per enplaned passenger.
(d) See Table 16 of the Report.

Exhibit C-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 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 (a)	Actual (a)	Estimate		Forecast					
	Reference	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operation and Maintenance Expenses	F	$ 97,697	$ 90,447	$ 108,800	$ 113,300	$ 118,100	$ 123,100	$ 128,200	$ 133,600	$ 139,200	$ 144,900
Operation and Maintenance Reserve Account replenishment (b)		1,265	1,019	1,200	1,500	1,100	1,200	1,200	1,300	1,300	1,400
Equipment and capital outlays		3,291	2,048	4,400	6,300	6,400	6,600	6,800	7,000	7,200	7,300
Debt Service Requirements	G-1	29,827	60,165	31,400	32,100	42,100	43,200	43,100	47,700	78,500	113,100
Variable rate bond fees (c)		72	25	100	100	100	100	100	100	100	100
Amortization charges		19,299	21,541	22,300	21,400	21,200	20,900	19,600	17,500	17,000	7,400
Other allocable costs		300	256	300	300	400	300	400	400	400	400
Capital cost of north site (50%)		1,222	1,034	1,000	1,000	1,000	900	800	900	800	900
Total Airfield Area Requirement		**$ 152,974**	**$ 176,534**	**$ 169,500**	**$ 176,000**	**$ 190,400**	**$ 196,300**	**$ 200,200**	**$ 208,500**	**$ 244,500**	**$ 275,500**
Less credits:											
Nonairline revenues	D	$ (1,919)	$ (2,882)	$ (2,900)	$ (600)	$ (600)	$ (600)	$ (600)	$ (600)	$ (600)	$ (600)
Nonsignatory airline landing fees (d)		(538)	(734)	(300)	(300)	(400)	(400)	(400)	(400)	(500)	(500)
Interest income (e)		(2,205)	(1,914)	(1,800)	(2,300)	(2,500)	(2,600)	(2,800)	(2,900)	(2,900)	(2,900)
Net Airfield Area Requirement		**$ 148,313**	**$ 171,003**	**$ 164,500**	**$ 172,800**	**$ 186,900**	**$ 192,700**	**$ 196,400**	**$ 204,600**	**$ 240,500**	**$ 271,500**
Signatory Airline landed weight (1,000 pound units) (f)		32,319	33,755	35,200	35,700	36,300	37,000	37,700	38,400	39,100	39,700
Signatory Airline landing fee rate		**$ 4.59**	**$ 5.07**	**$ 4.67**	**$ 4.84**	**$ 5.15**	**$ 5.21**	**$ 5.21**	**$ 5.33**	**$ 6.15**	**$ 6.84**
Total Signatory Airline landing fees		**$ 148,313**	**$ 171,003**	**$ 164,500**	**$ 172,800**	**$ 186,900**	**$ 192,700**	**$ 196,400**	**$ 204,600**	**$ 240,500**	**$ 271,500**

(a) Source: Department management records based on audited financial results.
(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(c) Source: Department management records; allocated to Airport cost centers based on debt service.
(d) Reflects the calculated Signatory Airline landing fee rate multiplied by a 20% premium and assessed to nonsignatory airline landed weight.
(e) Allocated to all Airport cost centers based on Debt Service Requirements 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 C-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 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.

	Exhibit	Actual (a)	Actual (a)	Estimate		Forecast					
	reference	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operation and Maintenance Expenses	F	$ 123,959	$ 130,734	$ 135,800	$ 142,800	$ 148,500	$ 154,700	$ 161,400	$ 167,900	$ 174,800	$ 182,400
Less: Loading bridge maintenance expenses (b)		(751)	(539)	(800)	(900)	(900)	(900)	(1,000)	(1,000)	(1,100)	(1,100)
Operation and Maintenance Reserve Account replenishment (c)		1,433	1,293	1,600	1,800	1,400	1,500	1,600	1,600	1,700	1,800
Equipment and capital outlays		1,532	1,107	2,500	3,000	3,100	3,200	3,300	3,400	3,400	3,500
Debt Service Requirements	G-1	59,756	42,203	41,900	55,000	74,400	100,600	203,700	221,900	182,200	165,900
Variable rate bond fees (d)		157	54	100	100	100	100	100	100	100	100
Amortization charges		6,146	9,085	13,300	13,200	13,100	13,000	15,700	15,200	13,800	12,000
Other allocable costs		717	611	700	800	900	800	1,000	1,000	900	900
Total Terminal Complex Requirement		**$ 192,949**	**$ 184,548**	**$ 195,100**	**$ 215,800**	**$ 240,600**	**$ 273,000**	**$ 385,800**	**$ 410,100**	**$ 375,800**	**$ 365,500**
Less credits: Interest income (e)		(5,275)	(4,580)	(4,300)	(5,400)	(5,900)	(6,200)	(6,800)	(6,900)	(6,900)	(6,900)
Net Terminal Complex Requirement		$ 187,675	$ 179,968	$ 190,800	$ 210,400	$ 234,700	$ 266,800	$ 379,000	$ 403,200	$ 368,900	$ 358,600
Rentable space (square feet) (f)		2,147	2,152	2,147	2,033	2,033	2,392	2,535	2,535	2,535	2,535
Average rental rate per square foot		**$ 87.41**	**$ 83.63**	**$ 88.87**	**$ 103.48**	**$ 115.43**	**$ 111.53**	**$ 149.53**	**$ 159.08**	**$ 145.55**	**$ 141.49**
Average rental rate per square foot at 100%		$ 87.41	$ 83.63	$ 88.87	$ 103.48	$ 115.43	$ 111.53	$ 149.53	$ 159.08	$ 145.55	$ 141.49
Differential rental rate per square foot at 65%		$ 56.82	$ 54.36	$ 57.77	$ 67.26	$ 75.03	$ 72.49	$ 97.19	$ 103.40	$ 94.61	$ 91.97
Total airline space rentals (g)		**$ 70,322**	**$ 68,779**	**$ 73,100**	**$ 85,100**	**$ 95,000**	**$ 113,700**	**$ 157,500**	**$ 171,900**	**$ 161,200**	**$ 156,700**

(a) Source: Department 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) Source: Department management records; allocated to Airport cost centers based on debt service.
(e) Allocated to all Airport cost centers based on Debt Service Requirements on bonds issued to construct the Airport.
(f) Includes changes in rentable space resulting from the 2018-2022 Capital Program.
(g) Includes exclusive, preferential, and joint-use space rentals.

Exhibit D

REVENUES OTHER THAN
AIRLINE RENTALS, RATES, 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 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 (a)	Actual (a)	Estimate		Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Terminal Complex concession revenues										
Food and beverage	$ 33,911	$ 35,340	$ 37,500	$ 39,000	$ 40,900	$ 47,800	$ 51,200	$ 53,500	$ 56,000	$ 58,600
Merchandise	16,439	18,030	19,600	20,300	21,200	23,100	28,500	30,000	31,300	32,600
Terminal services (b)	15,022	13,265	14,300	14,900	15,800	16,700	17,700	18,600	19,700	20,800
Total Terminal Complex concession revenues	**$ 65,372**	**$ 66,635**	**$ 71,400**	**$ 74,200**	**$ 77,900**	**$ 87,600**	**$ 97,400**	**$ 102,100**	**$ 107,000**	**$ 112,000**
Outside concession revenues										
Public automobile parking	$ 170,607	$ 169,598	$ 181,200	$ 184,400	$ 196,500	$ 205,300	$ 214,100	$ 223,200	$ 232,500	$ 242,200
Rental car privilege fees	54,901	59,546	62,900	64,100	65,900	67,700	69,600	71,400	73,300	75,200
Ground transportation	10,594	12,442	13,400	14,200	15,100	16,000	17,000	18,000	19,100	20,300
Total outside concession revenues	**$ 236,102**	**$ 241,585**	**$ 257,500**	**$ 262,700**	**$ 277,500**	**$ 289,000**	**$ 300,700**	**$ 312,600**	**$ 324,900**	**$ 337,700**
Other outside concessions and terminal revenues										
Employee parking fees	$ 6,341	$ 6,408	$ 6,600	$ 6,700	$ 6,900	$ 7,100	$ 7,300	$ 7,500	$ 7,700	$ 7,900
Rental car										
Service and storage rentals (c)	6,514	6,916	7,400	7,800	8,200	8,600	9,100	9,500	10,000	10,500
Additional building rentals (d)	5,234	5,277	5,500	5,600	5,800	5,900	6,100	6,200	6,400	6,600
Other terminal space rentals	705	731	800	800	800	800	900	900	900	900
Hotel	43,262	47,412	48,000	50,000	51,000	53,000	54,000	56,000	58,000	60,000
Total other outside concessions and terminal revenues	**$ 62,057**	**$ 66,744**	**$ 68,300**	**$ 70,900**	**$ 72,700**	**$ 75,400**	**$ 77,400**	**$ 80,100**	**$ 83,000**	**$ 85,900**
Airfield										
General aviation landing fees	$ 206	$ 188	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Farming income	137	242	200	300	300	300	300	300	300	300
Oil and gas royalty revenues	1,517	2,445	2,400	-	-	-	-	-	-	-
Fuel flowage fees	58	7	100	100	100	100	100	100	100	100
Total Airfield	**$ 1,919**	**$ 2,882**	**$ 2,900**	**$ 600**	**$ 600**	**$ 600**	**$ 600**	**$ 600**	**$ 600**	**$ 600**
Building and ground rentals										
United support facilities	$ 2,962	$ 2,836	$ 2,800	$ 1,700	$ 1,700	$ 1,700	$ 1,700	$ 1,800	$ 1,800	$ 1,800
Other North Airline Support Area	4,121	3,887	4,300	2,900	1,900	1,900	1,800	1,900	1,900	2,000
Other South Airline Support Area	939	805	800	800	900	900	900	900	900	900
South Cargo Area	4,286	4,007	3,500	3,700	3,800	3,700	3,600	3,600	3,500	3,800
FedEx	582	582	600	600	600	600	600	100	-	-
General Aviation Area	416	389	400	400	400	400	400	400	400	400
Total building and ground rentals	**$ 13,308**	**$ 12,508**	**$ 12,400**	**$ 10,100**	**$ 9,300**	**$ 9,200**	**$ 9,000**	**$ 8,700**	**$ 8,500**	**$ 8,900**
Other revenues										
In-flight catering fees	$ 1,812	$ 1,128	$ 2,000	$ 2,400	$ 2,500	$ 2,700	$ 2,800	$ 2,900	$ 3,100	$ 3,200
Aviation fuel tax proceeds										
City	9,577	9,223	9,700	9,800	9,900	10,100	10,300	10,500	10,700	10,900
State	9,315	16,770	14,900	15,000	15,300	15,600	15,900	16,200	16,500	16,700
Miscellaneous revenues	8,872	15,960	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Total other revenues	**$ 29,576**	**$ 43,080**	**$ 37,100**	**$ 37,700**	**$ 38,200**	**$ 38,900**	**$ 39,500**	**$ 40,100**	**$ 40,800**	**$ 41,300**
Total revenues other than airline rentals, rates, fees and charges	**$ 408,333**	**$ 433,434**	**$ 449,600**	**$ 456,200**	**$ 476,200**	**$ 500,700**	**$ 524,600**	**$ 544,200**	**$ 564,800**	**$ 586,400**
Annual rate of growth	12.9%	6.0%	3.7%	1.5%	4.4%	5.1%	4.8%	3.7%	3.8%	3.8%

(a) Source: Department management records based on audited financial results.
(b) Includes, but is not limited to, advertising, baggage cart, other in-terminal concession revenues, and an off-Airport parking concession privilege fee.
(c) Reflects ground and facility rentals.
(d) Reflects additional rentals payable by the rental car companies to the City.

Exhibit E

PASSENGER FACILITY CHARGE REVENUES
Denver International Airport
City and County of Denver
(in thousands, except percentages)

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 (a)	Actual (a)	Estimate		Forecast					
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Enplaned passengers (b)	29,140	30,714	32,100	32,610	33,390	34,180	34,990	35,790	36,600	37,420
Percent of eligible enplaned passengers (c)	89.3%	87.8%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Eligible enplaned passengers	26,020	26,955	28,890	29,350	30,050	30,760	31,490	32,210	32,940	33,680
Passenger Facility Charge (PFC) amount (d)	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Less: airline collection fee (e)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC amount	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
Annual PFC revenues	$ 114,230	$ 118,333	$ 126,800	$ 128,800	$ 131,900	$ 135,000	$ 138,200	$ 141,400	$ 144,600	$ 147,900
Plus: interest income on PFC revenues	185	495	500	500	500	500	500	500	500	600
Total PFC revenues and interest income	**$ 114,415**	**$ 118,828**	**$ 127,300**	**$ 129,300**	**$ 132,400**	**$ 135,500**	**$ 138,700**	**$ 141,900**	**$ 145,100**	**$ 148,500**
Committed Passenger Facility Charges (f)	**$ 76,338**	**$ 79,383**	**$ 85,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Designated Passenger Facility Charges (g)	**38,077**	**39,444**	**42,300**	**129,300**	**132,400**	**135,500**	**138,700**	**141,900**	**145,100**	**148,500**
Total PFC revenues and interest income	**$ 114,415**	**$ 118,828**	**$ 127,300**	**$ 129,300**	**$ 132,400**	**$ 135,500**	**$ 138,700**	**$ 141,900**	**$ 145,100**	**$ 148,500**

(a) Source: Department management records based on audited financial results.
(b) See Table 16 of the Report.
(c) Certain enplaned passengers are not eligible to pay a PFC, as provided under federal regulations.
(d) The City's authorization to collect the $4.50 PFC expires on the earlier of either September 1, 2030, or a total collection of $3.3 billion of PFC revenues.
(e) Under FAA regulations, airlines collecting a PFC are allowed to retain $0.11 per PFC collected as compensation for collecting and handling PFC revenues.
(f) Under a PFC Supplemental Ordinance through December 31, 2018, reflects two-thirds (generally equal to $3.00 of the $4.50 PFC) of forecast Passenger Facility Charges and 100% of the interest income associated with the $4.50 PFC. Under a proposed PFC Supplemental Ordinance the City expects to adopt prior to the issuance of the proposed 2018 Bonds, the Committed Passenger Facility Charges in prior PFC Ordinances will not be continued as of January 1, 2019.
(g) Through December 31, 2018, reflects one-third (generally equal to $1.50 of the $4.50 PFC) of forecast Passenger Facility Charges. Effective January 1, 2019, all PFC revenues are included as Designated Passenger Facility Charges.

Exhibit F

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 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 (a)	Actual (a)	Estimate		Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BY OBJECT TYPE										
Personnel services	$ 149,958	$ 149,352	$ 176,500	$ 183,900	$ 191,600	$ 199,600	$ 208,000	$ 216,800	$ 225,900	$ 235,400
Contractual services										
Professional services	80,837	87,574	89,900	93,700	97,600	101,700	106,000	110,400	115,000	119,700
Utility services	25,871	25,526	29,300	30,500	31,800	33,100	34,500	35,900	37,400	39,000
Cleaning services	34,530	28,672	35,600	37,100	38,600	40,300	42,000	43,700	45,500	47,400
Other services	19,649	29,004	23,100	24,000	25,100	26,100	27,200	28,300	29,500	30,700
Repairs and maintenance (b)	35,761	37,238	40,200	41,900	43,600	45,500	47,400	49,300	51,400	53,500
Rentals	780	1,041	700	700	800	800	800	900	900	900
Insurance	2,951	1,900	2,300	2,400	2,500	2,600	2,700	2,800	3,000	3,100
Other contractual services (c)	5,590	6,845	6,200	6,500	6,800	7,100	7,400	7,700	8,000	8,300
Total contractual services	**$ 205,969**	**$ 217,800**	**$ 227,300**	**$ 236,800**	**$ 246,800**	**$ 257,200**	**$ 268,000**	**$ 279,000**	**$ 290,700**	**$ 302,600**
Maintenance, supplies, and materials	**26,846**	**23,469**	**29,200**	**30,500**	**31,800**	**33,100**	**34,500**	**35,900**	**37,400**	**39,000**
Total O&M Expenses without hotel direct expenses	**$ 382,772**	**$ 390,621**	**$ 433,000**	**$ 451,200**	**$ 470,200**	**$ 489,900**	**$ 510,500**	**$ 531,700**	**$ 554,000**	**$ 577,000**
Hotel (direct expenses) (d)	26,936	27,531	30,200	31,600	32,500	33,500	34,500	35,600	36,600	37,200
Total O&M Expenses	**$ 409,708**	**$ 418,152**	**$ 463,200**	**$ 482,800**	**$ 502,700**	**$ 523,400**	**$ 545,000**	**$ 567,300**	**$ 590,600**	**$ 614,200**
BY COST CENTER										
Airline cost centers										
Terminal Complex (e)	$ 123,959	$ 130,734	$ 135,800	$ 142,800	$ 148,500	$ 154,700	$ 161,400	$ 167,900	$ 174,800	$ 182,400
International Facilities	1,268	1,381	1,400	1,400	1,500	1,600	1,600	1,700	1,800	1,800
Conventional Baggage Systems	2,362	2,946	3,200	3,300	3,400	3,600	3,700	3,900	4,000	4,200
Automated Guideway Transit System	27,330	28,437	32,400	33,700	35,200	36,600	38,200	39,800	41,400	43,100
Common Use Terminal Equipment	371	434	600	600	600	700	700	700	800	800
Concourse B Regional Jet Facility	850	800	1,000	-	-	-	-	-	-	-
Concourse Ramp Area	9,846	6,018	10,000	10,400	10,900	11,300	11,800	12,300	12,800	13,400
Concourse A Commuter Facility	427	350	-	-	-	-	-	-	-	-
Airfield Area	97,697	90,447	108,800	113,300	118,100	123,100	128,200	133,600	139,200	144,900
Fueling System	1,993	1,748	2,300	2,400	2,500	2,600	2,700	2,800	3,000	3,100
Total Airline cost centers	**$ 266,102**	**$ 263,294**	**$ 295,500**	**$ 307,900**	**$ 320,700**	**$ 334,200**	**$ 348,300**	**$ 362,700**	**$ 377,800**	**$ 393,700**
Nonairline cost centers	**143,606**	**154,858**	**167,700**	**174,900**	**182,000**	**189,200**	**196,700**	**204,600**	**212,800**	**220,500**
Total O&M Expenses	**$ 409,708**	**$ 418,152**	**$ 463,200**	**$ 482,800**	**$ 502,700**	**$ 523,400**	**$ 545,000**	**$ 567,300**	**$ 590,600**	**$ 614,200**
Annual rate of growth	10.3%	2.1%	10.8%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.0%

(a) Source: Department management records based on audited financial results.
(b) Excludes maintenance costs of the conventional baggage system.
(c) Includes bad debt expenses, if any, for the historical years shown.
(d) Source for annual growth rates: PKF Consulting USA report dated September 2012.
(e) Includes expenses associated with maintaining the loading bridges, which are recovered through tenant finish charges.

Exhibit G
(1 of 2)
DEBT SERVICE REQUIREMENTS
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 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 (a)	Actual (a)	Estimate		Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEBT SERVICE REQUIREMENTS (b)										
Senior Bonds										
Series 1992F-G	$ 877	$ 1,400	$ 1,400	$ 4,200	$ 4,200	$ 4,200	$ 4,300	$ 600	$ 4,600	$ 4,300
Series 2002C (Current refund 92D)	1,730	3,800	1,700	4,400	4,300	4,100	4,000	600	300	300
Series 2006A-B	34,418	-	-	-	-	-	-	-	-	-
Series 2007A-C	16,177	15,800	-	-	-	-	-	-	-	-
Series 2007D-E	27,459	25,000	-	-	-	-	-	-	-	-
Series 2007F-G	10,569	8,300	18,500	21,700	30,800	26,400	21,200	31,700	17,000	20,100
Series 2008A1	15,351	7,000	-	-	-	-	-	-	-	-
Series 2008B	7,182	7,000	8,100	8,300	7,900	7,300	6,800	6,200	6,400	6,400
Series 2008C1-C3	15,220	15,300	21,200	43,500	43,800	42,900	51,200	11,000	43,700	48,800
Series 2009A	18,951	12,100	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900
Series 2009B	2,822	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Series 2009C	6,858	6,300	10,400	19,900	20,000	19,700	13,400	1,300	1,300	1,300
Series 2010A	13,692	13,700	18,600	23,500	25,900	40,700	53,000	15,300	6,600	1,700
Series 2011A	41,116	40,900	62,000	54,100	56,900	45,400	33,000	17,900	-	-
Series 2011B-C	39,623	36,600	6,800	500	500	500	500	500	9,500	-
Series 2012A	20,592	21,000	19,900	13,300	13,300	19,500	26,400	17,600	69,000	19,700
Series 2012B	25,945	28,800	28,900	29,000	29,100	29,200	29,100	29,000	29,300	119,900
Series 2012C	1,088	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Series 2014A	7,897	-	-	-	-	-	-	-	-	-
Series 2016A	-	36,100	20,200	15,300	20,100	13,900	10,400	90,800	37,200	40,000
Series 2016B	-	9,300	17,400	15,400	3,900	3,600	3,400	3,200	2,800	2,600
Series 2017A	-	-	32,800	34,400	34,400	22,500	22,500	22,500	21,800	6,500
Series 2017B	-	-	900	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Future Planned Bonds (c)	-	-	-	10,200	34,900	77,100	110,800	113,700	113,700	113,700
	$ 307,566	$ 292,300	$ 280,600	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
United support facilities bonds (d)	2,293	2,300	2,300	-	-	-	-	-	-	-
Total Debt Service Requirements -- Senior Bonds	**$ 309,859**	**$ 294,600**	**$ 282,900**	**$ 310,500**	**$ 342,800**	**$ 369,800**	**$ 402,800**	**$ 374,700**	**$ 376,000**	**$ 398,100**
Subordinate Bonds										
Series 2013 Bonds	$ 43,303	$ 45,600	$ 46,900	$ 45,700	$ 45,700	$ 45,700	$ 45,700	$ 45,700	$ 44,400	$ 43,800
Series 2015 Bonds	10,889	18,700	30,600	19,600	17,100	20,700	2,200	34,200	36,800	32,900
Proposed Series 2018A (AMT)			-	9,100	37,700	47,400	127,500	139,600	138,600	135,200
Proposed Series 2018B (Non-AMT)			-	1,700	2,100	3,900	3,900	3,900	3,900	3,900
Future Planned Bonds (c)	-	-	-	-	-	-	-	-	-	-
Total Debt Service Requirements -- Subordinate Bonds	**$ 54,193**	**$ 64,300**	**$ 77,500**	**$ 76,100**	**$ 102,600**	**$ 117,700**	**$ 179,300**	**$ 223,400**	**$ 223,700**	**$ 215,800**
Junior Lien Obligations										
Hotel (e)	431	900	1,300	2,300	3,400	4,000	4,100	4,700	4,800	5,000
Great Hall Project (f)	-	-	-	-	-	700	22,900	26,200	26,800	27,500
Total Debt Service Requirements -- Junior Lien Obligations	**$ 431**	**$ 900**	**$ 1,300**	**$ 2,300**	**$ 3,400**	**$ 4,700**	**$ 27,000**	**$ 30,900**	**$ 31,600**	**$ 32,500**
Total Debt Service Requirements	**$ 364,483**	**$ 359,800**	**$ 361,700**	**$ 388,900**	**$ 448,800**	**$ 492,200**	**$ 609,100**	**$ 629,000**	**$ 631,300**	**$ 646,400**

Exhibit G
(2 of 2)
DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)	Actual (a)	Estimate		Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEBT SERVICE REQUIREMENTS										
To Determine Debt Service Coverage										
Senior Bonds	$ 309,859	$ 294,600	$ 282,900	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Less: Committed Passenger Facility Charges (g)	(76,338)	(69,000)	(85,000)	-	-	-	-	-	-	-
	$ 233,520	$ 225,600	$ 197,900	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Subordinate Bonds	54,193	64,300	77,500	76,100	102,600	117,700	179,300	223,400	223,700	215,800
Junior Lien Obligations and Junior Lien Bonds	431	900	1,300	2,300	3,400	4,700	27,000	30,900	31,600	32,500
Total for Rate Maintenance Covenant	**$ 288,145**	**$ 290,800**	**$ 276,700**	**$ 388,900**	**$ 448,800**	**$ 492,200**	**$ 609,100**	**$ 629,000**	**$ 631,300**	**$ 646,400**
To Calculate Airline Rentals, Rates, Fees and Charges										
Senior Bonds	$ 309,859	$ 294,600	$ 282,900	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Less: Committed Passenger Facility Charges (g)	(76,338)	(69,000)	(85,000)	-	-	-	-	-	-	-
Designated Passenger Facility Charges (g)	(38,077)	(39,400)	(42,300)	(129,300)	(132,400)	(135,500)	(138,700)	(141,900)	(145,100)	(148,500)
	$ 195,444	$ 186,200	$ 155,600	$ 181,200	$ 210,400	$ 234,300	$ 264,100	$ 232,800	$ 230,900	$ 249,600
Subordinate Bonds, Junior Lien Obligations and Junior Lien Bonds	54,624	65,200	78,800	78,400	106,000	122,400	206,300	254,300	255,300	248,300
Total for Airline Rentals, Rates, Fees, and Charges	**$ 250,068**	**$ 251,400**	**$ 234,400**	**$ 259,600**	**$ 316,400**	**$ 356,700**	**$ 470,400**	**$ 487,100**	**$ 486,200**	**$ 497,900**
To Determine Other Available Funds										
Senior Bonds (Airport portion)	$ 307,566	$ 292,300	$ 280,600	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Less: Committed Passenger Facility Charges (g)	(76,338)	(69,000)	(85,000)	-	-	-	-	-	-	-
	$ 231,228	$ 223,300	$ 195,600	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--Airport portion	$ 57,807	$ 55,800	$ 48,900	$ 77,600	$ 85,700	$ 92,500	$ 100,700	$ 93,700	$ 94,000	$ 99,500
Senior Bonds (United Airlines)	$ 2,293	$ 2,300	$ 2,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--United Airlines	$ 573	$ 600	$ 600	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total--Other Available Funds	**$ 58,380**	**$ 56,400**	**$ 49,500**	**$ 77,600**	**$ 85,700**	**$ 92,500**	**$ 100,700**	**$ 93,700**	**$ 94,000**	**$ 99,500**

(a) Source: Department management records based on audited financial results. Sources for Debt Service Requirements: Financial Consultant.
(b) Net of capitalized interest. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
(c) Includes Debt Service Requirements associated with funding the 2018-2022 Capital Program, along with certain project costs from 2017 (that are not otherwise included in the 2018-2022 Capital Program) based on financing assumptions similar to those included on Exhibit B.
(d) Includes Debt Service Requirements on Senior Bonds allocable to United support facilities at the Airport.
(e) Reflects Junior Lien Obligations of the hotel, including the furniture, fixture and equipment expenses.
(f) Reflects Junior Lien Obligations including the City's annual supplemental payments to the developer of the Great Hall Project.
(g) See Exhibit E and the Report for additional information about PFC revenues.

Exhibit G-1

DEBT SERVICE USED TO CALCULATE AIRLINE RENTALS, RATES, 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 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 (a)	Actual (a)	Estimate		Forecast					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEBT SERVICE REQUIREMENTS (b)										
Total Debt Service Requirements	$364,483	$359,800	$361,700	$388,900	$448,800	$492,200	$609,100	$629,000	$631,300	$646,400
Less: Committed Passenger Facility Charges (b)	(76,338)	(69,000)	(85,000)	--	--	--	--	--	--	--
Designated Passenger Facility Charges (b)	(38,077)	(39,400)	(42,300)	(129,300)	(132,400)	(135,500)	(138,700)	(141,900)	(145,100)	(148,500)
Total Debt Service Requirements allocated to Cost Centers	**$250,068**	**$251,400**	**$234,400**	**$259,600**	**$316,400**	**$356,700**	**$470,400**	**$487,100**	**$486,200**	**$497,900**
ALLOCATION TO COST CENTERS										
Airline cost centers										
Terminal Complex	$59,755	$42,200	$41,900	$55,000	$74,400	$100,600	$203,700	$221,900	$182,200	$165,900
Tenant Finishes and Equipment										
Landside Terminal	2,995	2,700	2,600	2,900	3,000	3,000	3,000	2,600	2,500	2,800
Concourse A	5,991	4,300	5,300	5,700	5,900	5,600	5,500	5,300	4,700	5,600
Concourse B	12,365	10,500	11,100	11,900	12,200	11,700	11,500	11,000	9,800	11,700
Concourse C	1,794	1,700	1,600	1,700	1,800	1,700	1,700	1,600	1,400	1,700
International Facilities	1,366	1,300	1,200	1,300	1,300	1,300	1,300	1,200	1,000	1,300
Loading Bridges	2,255	2,300	2,300	2,300	2,400	2,100	2,000	1,700	1,700	1,200
Common Use Terminal Equipment	309	300	300	300	300	200	200	100	100	--
Concourse A Commuter Facility	182	200	200	200	200	200	200	200	200	200
Concourse B Regional Jet Facility	1,948	1,900	1,900	1,900	2,000	1,400	1,400	3,500	4,300	1,400
Baggage Claim	602	200	1,200	1,300	1,400	1,300	1,200	1,300	1,200	1,300
Conventional Baggage Systems										
United	4,295	1,000	3,900	4,700	8,300	8,800	9,300	9,000	8,700	9,200
Other carriers	4,957	2,100	4,500	5,900	13,300	14,300	15,400	15,000	14,600	15,100
FIS	218	200	200	300	1,100	1,200	1,300	1,300	1,300	1,300
International Facilities	999	700	1,900	2,000	2,100	2,400	2,500	1,700	2,600	1,700
Automated Guideway Transit System	14,094	13,700	14,000	15,000	16,500	19,300	21,100	17,500	20,300	17,300
Airfield Area	29,827	60,200	31,400	32,100	42,100	43,200	43,100	47,700	78,500	113,100
Concourse Ramp Area	8,514	8,300	6,600	6,300	9,500	17,500	21,300	20,900	23,700	22,200
Fueling System	9,286	6,200	8,200	9,000	10,800	10,500	10,400	10,000	8,900	9,200
Total Airline cost centers	**$161,755**	**$160,000**	**$140,300**	**$159,800**	**$208,600**	**$246,300**	**$356,100**	**$373,500**	**$367,700**	**$382,200**
Nonairline cost centers	86,020	89,000	91,800	99,800	107,800	110,400	114,300	113,600	118,500	115,700
United support facilities	2,293	2,300	2,300	--	--	--	--	--	--	--
Total Debt Service Requirements allocated to Cost Centers	**$250,068**	**$251,300**	**$234,400**	**$259,600**	**$316,400**	**$356,700**	**$470,400**	**$487,100**	**$486,200**	**$497,900**

(a) Source: Department management records based on audited financial results.
(b) See Exhibit G.

Exhibit H

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 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.

		Estimate		Forecast					
	Reference	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Gross Revenues									
Airline rentals, rates, fees, and charges	Exhibit C	$ 390,500	$ 421,000	$ 468,400	$ 502,800	$ 570,900	$ 593,800	$ 620,300	$ 645,700
Other Airport revenues	Exhibit D	449,600	456,200	476,200	500,700	524,600	544,200	564,800	586,400
Interest income		21,800	25,800	27,900	29,700	31,700	32,600	33,700	35,100
Designated Passenger Facility Charges (a)	Exhibit E	42,300	129,300	132,400	135,500	138,700	141,900	145,100	148,500
Total Gross Revenues		**$ 904,200**	**$ 1,032,300**	**$ 1,104,900**	**$ 1,168,700**	**$ 1,265,900**	**$ 1,312,500**	**$ 1,363,900**	**$ 1,415,700**
Operation and Maintenance Expenses									
Operating expenses	Exhibit F	$ 463,200	$ 482,800	$ 502,700	$ 523,400	$ 545,000	$ 567,300	$ 590,600	$ 614,200
Variable rate bond fees		400	400	400	400	400	400	400	400
Total Operation and Maintenance Expenses		**$ 463,600**	**$ 483,200**	**$ 503,100**	**$ 523,800**	**$ 545,400**	**$ 567,700**	**$ 591,000**	**$ 614,600**
Net Revenues		**$ 440,600**	**$ 549,100**	**$ 601,800**	**$ 644,900**	**$ 720,500**	**$ 744,800**	**$ 772,900**	**$ 801,100**
Other Available Funds (coverage requirement)	Exhibit G	49,500	77,600	85,700	92,500	100,700	93,700	94,000	99,500
Net Revenues plus Other Available Funds		**$ 490,100**	**$ 626,700**	**$ 687,500**	**$ 737,400**	**$ 821,200**	**$ 838,500**	**$ 866,900**	**$ 900,600**
Less transfers to:									
Bond Fund (b)									
Designated Passenger Facility Charges		$ 42,300	$ 129,300	$ 132,400	$ 135,500	$ 138,700	$ 141,900	$ 145,100	$ 148,500
Other Gross Revenues		155,600	181,200	210,400	234,300	264,100	232,800	230,900	249,600
Reserve account for FedEx project (c)		100	200	200	200	200	200	-	-
Reserve account for other outstanding bonds (d)		3,800	3,300	2,400	2,900	3,300	1,500	1,700	4,400
Subordinate Bond Fund									
Subordinate Bonds		77,500	76,100	102,600	117,700	179,300	223,400	223,700	215,800
Junior Lien Obligations Fund (e)									
Hotel		1,300	2,300	3,400	4,000	4,100	4,700	4,800	5,000
Great Hall Project		-	-	-	700	22,900	26,200	26,800	27,500
Operation and Maintenance Reserve Account		5,600	5,900	4,900	5,000	5,200	5,400	5,600	5,800
Transfer to Capital Fund		**$ 203,900**	**$ 228,400**	**$ 231,200**	**$ 237,100**	**$ 203,400**	**$ 202,400**	**$ 228,300**	**$ 244,000**
Adjustment for hotel performance (f)		-	-	-	-	-	-	-	-
Adjusted transfer to Capital Fund		**$ 203,900**	**$ 228,400**	**$ 231,200**	**$ 237,100**	**$ 203,400**	**$ 202,400**	**$ 228,300**	**$ 244,000**
Allocation of Capital Fund transfer									
Rollover to Coverage Account	Exhibit G	$ 49,500	$ 77,600	$ 85,700	$ 92,500	$ 100,700	$ 93,700	$ 94,000	$ 99,500
Addition to Coverage Account (Airport portion)		-	11,800	8,100	6,700	8,100	-	-	-
Remaining Designated Passenger Facility Charges		-	-	-	-	-	-	-	-
Equipment and Capital Outlay Account									
Other equipment purchases		9,700	9,900	10,200	10,500	10,800	11,000	11,300	11,600
Set-aside for installment purchase equipment payments (g)		7,100	6,800	5,700	5,000	3,100	100	-	-
Capital Improvement Account									
Remaining balance deposit for Airport Improvements (h)		97,600	82,300	81,500	82,400	40,700	57,600	83,000	92,900
Adjustment for hotel performance (f)		-	-	-	-	-	-	-	-
Airline Revenue Credit Account (h)		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total allocation of Capital Fund transfer		**$ 203,900**	**$ 228,400**	**$ 231,200**	**$ 237,100**	**$ 203,400**	**$ 202,400**	**$ 228,300**	**$ 244,000**

(a) The increase in Designated PFC revenues from 2018 to 2019 reflects all annual PFC revenues for reasons described in the Report.
(b) Under a PFC Supplemental Bond Ordinance through 2018, reflects Debt Service Requirements to be deposited in the Bond Fund, net of Committed Passenger Facility Charges presented in Exhibit G.
(c) Reflects the deposit to be made in excess of actual debt service allocable to the FedEx facilities to be used to fund future debt service payments.
(d) Reflects the deposit to be made in excess of actual debt service allocable to the Concourse B Regional Jet facility to be used to fund future debt service payments and also reflects net revenues associated with the hotel to redeem bonds.
(e) Reflects Junior Lien Obligations of the hotel, including the furniture, fixture and equipment expenses and the City's annual supplemental payments to the developer of the Great Hall Project.
(f) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the hotel from the Net Revenues available for revenue sharing.
(g) Equipment funded by certain companies described in the Report and leased by the City.
(h) Remaining net revenues are allocated 50% to Signatory Airlines and 50% to the Airport. The Airline Revenue Credit is capped at $40 million; the remaining amount is deposited into the Capital Improvement Account.

Exhibit I

NET REVENUES AND DEBT SERVICE COVERAGE
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except coverage)

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.

			Estimate		Forecast					
	Reference	**Calculation**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
GENERAL BOND ORDINANCE										
Net revenues and Other Available Funds										
Gross Revenues	Exhibit H		$ 904,200	$ 1,032,300	$ 1,104,900	$ 1,168,700	$ 1,265,900	$ 1,312,500	$ 1,363,900	$ 1,415,700
Operation and Maintenance Expenses	Exhibit H		463,600	483,200	503,100	523,800	545,400	567,700	591,000	614,600
Net revenues			$ 440,600	$ 549,100	$ 601,800	$ 644,900	$ 720,500	$ 744,800	$ 772,900	$ 801,100
Other Available Funds	Exhibit H		49,500	77,600	85,700	92,500	100,700	93,700	94,000	99,500
Total net revenues and Other Available Funds		[A]	**$ 490,100**	**$ 626,700**	**$ 687,500**	**$ 737,400**	**$ 821,200**	**$ 838,500**	**$ 866,900**	**$ 900,600**
Debt Service Requirements	Exhibit G									
Senior Bonds		[B]	$ 197,900	$ 310,500	$ 342,800	$ 369,800	$ 402,800	$ 374,700	$ 376,000	$ 398,100
Subordinate Bonds		[C]	77,500	76,100	102,600	117,700	179,300	223,400	223,700	215,800
Junior Lien Obligations			1,300	2,300	3,400	4,700	27,000	30,900	31,600	32,500
Total Debt Service Requirements		[D]	**$ 276,700**	**$ 388,900**	**$ 448,800**	**$ 492,200**	**$ 609,100**	**$ 629,000**	**$ 631,300**	**$ 646,400**
Debt service coverage on Senior Bonds		[A/B]	**248%**	**202%**	**201%**	**199%**	**204%**	**224%**	**231%**	**226%**
Debt service coverage on Senior Bonds and Subordinate Bonds		[A/(B+C)]	**178%**	**162%**	**154%**	**151%**	**141%**	**140%**	**145%**	**147%**
Debt service coverage on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations		[A/D]	**177%**	**161%**	**153%**	**150%**	**135%**	**133%**	**137%**	**139%**

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APPENDIX B

GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement, the Senior Bond Ordinance, the Subordinate Bond Ordinance and the Junior Lien Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance, the Subordinate Bond Ordinance and the Junior Lien Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below.

"*Additional Parity Bonds*" means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with other Senior Bonds.

"*Additional Subordinate Parity Bonds"* means additional Subordinate Bonds which the City issues under the Subordinate Bond Ordinance on a parity with the Series 2018A-B Subordinate Bonds.

"*AGTS*" means the Airport's automated guideway transit system.

"*AIP*" means the Federal Aviation Administration's Airport Improvement Program.

"*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 term does 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.

"*Balloon Maturity or Balloon Maturities*" means, with respect to any series of Senior Bonds, or Subordinate Bonds, or other Obligations or other Subordinate Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement or Subordinate 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 is to be reduced by the amount of those Senior Bonds, or Subordinate Bonds, or other Obligations or other Subordinate 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 are not Balloon Maturities for purposes of the Senior Bond Ordinance or the Subordinate 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. See also "*Subordinate Bond Fund*" below.

"*Bond Requirements,*" with respect to Senior Bonds, means the Debt Service Requirements payable during any period, excluding the amount of any Obligations payable (or for which reserves are required to be deposited) during such period. See also "*Subordinate Bond Requirements*" below.

"*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. See also "*Subordinate Bond Reserve Fund*" below.

"*Bonds*" or "*Senior 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, any Subordinate Bonds, any Junior Lien 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).

"*Capital Appreciation Bonds*" means Bonds which by their terms appreciate in value to a stated face amount at maturity. See also "*Subordinate Capital Appreciation Bonds*" below.

"*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's Chief Financial Officer*" means the Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer of the City appointed by the Mayor.

"*City Council*" means the City Council of the City.

"*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.

"*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 Subordinate Bonds or other matters under the Senior Bond Ordinance or the Subordinate 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, through December 31, 2018, two-thirds of all PFCs received by the City from time to time pursuant to the City's 1992 PFC Application as amended by the FAA on October 2000 and the City's PFC Application approved by the FAA in January 2001.

"*Completion Bonds*" means Senior Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion. See also "*Subordinate Bond Improvement Project*" below.

"*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 the Senior Bond Ordinance. The term does not include (a) Senior 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). See also "*Subordinate Contract Obligations*" below.

"*Cost*" means the City's costs properly attributable to any Improvement Project, Subordinate Bond Improvement Project, Refunding Project, Subordinate Bond 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 or Subordinate Bonds for such period as may be determined by Supplemental Ordinance or Supplemental Subordinate Bond Ordinance, any discount on the sale or remarketing of Bonds or Subordinate Bonds, any reserves for the payment of Bonds or Subordinate Bonds, or any other costs of issuing, carrying or repaying Bonds or Subordinate 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 or Subordinate Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds or Subordinate 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 Senior 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 any Senior 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 Senior Bonds.

"*Debt Service Requirements,*" with respect to Senior Bonds, for any period means the sum of: (1) the amount required to pay the interest on any Bonds during such period; (2) 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 (3) 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 in the Senior Bond Ordinance, 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 Debt Service Requirements 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; (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 than 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 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; and (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. See also "*Subordinate Debt Service Requirements*" below.

"*Department of Aviation*" or "*Department*" means the Department of Aviation of the City and its successor in functions, if any.

"*Defeasance Securities*" means, under the Subordinate Bond Ordinance, (i) bills, certificates, notes, bonds or similar securities which are direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) such other Investment Securities (except bonds issued by the City), that qualify the Subordinate Bonds to be defeased thereby for a rating in the highest category of one or more Rating Agencies.

"*Designated Passenger Facility Charges*" mean, through December 31, 2018, amounts received by the City from the PFCs approved by the FAA by letter dated January 30, 2001, excluding the Committed Passenger Facility Charges, and after December 31, 2018, amounts received by the City from all PFCs approved by the FAA, until such time as the Manager gives written notice to the Treasurer that the Designated Passenger Facility Charges or any portion thereof no longer are to be included in Gross Revenues for purposes of the Senior Bond Ordinance and the Subordinate Bond Ordinance.

"*DTC*" means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2018A-B Subordinate 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.

"*Event of Default*" means each of the events declared an "event of default" under the Senior Bond Ordinance or the Subordinate Bond Ordinance, as applicable.

"*Facilities*" or "*Airport Facilities*" means any real, personal, or real and personal property, or any interest therein (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.

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

"*Fiscal Year*" means the 12 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.

"*Fitch*" means Fitch, Inc. and its successors.

"*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) proceeds of any Senior Bonds, Subordinate Bonds and Junior Lien Bonds 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, Subordinate Credit Facility or Junior Lien Credit Facility, unless otherwise provided by Supplemental Ordinance; (h) any Hedge Facility, Subordinate Hedge Facility or Junior Lien Hedge Facility termination payments received by the City; and (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."

"*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 Senior Bonds.

"*Hedge Facility Obligations*" means payment obligations of the City, for and on behalf of the Department, 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 Senior Bonds; provided that Hedge Termination Payments to be made by the City are not to be secured under the Senior Bond Ordinance on a parity with the Senior 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 is 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 Senior Bonds, and (iv) free and clear from all third-party liens.

"*Hedge Termination Payment*" means any amount payable to the City, for and on behalf of the Department, 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, as set forth in the Senior Bond Ordinance, any project to acquire, improve or equip (or any combination thereof) Facilities, as authorized and described by Supplemental Ordinance. See also "*Subordinate Bond Improvement Project*" below.

"*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 2018A-B Subordinate Bonds, each June 1 and December 1, commencing December 1, 2018.

"*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 is 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.

"*Junior Lien Bond Ordinance*" means Ordinance No. 17-0972, Series of 2017, cited as the "Airport System General Junior Lien Bond Ordinance," as amended and supplemented from time to time.

"*Junior Lien Bond Reserve Account*" means a special account established within the Junior Lien Obligations Fund as provided in Section 503 of the Junior Lien Bond Ordinance.

"*Junior Lien Bonds*" means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of the Junior Lien Bond Ordinance, which are payable from 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 Senior Bonds and the lien thereon of the Subordinate Bonds. The term does not include any Junior Lien Obligations (except as represented by any bonds registered in the name of any provider of any Junior Lien Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Junior Lien Credit Facility).

"*Junior Lien Contract Obligations*" means capital leases, installment purchase agreements, guaranty agreements, loans or purchase agreements with banks or other financial institutions, development agreements, concession agreements, or other similar contracts (or any obligations incurred in connection therewith) incurred pursuant to the provisions of the Junior Lien 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 Senior Bonds and any Obligations and the lien thereon of the Subordinate Bonds and any Subordinate Obligations. The term does not include (i) Junior Lien Bonds, Junior Lien Credit Facility Obligations, or Junior Lien 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).

"*Junior Lien 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 Junior Lien Bonds.

"*Junior Lien 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 Junior Lien 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 to the lien thereon of the Senior Bonds and any Obligations and the lien thereon of the Subordinate Bonds and any Subordinate Obligations.

"*Junior Lien 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 Senior Bonds, any Subordinate Bonds or any Junior Lien Bonds.

"*Junior Lien Hedge Facility Obligations*" means payment obligations of the City in respect of any Junior Lien Hedge Facility, 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 of the Senior Bonds and any Obligations and the lien of the Subordinate Bonds and any Subordinate Obligations.

"*Junior Lien Obligations*" means Junior Lien Credit Facility Obligations, Junior Lien Contract Obligations, and Junior Lien Hedge Facility Obligations.

"*Junior Lien Obligations Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Junior Lien Obligations Fund" and affirmed by Section 502 of the Junior Lien Bond Ordinance.

"*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,*" with respect to Senior Bonds, 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, 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 (x) such series of Bonds matures over a thirty-year term from its date of issuance, (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 (z) is payable on a substantially level annual debt service basis assuming the rate so determined.

"*Minimum Junior Lien Bond Reserve*" means the amount, if any, so designated with respect to a Series of Junior Lien Bonds in the Supplemental Junior Lien Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Junior Lien Bond Requirements with respect to such Series of Junior Lien Bonds.

"*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.

"*Minimum Subordinate Bond Reserve,"* with respect to Subordinate Bonds, means the amount, if any, so designated with respect to a Series of Subordinate Bonds in the Supplemental Subordinate Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided in such Supplemental Subordinate Bond Ordinance, only to prevent deficiencies in the payment of Subordinate Bond Requirements with respect to such Series of Subordinate Bonds.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Rent Lease*" means a lease or license of facilities relating to the Airport System or Special Facilities entered into by the City, for and on behalf of the Department, pursuant to which the lessee or licensee agrees to pay to the City, for and on behalf of the Department, 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 such facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

"*Net Revenues*" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"*Obligations*" means Credit Facility Obligations and Hedge Facility Obligations. See also "*Subordinate Obligations*" below.

"*Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the City, for and on behalf of the Department, 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 Senior Bonds, Subordinate Bonds and Junior Lien 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 Senior Bonds, Subordinate Bonds and Junior Lien 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, any Subordinate Credit Facility Obligations or any Junior Lien 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, any Subordinate Bond Improvement Project, or any Junior Lien Bond 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 and debt service requirements of any Subordinate Bonds and any Junior Lien Bonds; 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.

"*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 (i) for purposes of the Senior Bond Ordinance, in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year, or (ii) for purposes of the Subordinate Bond Ordinance, in no event is such amount to exceed the greater of 25% of aggregate Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year.

"*Outstanding*" when used with reference to any Bonds or Subordinate Bonds and as of any particular date means all such Bonds and Subordinate Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds or Subordinate Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds or Subordinate Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or the Subordinate Bond Ordinance for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance or the Subordinate Bond Ordinance; (c) any Bonds or any Subordinate Bonds in lieu of or in substitution for which other Bonds or Subordinate Bonds 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 or Outstanding Subordinate Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds or Subordinate Bonds owned by the City are to 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 any entity providing paying agency services for the Series 2017A-C Bonds, initially being ZB, National Association dba Zions Bank, Denver, Colorado, and any successor or assign thereof for the Series 2017A-C Bonds.

"*2018 PFC Supplemental Ordinance*" means Ordinance No. 18-0776, Series of 2018, cited as the "PFC Supplemental Ordinance," which provides for the administration of Passenger Facility Charges.

"*Pledged Revenues*" means (i) all or a portion of the Gross Revenues and (ii) for purposes of the Subordinate Bond Ordinance, any other revenues not included in Gross Revenues that are irrevocably pledged under the provisions of any Supplemental Subordinate Bond Ordinance to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations. 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, Refunding Project, Subordinate Bond Improvement Project, Subordinate Bond Refunding Project, or combination thereof, as provided by Supplemental Ordinance or Subordinate Bond Supplemental Ordinance and (b) the Capitalized Interest Account.

"*Purchase Price*" means that amount due an owner of any Bond or Subordinate Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance or Supplemental Subordinate Bond Ordinance authorizing such Bond or Subordinate Bond.

"*Rating Agencies*" means any of Moody's, S&P or Fitch, or any other nationally recognized rating agency of municipal obligations, 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 or Subordinate Bond Fund created under the Senior Bond Ordinance or the Subordinate Bond Ordinance and designated in respect of Senior Bonds or Subordinate Bonds.

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

"*Redemption Price*" means, when used with respect to a current interest Bond or a current interest Subordinate 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 or a Subordinate Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

"*Refunding Bonds*" means any Senior Bonds issued to refund, pay and discharge any Senior Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

"*Refunding Project*" means any undertaking to refund, pay, and discharge any Senior Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

"*Registrar*" means, when used with respect to the Series 2018A-B Subordinate Bonds, ZB, National Association dba Zions Bank, Denver, Colorado, and any successors and assigns thereof.

"*Regularly Scheduled Hedge Payments*" means the regularly scheduled payments under the terms of a Hedge Facility or a Subordinate Hedge Facility or which are due absent any termination, default or dispute in connection with such Hedge Facility or such Subordinate Hedge Facility.

"*Released Revenues*" means those revenues of the Airport System that are no longer to be included in Gross Revenues and are to be excluded from the pledge and lien of the Senior Bond Ordinance, upon the filing with the Clerk of: (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 of the Senior Bond Ordinance, 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, of (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.

"*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 S&P Global Ratings and its successors.

"*Securities Depository*" means DTC, designated as the depository for the Series 2018A-B Subordinate Bonds, and includes any nominee or successor thereof.

"*Senior Bond Ordinance*" means Ordinance No. 626, Series of 1984, as amended and restated in its entirety pursuant to the provisions of Ordinance No. 0777, Series 2018, cited as the "2018 Amended and Restated Airport System General Bond Ordinance," as amended and supplemented from time to time by any Supplemental Ordinance.

"*Serial Bonds*" means any Bonds other than Term Bonds.

"*Serial Subordinate Bonds*" means any Subordinate Bonds other than Subordinate Term Bonds.

"*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, pursuant to Ordinance No. 640, Series of 1992.

"*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, pursuant to Ordinance No. 643, Series of 1992.

"*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, pursuant to Ordinance No. 644, Series of 1992.

"*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, pursuant to Ordinance No. 800, Series of 2002.

"*Series 2007F1-F2 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F2, issued on November 14, 2007, as auction rate bonds, with two other subseries that are no longer outstanding, in the original aggregate principal amount of $208,025,000, pursuant to Ordinance No. 625, Series of 2007, as amended by Ordinance No. 363, Series of 2008, and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2007G1-G2 Bonds*" means the Airport System Revenue Bonds, Series 2007G1-G2, issued on November 14, 2007, in two subseries as variable rate bonds in the original aggregate principal amount of $148,500,000, pursuant to Ordinance No. 722, Series of 2007, and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2008A Bonds*" means the Airport System Revenue Bonds, Series 2008A1, issued on April 14, 2008, with three other subseries that are no longer outstanding as of November 15, 2017, in the original aggregate principal amount of $608,840,000, pursuant to Ordinance No. 179, Series of 2008.

"*Series 2008B Bonds*" means the Airport System Revenue Bonds, Series 2008B, issued on June 30, 2008, as variable rate bonds in the original aggregate principal amount of $81,800,000, pursuant to Ordinance No. 322, Series of 2008, and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Series 2008C1-C3 Bonds*" means the Airport System Revenue Bonds, Series 2008C1-C3, issued in three subseries on November 4, 2008 (Subseries 2008C2 and Subseries 2008C3), and November 7, 2008 (Subseries 2008C1), as variable rate bonds in the original aggregate principal amount of

$292,600,000, pursuant to Ordinance No. 483, Series of 2008, and additionally secured by individual Credit Facilities.

"*Series 2009A Bonds*" means the Airport System Revenue Bonds, Series 2009A, issued on October 28, 2009, in the original aggregate principal amount of $170,190,000, pursuant to Ordinance No. 758, Series of 2009.

"*Series 2009B Bonds*" means the Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds — Direct Payment), issued on October 28, 2009, in the original aggregate principal amount of $65,290,000, pursuant to Ordinance No. 758, Series of 2009.

"*Series 2009C Bonds*" means the Airport System Revenue Bonds, Series 2009C, issued on November 6, 2009, in the original aggregate principal amount of $104,655,000, pursuant to Ordinance No. 577, Series of 2009, as variable rate bonds and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

"*Series 2010A Bonds*" means the Airport System Revenue Bonds, Series 2010A, issued on March 9, 2010, in the original aggregate principal amount of $171,360,000, pursuant to Ordinance No. 107, Series of 2010.

"*Series 2011A Bonds*" means the Airport System Revenue Bonds, Series 2011A, issued on April 14, 2011, in the original aggregate principal amount of $349,730,000, pursuant to Ordinance No. 181, Series of 2011.

"*Series 2011B Bonds*" means the Airport System Revenue Bonds, Series 2011B, issued on October 5, 2011, in the original aggregate principal amount of $198,370,000, pursuant to Ordinance No. 489, Series of 2011.

"*Series 2012A Bonds*" means the Airport System Revenue Bonds, Series 2012A, issued on October 17, 2012, in the original aggregate principal amount of $315,780,000, pursuant to Ordinance No. 490, Series of 2012.

"*Series 2012B Bonds*" means the Airport System Revenue Bonds, Series 2012B, issued on October 17, 2012, in the original aggregate principal amount of $510,140,000, pursuant to Ordinance No. 490, Series of 2012.

"*Series 2012C Bonds*" means the Airport System Revenue Bonds, Series 2012C, issued on October 17, 2012, in the original aggregate principal amount of $30,285,000, pursuant to Ordinance No. 491, Series of 2012.

"*Series 2013A-B Subordinate Bonds*" means, collectively, the Airport System Subordinate Revenue Bonds, Series 2013A (AMT), issued on July 17, 2013, in the original aggregate principal amount of $326,260,000, pursuant to Subordinate Bond Ordinance No. 301, Series of 2013, and the Airport System Subordinate Revenue Bonds, Series 2013B (Non-AMT), issued on July 17, 2013, in the original aggregate principal amount of $393,655,000, pursuant to Subordinate Bond Ordinance No. 301, Series of 2013.

"*Series 2015A Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2015A, issued on November 20, 2015, in the original aggregate principal amount of $195,940,000, pursuant to Subordinate Bond Ordinance No. 15-756, Series of 2015.

"*Series 2016A Bonds*" means the Airport System Revenue Bonds, Series 2016A, issued on December 1, 2016, in the original aggregate principal amount of $256,810,000.00, pursuant to Ordinance No. 16-0979, Series of 2016.

"*Series 2016B Bonds*" means the Airport System Revenue Bonds, Series 2016B, issued on December 1, 2016, in the original aggregate principal amount of $108,735,000, pursuant to Ordinance No. 16-0980, Series of 2016.

"*Series 2017A Bonds*" means the Airport System Revenue Bonds, Series 2017A, issued on December 7, 2017, in the original aggregate principal amount of $254,225,000.00, pursuant to Ordinance No. 17-1223, Series of 2017.

"*Series 2017B Bonds*" means the Airport System Revenue Bonds, Series 2017B, issued on December 7, 2017, in the original aggregate principal amount of $21,280,000.00, pursuant to Ordinance No. 17-1223, Series of 2017.

"*Series 2017A-B Bonds*" means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

"*Series 2017C Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2017C, issued on December 21, 2017, in the original aggregate principal amount of $300,000,000, pursuant to Subordinate Bond Ordinance No. 17-1326, Series of 2017. These Subordinate Bonds are being refunded with proceeds of the Series 2018A-B Subordinate Bonds.

"*Series 2018A Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2018A, in the original aggregate principal amount of $2,341,710,000, offered pursuant to this Official Statement.

"*Series 2018B Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2018B, in the original aggregate principal amount of $184,365,000, offered pursuant to this Official Statement.

"*Series 2018A-B Subordinate Bonds*" means, collectively, the Series 2018A Subordinate Bonds and the Series 2018B Subordinate Bonds.

"*Series 2018 Supplemental Subordinate Ordinance*" means Ordinance No. 18-0775, Series of 2018, cited as the "Series 2018 Airport System Supplemental Subordinate Bond Ordinance," as amended and supplemented from time to time by any other Supplemental Subordinate Ordinance, which authorizes the issuance of the Series 2018A-B Subordinate Bonds.

"*Short-Term/Demand Obligations*" means each series of Senior Bonds or Obligations (issued or incurred after August 9, 2018) pursuant to the Senior Bond Ordinance or each series of Subordinate Bonds or Subordinate Obligations issued or incurred pursuant to the Subordinate Bond Ordinance, (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 Subordinate 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 Senior Bonds or long-term Subordinate 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 or a Subordinate Credit Facility.

"*Sinking Fund Account*" means the special and separate subaccount in the Bond Fund or Subordinate Bond Fund created under the Senior Bond Ordinance or the Subordinate Bond Ordinance and designated in respect of Senior Bonds or Subordinate Bonds..

"*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. The Cost of any Special Facilities may include the types of costs included under the definition of "Cost" in the Senior Bond Ordinance, 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.

"*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 the site of the former Stapleton International Airport, which is part of the Airport System.

"*State*" means the State of Colorado.

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

"*Subordinate Bond Escrow Bank*" means a trust bank, designated by Supplemental Subordinate Bond Ordinance to administer a Subordinate Bond Escrow Account.

"*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 Improvement Project*" means any project (i) to acquire, improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful undertaking determined by the Manager to be of benefit to the Airport System, as authorized and described by Supplemental Subordinate Bond Ordinance.

"*Subordinate Bond Ordinance*" means Ordinance No. 302, Series of 2013, cited as the "Amended and Restated Airport System General Subordinate Bond Ordinance," as amended and supplemented from time to time by any Supplemental Subordinate Bond Ordinance.

"*Subordinate Bond Refunding Project*" means any project to refund, pay and discharge any Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other securities or obligations.

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

"*Subordinate Bond Reserve Account*" means a special account established within the Subordinate Bond Fund as provided in the Subordinate Bond Ordinance.

"*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 Senior Bonds. The term does not include any Subordinate Obligations (except as represented by any bonds registered in the name of any provider of any Subordinate Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit Facility).

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

"*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 Senior Bonds and any Obligations. 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 Enhanced Bonds*" means Subordinate Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Subordinate Credit Facility, or by a pledge of revenues other than Gross Revenues.

"*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 to the lien thereon of the Senior Bonds and any Credit Facility Obligations.

"*Subordinate Current Interest Bonds*" means Subordinate Bonds on which interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

"*Subordinate Debt Service Requirements*" for any period means the sum of: (1) the amount required to pay the interest on any Subordinate Bonds during such period; (2) the amount required to pay the principal, Redemption Price or purchase price, of any Subordinate 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 Subordinate 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 (3) the amount of any Subordinate Credit Facility Obligations or Subordinate Contract Obligations required to be paid, and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Subordinate Hedge Facility secured under the Subordinate Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Subordinate Bonds or Subordinate 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 circumstance which will not, with certainty, occur during such period, are to be included in any computation of Subordinate Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments are 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 in the Subordinate Bond Ordinance, Subordinate Bonds and Subordinate Obligations which bear interest at a variable rate are deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Subordinate Bonds or Subordinate Obligations on the date of computation or such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; provided that in any computation (i) of any applicable minimum reserve requirement set forth in a Supplemental Subordinate Bond Ordinance (except as otherwise provided therein); (ii) relating to issuing or incurring additional Subordinate Bonds or Subordinate Obligations required by the Subordinate Bond Ordinance; or (iii) required by the rate maintenance covenant in the Subordinate Bond Ordinance such Subordinate Bonds or Subordinate Obligations are deemed to bear interest at a fixed annual rate equal to (x) the average of the daily rates of such Subordinate Bonds or Subordinate Obligations during the 365 consecutive days (or any lesser period such Subordinate Bonds or Subordinate Obligations have been Outstanding) next preceding the date of computation; (y) with respect to any such Subordinate Bonds or Subordinate Obligations which are being issued or incurred on the date of computation, the initial rate of such Subordinate Bonds or Subordinate Obligations; or (z) such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; (c) further, in any computation relating to issuing or incurring additional Subordinate Bonds or Subordinate Obligations required by the Subordinate Bond Ordinance and any computation required by the rate maintenance covenant in the Subordinate Bond Ordinance, there are to be excluded from the computation of Subordinate Debt Service Requirements amounts which at the time such computation is made are, or are reasonably expected to be, available for and which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Subordinate Bonds or Subordinate Obligations so committed for the payment of capitalized interest, but not including any amounts on deposit in the Subordinate Bond Reserve Account; (d) any Subordinate Bonds or Subordinate Obligations which bear interest at a variable rate and with respect to which there exists a Subordinate Hedge Facility that obligates the City to pay a fixed interest rate are deemed to bear interest at the effective fixed annual rate thereon as a result of such Subordinate Hedge Facility for the full term of such Subordinate Hedge Facility. In the case of any Subordinate Bonds or Subordinate Obligations that bear interest at a fixed rate and with respect to which there exists a Subordinate Hedge Facility that obligates the City to pay a variable rate, Subordinate Debt Service Requirements are deemed for the full term of the Subordinate Hedge Facility to include the interest payable on such Subordinate Bonds or Subordinate Obligations, less the fixed amounts received by the City under the Subordinate Hedge Facility, plus the amount of the variable interest payments (using the conventions described above) to be made by the City under the Subordinate Hedge Facility; (e) the Subordinate Debt Service Requirements of any series of Subordinate Bonds or Subordinate Obligations (other than those maturing within one year of the date they are issued or incurred) which includes a maturity of such series or obligation which (i) satisfies the definition of Balloon Maturity and (ii) which the City designates in the Supplemental Subordinate Bond Ordinance authorizing such series or obligation are to be treated as a Balloon Maturity, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, are to be calculated by assuming that principal of 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 twelve months of the final due date of such Balloon Maturity, the full amount of principal to become due is to 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 Subordinate Bonds or Subordinate Obligations constitutes Short-Term/Demand Obligations, then, for purposes of determining Subordinate

Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, is to 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 or incurred, and extending not later than 30 years from the date such Short-Term/Demand Obligations were issued or incurred; the interest rate used for such computation is to 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 Subordinate Bonds or Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Subordinate Bonds or Subordinate Obligations only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion are assumed to be paid in accordance with an amortization schedule established by the applicable Supplemental Subordinate Bond Ordinance or are to be treated as described in other applicable provisions of this definition; (g) any maturity of Subordinate Bonds or Subordinate Obligations that is designated by the City as a Balloon Maturity and for which the stated maturity date occurs within 12 months from the date such calculation of Subordinate Debt Service Requirements is made, is assumed to become due and payable on the stated maturity date, and provision (e) above will not apply thereto, unless the Treasurer files 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 is assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms are to be used for purposes of calculating Subordinate Debt Service Requirements; however such assumption cannot result in an interest rate lower than that which would be assumed under provision (e) above and cannot be amortized over a term of more than 30 years from the expected date of refinancing. In any circumstance where the amounts required to pay Subordinate Bonds or Subordinate Obligations are uncertain and the conventions set forth above are not applicable, the Treasurer may determine such amounts based on the Treasurer's reasonable estimate of the amount of Net Revenues that will effectively be required to pay such Subordinate Bonds or Subordinate Obligations, or any combination thereof; and such determination will be conclusive. Any such determination may take into account, without limitation, the effect of provisions requiring or permitting the netting of payment obligations and the effect on payment obligations of circumstances that are within the control of the City and are reasonably expected to occur.

"*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 Senior Bonds or any Subordinate Bonds.

"*Subordinate Hedge Facility Obligations*" means payment obligations of the City in respect of any Subordinate Hedge Facility, 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 Senior Bonds and any Credit Facility Obligations.

"*Subordinate Obligations*" means Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

"*Subordinate Option Bonds*" means Subordinate 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.

"*Subordinate Refunding Bonds*" means any Subordinate Bonds issued to refund, pay and discharge any Senior Bonds, Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations or other securities or obligations.

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

"*Subordinate Variable Rate Bonds*" means Subordinate Bonds issued with a variable, adjustable, convertible or other similar rate or rate period which is not fixed to maturity at the date of issue.

"*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.

"*Supplemental Subordinate Bond Ordinance*" means any ordinance of the City amending or supplementing the General Subordinate Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Subordinate Bonds or Subordinate Obligations 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*" means the Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer of the City, or his or her designee, and his or her successor in functions, if any.

"*Underwriters*" means, with respect to the Series 2018A-B Subordinate Bonds, the underwriters identified on the cover of this Official Statement.

"*Variable Rate Bonds*" means Bonds issued with a variable, adjustable, convertible, index 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.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance and the Subordinate Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance and, in certain cases, the Junior Lien Bond Ordinance, and are in addition and complementary to the summary found under "THE SERIES 2018A-B SUBORDINATE BONDS."

Description of the Bonds and Subordinate Bonds

The City and the Paying Agent may treat the person in whose name any Bond or Subordinate Bond is registered upon the books or records of the Registrar or who is listed as the owner of record as to any Bond or Subordinate Bond issued in book-entry form as the absolute owner thereof, whether the Bond or Subordinate Bond is overdue or not, for all purposes whatsoever, provided that for any series that is insured by a bond insurance policy, the issuer of such policy is to be treated as the owner for purposes of all consents, directions, and notices provided for in the Senior Bond Ordinance so long as such policy issuer has not defaulted under its policy; and payment of, or on account of, the Bond Requirements or Subordinate Bond Requirements of any Bond or Subordinate 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 Supplemental Subordinate Bond Ordinances relating to the issuance of the Outstanding Subordinate Bonds and the Series 2018A-B Subordinate Bonds each provide that so long as Senior Bonds or Subordinate Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements, Subordinate Debt Service Requirements, or Redemption Price with respect to Bonds or Subordinate Bonds and all notices with respect to the Bonds or Subordinate 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 or the Subordinate 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 or Subordinate Bonds that 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. If at the time of notice of any optional redemption of the Bonds or Subordinate Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account or Subordinate Escrow Account available for payment pursuant to the Senior Bond Ordinance or the Subordinate Bond Ordinance and sufficient to redeem all of the Bonds or Subordinate Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice is of no effect. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds or Subordinate Bonds, and if notice of redemption has been duly given, then from and after the Redemption Date such Bonds or Subordinate Bonds cease to bear interest and are not Outstanding.

Additional Senior Parity Bonds

The Subordinate Bond Ordinance permits the City to issue Additional Subordinate Parity Bonds to pay the Cost of a Subordinate Bond Improvement Project. In order to issue Additional Subordinate Parity Bonds for a Subordinate Bond Improvement Project under the Subordinate Bond Ordinance, the City is required to obtain either (i) the certificates described in subsections (a) and (b) below, or (ii) the certificates, opinions and reports described in subsections (b) through (d) below:

(a) a certificate of the Manager to the effect that upon the delivery of such additional Subordinate Bonds the sum of (i) the principal amount (or in the case of Subordinate Bonds issued as capital appreciation bonds an allocated portion of the original principal amount) of all Subordinate Bonds then Outstanding, including the Subordinate Bonds then to be delivered, (ii) the principal amount of all Subordinate Bonds authorized but not then to be delivered, (iii) the principal component of all Subordinate Credit Facility Obligations to the extent such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (i) and (ii) above; (iv) amounts that would be due from the City as termination payments under all Subordinate Hedge Facility Obligations, computed pursuant to their respective terms as if the termination date were the date of the Manager's certificate, using relevant mid-market interest rates as of the last day of the most recently completed fiscal quarter immediately preceding the date of the certificate of the Manager; and (v) the principal, or its equivalent, of all Subordinate Contract Obligations, does not exceed $800,000,000;

(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, 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 (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 subparagraphs (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds, however, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described above.

Additional Subordinate Parity Bonds

The Subordinate Bond Ordinance permits the City to issue Additional Subordinate Parity Bonds to pay the Cost of a Subordinate Bond Improvement Project. Whenever the total of the principal amounts of, or payments due under, the outstanding Subordinate Bonds, the authorized but not yet delivered Subordinate Bonds and certain Subordinate Credit Facility Obligations, Subordinate Hedge Facility Obligations and Subordinate Contract Obligations exceed $800 million, the City is required to obtain the following in order to issue Additional Subordinate Parity Bonds for a Subordinate Bond Improvement Project:

(a) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bonds the City is not in default in making any payments required by the Senior Bond Ordinance or the Subordinate Bond Ordinance;

(b) 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 Subordinate 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 and Subordinate 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 (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period; and

(c) 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 Manager estimates such Subordinate Bond Improvement Project will be completed, or the first Fiscal Year there are Subordinate Debt Service Requirements with respect to the Subordinate Bonds to be issued for such Subordinate Bond 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 or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond 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 (A) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account or other similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the sum of aggregate Debt Service Requirements and Subordinate Debt Service Requirements for each such Fiscal Year, the Subordinate Debt Service Requirements of the series of Subordinate Bonds then to be issued, and the Debt Service Requirements and Subordinate Debt Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, or Subordinate Obligations which the Manager estimates will be required to complete payment of the Cost of such Improvement Project or Subordinate Bond Improvement Project (such Debt Service Requirements or Subordinate Debt Service Requirements 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 Subordinate Bond 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 Subordinate Bond Improvement Project, or any completed portion thereof.

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 above cannot be given with the required results stated therein, the City may not issue Additional Subordinate Parity Bonds; however, the City may issue Additional Subordinate Parity Bonds for the purpose of refunding Subordinate Bonds without having to comply with the requirements described above.

Additional Senior Bonds and Obligations Permitted

The City or the City for and on behalf of the Department may issue additional Senior Bonds, and incur other Obligations in the manner and otherwise as provided by the Senior Bond Ordinance; however, neither the City nor the City for and on behalf of the Department may issue additional Senior Bonds or incur other Obligations if the issuance of such additional Senior Bonds or the incurrence of such Obligations would cause the City to fail to comply with the rate maintenance covenant set forth in the Subordinate Bond Ordinance. Except for Senior Bonds and Obligations, the City or the City for and on behalf of the Department may not otherwise 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 Subordinate Bonds, and any such bond or other securities or other obligations are prohibited under the Subordinate Bond Ordinance.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of the Bonds and Obligations as provided by the Senior Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the Subordinate Bond Fund and any other fund or account created and pledged for such purpose in the Subordinate Bond Ordinance or any Supplemental Subordinate Bond Ordinance (except moneys and securities held in any Subordinate Bond Escrow Account and except as otherwise provided in the Subordinate Bond Ordinance or any Supplemental Subordinate Bond Ordinance) are irrevocably pledged to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent so provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations.

Neither the Senior Bonds nor the Subordinate Bonds constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Senior Bonds and the Subordinate Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations, for and on behalf of the Department. The City has not pledged its full faith and credit and taxing power for the payment of the Bonds or the Subordinate Bonds.

The Senior Bonds and the Subordinate Bonds are 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, is liable to be forfeited or taken in payment of the Bonds or the Subordinate Bonds.

The Airport System Fund; Subordinate Bond Fund; Minimum Subordinate Bond Reserve, if any

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 (in which the Subordinate Bond Ordinance creates the following accounts: the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account and the Subordinate Bond Reserve Account), the Capital Fund, the Project Fund (including the Capitalized Interest Account) and, through December 31, 2018 only, a PFC Fund (including PFC Debt Service and PFC Project Accounts). The Junior Lien Bond Ordinance affirms the creation of an account in the Airport System Fund designated as the Junior Lien Obligations Fund (including therein the Interest Account, Principal and Junior Lien Obligation Account, Sinking Fund Account, and Redemption Account).

Separate subaccounts may be created within the Subordinate Bond Fund and any accounts therein by Supplemental Subordinate Bond Ordinance; however, the accumulation and application of moneys in the Subordinate Bond Fund for the payment of, or the creation of reserves for, Subordinate Obligations are on parity with or subordinate to the accumulation and application of Net Revenues for the payment of, or the creation of reserves for, Subordinate Bonds.

A Minimum Subordinate Bond Reserve may be, but is not required to be, established with respect to any series of Subordinate Bonds. No payment need be made into the Subordinate Bond Reserve Account or any subaccount therein so long as the moneys therein equal not less than the Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds.

Application of Revenues

So long as any Senior Bonds, Subordinate Bonds or Junior Lien Bonds are Outstanding, all Gross Revenues of the Airport System, upon their receipt from time to time by the City, 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 Senior 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 Senior Bonds (in computing any required credit with respect to any Variable Rate Bonds the interest rate used is to be as provided by Supplemental Ordinance);

(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, together with any other moneys from time to time available therefor from whatever source, 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;

(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 and Subordinate Obligations, to be transferred and credited to the following subaccounts in the following order of priority and at the following times:

(i) to the Interest Account of the Subordinate Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Subordinate 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 Subordinate Bonds. In computing any required credit with respect to any Subordinate Bonds bearing interest at a variable rate, the interest rate used shall be as provided by Supplemental Subordinate Bond Ordinance;

(ii) to the Principal Account of the Subordinate Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Subordinate Bonds, or commencing one year prior to the first fixed maturity date of such Serial Subordinate 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 Subordinate Bonds;

(iii) with the same priority as the Principal Account, to the Sinking Fund Account of the Subordinate 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 Subordinate Bonds, one-twelfth of the amount necessary, together with any moneys from time to time available from whatever source, to pay the Redemption Price or principal of Outstanding Term Subordinate Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise;

(iv) on or prior to any date on which the City exercises its option to call for prior redemption any Subordinate Bonds, to the Redemption Account of the Subordinate Bond Fund, an amount necessary to pay the Redemption Price of such Subordinate Bonds on such Redemption Date, except to the extent any other moneys, including without limitation moneys in any Subordinate Bond Escrow Account, are available therefor;

(v) if a Minimum Subordinate Bond Reserve has been established, as a second charge on moneys credited to the Subordinate Bond Fund, after making all required credits as described above, to the Subordinate Bond Reserve Account and any subaccount created by Supplemental Subordinate Bond Ordinance, in addition to any moneys required to be deposited therein by the Subordinate Bond Ordinance, not less frequently than monthly, commencing no later than the first day of the month next succeeding each issue date of any series of Subordinate Bonds with respect to which a Minimum Subordinate Bond Reserve has been established or on which the amounts credited thereto are less than the Minimum Subordinate Bond Reserve, if any, with respect to the applicable series of Subordinate Bonds, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate each Minimum Subordinate 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);

(g) as provided in the Junior Lien Bond Ordinance, to the Junior Lien Obligations Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Junior Lien Bonds and Junior Lien Obligations, including any reasonable reserves therefor, as provided by any supplemental ordinance pursuant to the Junior Lien Bond Ordinance or other instrument;

(h) 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 36th 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

(i) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (h) 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 Senior Bonds (or payments due for Subordinate Bonds or Junior Lien Bonds) if such payment is necessary to prevent any default in such payment.

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.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Subordinate Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

If any monthly credit required to be made to the Interest Account, the Principal and Junior Lien Obligation Account or the Sinking Fund Account of the Junior Lien Obligations 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, the Subordinate Bond Reserve Account or the Junior Lien Bond Reserve Account so long as the moneys therein are at least equal to the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or the Minimum Junior Lien Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or the Minimum Junior Lien 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, the Subordinate Bond Ordinance or the Junior Lien Bond Ordinance. In the event any Supplemental Ordinance, Supplemental Subordinate Bond Ordinance or Supplemental Junior Lien Bond Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility, Subordinate Credit Facility or Junior Lien Credit Facility in the Bond Reserve Fund, Subordinate Bond Reserve Account or Junior Lien Bond Reserve Account, as applicable, in full or partial satisfaction of the Minimum Bond Reserve, Minimum Subordinate Bond Reserve or Minimum Junior Lien Bond Reserve; so long as any such Credit Facility, Subordinate Credit Facility or Junior Lien Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund, Subordinate Bond Reserve Account or Junior Lien Bond Reserve Account as provided in the Bond Ordinance, Subordinate Bond Ordinance or Junior Lien 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.

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, Refunding Project, Subordinate Bond Improvement Project or Subordinate Bond 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 payments will comply with 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 or any Subordinate Bonds, until the termination of each Improvement Project or Subordinate Bond Improvement Project, the City is to 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 an Improvement Project funded by the issuance of Senior Bonds, 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. Upon substantial completion of a Subordinate Bond Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Subordinate Bond Fund. Any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

The Treasurer is required to use the proceeds of any series of Subordinate Bonds credited to any subaccount in the Project Fund, to pay the Subordinate Bond Requirements of such series of Subordinate Bonds if due and to the extent moneys in the Subordinate Bond Fund are insufficient for that purpose, unless amounts in the Capital Fund have been applied for such purpose or such proceeds are needed to defray Costs accrued and to accrue under any contracts then existing relating to a Subordinate Bond Improvement Project. The Treasurer is to promptly notify the Mayor and the Manager 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 the Senior Bond Ordinance.

Alterations of, additions to, and deletions from any Improvement Project or any Subordinate Bond Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, any such alterations, additions and deletions, in the opinion of the Airport Consultant, will (a) in the case of an Improvement Project funded with the proceeds of Senior Bonds, neither render the City incapable of meeting its rate maintenance covenant in respect of Senior Bonds nor increase the estimated Cost of such Improvement Project, if 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) and (b) in the case of a Subordinate Bond Improvement Project funded with the proceeds of Subordinate Bonds, not render the City incapable of performing its obligations under any rate maintenance covenant in respect of Subordinate Bonds.

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. Any bank deposits are to 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 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 complete and correct 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 generally accepted accounting principles; 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 the amount of Other Available Funds and 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 and any Special Facilities as is deemed appropriate; (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 of Senior Bonds

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. For this purpose only, Federal Securities are deemed also to include any type of security or obligation 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.

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 such Option Bonds or otherwise existing under the Senior Bond Ordinance.

Defeasance of Subordinate Bonds

When all principal, interest, and any prior redemption premiums due in connection with the Subordinate Bonds have been duly paid, or provision made therefor in accordance with the Subordinate Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Subordinate Bonds will thereupon cease, terminate, become void and be discharged and satisfied.

Any Subordinate Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Subordinate Bond is to be redeemed on any date prior to its maturity, the City shall have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in a Subordinate Bond Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal of and interest on are unconditionally guaranteed by, the United States of America, and such other Investment Securities (except bonds issued by the City) as shall qualify Subordinate Bonds defeased thereby for a rating in the highest category of one or more nationally recognized rating agencies ("Defeasance Securities") which do not contain provisions permitting the redemption thereof at the option of the obligor, 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 Subordinate Bond Escrow Account at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on such Subordinate Bond on or prior to its Redemption Date or maturity date; (c) no such Subordinate Bond shall be subject to optional or mandatory tender prior to the maturity or Redemption Date thereof; and (d) in the event such Subordinate Bond is not subject to redemption within the next 60 days, the City by Supplemental Subordinate Bond Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Subordinate Bond that the deposit required by (b) above has been placed in such Subordinate Bond Escrow Account and that such Subordinate 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 a principal of, premium, if any, and interest on such Subordinate Bond.

As to Subordinate Variable Rate Bonds, the amount required for the interest thereon will be calculated at the maximum rate which such Subordinate Variable Rate Bonds may bear prior to maturity or applicable redemption date; provided, however, that if on any date, as a result of such Subordinate Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Defeasance Securities on deposit for the payment of interest on such Subordinate 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 Subordinate Variable Rate Bonds in order to fully discharge and satisfy such Subordinate 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 Subordinate Variable Rate Bonds or otherwise existing under the Subordinate Bond Ordinance.

Notwithstanding any provisions of the Subordinate Bond Ordinance to the contrary, Subordinate Option Bonds may only be discharged and satisfied by depositing moneys or Defeasance 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 Subordinate Option Bonds which could become payable to the owners of such Subordinate Option Bonds upon the exercise of any options provided to the owner of such Subordinate 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 a Subordinate Option Bond are no longer exercisable or such Subordinate Option Bonds are no longer subject to mandatory tender, such Subordinate Option Bond will not be considered a Subordinate 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 Subordinate 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 Subordinate Option Bonds or otherwise existing under the Subordinate 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.

Modification of the Subordinate Bond Ordinance

The Subordinate Bond Ordinance may be amended or supplemented by a Supplemental Subordinate Bond Ordinance without the consent of or notice to the owners of the Subordinate Bonds as follows: (a) to authorize the issuance of Subordinate Bonds or the incurrence of Subordinate Obligations and to specify and determine matters which are not contrary to or inconsistent with the Subordinate Bond Ordinance; (b) to cure defects in the Subordinate Bond Ordinance or comply with requirements of the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Subordinate 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 Subordinate Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect, in connection with any Subordinate Bonds, Subordinate Obligations or otherwise any other changes in the Subordinate 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 Subordinate Bonds or the beneficiaries of any Subordinate Obligations.

The Subordinate Bond Ordinance also may be amended or supplemented by a Supplemental Subordinate Bond Ordinance adopted by the City upon the written consent of the owners of Subordinate Bonds constituting more than 50% in aggregate principal amount of all Subordinate Bonds then Outstanding and affected by the amendment or supplement. No such Supplemental Subordinate Bond Ordinance, however, may have the effect of permitting without the consent of the owner of any Outstanding Subordinate Bond or beneficiary of any Subordinate Obligation so affected: (a) a change (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Subordinate Bond or Subordinate Obligation; (b) a reduction (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond) of the principal, interest rate or prior redemption premium of any Outstanding Subordinate Bond or Subordinate Obligation; (c) except as provided in the Subordinate Bond Ordinance, the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by the Subordinate Bond Ordinance; (d) a reduction of the principal amount or percentages of Subordinate Bonds, the consent of the owners of which is required for any such amendment or modifications; or (e) the establishment of priorities as between Subordinate Bonds or Subordinate Obligations issued or incurred under the Subordinate Bond Ordinance.

In addition, the Bond Ordinance may not be amended or supplemented without the consent of the owner of any Outstanding Subordinate Bond or Subordinate Obligation affected thereby, unless, 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, such amendment or supplement does not materially and prejudicially affect the right of the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations. Any consent by the owners of any such Subordinate Bonds or Subordinate Obligations shall be set forth in an instrument or instruments executed by the required owners or their appointed consent agents and filed with the Clerk, which instrument or instruments shall refer to the proposed amendments or the Supplemental Ordinance approving such amendments and shall specifically consent to and approve the adoption of such amendments. Such consent shall be irrevocable and shall be conclusive and binding upon all future owners of the same Subordinate Bonds or Subordinate Obligations.

Events of Default Under the Senior Bond Ordinance

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 in good faith 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 receipt of notice by the City from the owners of 10% in principal amount of all Bonds then Outstanding 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 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); (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 degree 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 will 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.

Events of Default under the Subordinate Bond Ordinance

The Subordinate Bond Ordinance provides that each of the following events is an "event of default": (a) an Event of Default shall have occurred with respect to any Senior Bonds; (b) the City's failure to pay the principal of any Subordinate Bonds, or any prior redemption premium in connection therewith, or both, when the same becomes due and payable either at maturity, by mandatory or optional prior redemption or otherwise; (c) the City's failure to pay any installment of interest on any Subordinate Bond when the same becomes due and payable; (d) the City's failure to pay the principal of, interest on, or any other amount due in connection with any Subordinate Obligation when the same becomes due and payable; (e) the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in any Subordinate Bonds or in the Subordinate Bond Ordinance on its part to be performed, and such failure continues for sixty days after written notice specifying such failure and requiring the same to be remedied is given to the City by the owners of 25% in principal amount of the Subordinate Bonds then Outstanding; provided, however, it shall not be considered an event of default under this section if the Manager determines that corrective action has been instituted within such sixty day period and is being diligently pursued; and (f) such other events of default as are provided for in any Supplemental Subordinate Bond Ordinance or any series of Subordinate Bonds.

Remedies of Owners of Senior Bonds

Upon the occurrence and continuance of any Event of Default under the Senior Bond Ordinance (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 mandamus or by other 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 under the Senior Bond Ordinance, 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.

Remedies for Owners of Subordinate Bonds

Upon the occurrence and continuance of any of any Event of Default under the Subordinate Bond Ordinance (except as otherwise provided by Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), so long as such event of default has not been remedied, unless the principal of all Subordinate Bonds has already become due and payable, the owners of not less than 25% in principal amount of all Subordinate Bonds then Outstanding may declare the principal and interest of the Subordinate Bonds then Outstanding due and payable immediately and proceed against the City to protect and enforce the rights of the owners of the Subordinate Bonds issued under the Subordinate Bond Ordinance by mandamus or by other 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 Subordinate Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and to enforce such rights. No remedy specified in the Subordinate Bond Ordinance is intended to exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default under the Subordinate Bond Ordinance, the City will perform all acts on behalf of the owners of the Subordinate Bonds to protect the security created for the Subordinate Bonds and to insure timely payment thereof. During the continuance of an Event of Default under the Subordinate Bond Ordinance, subject to any limitations with respect to payment of Subordinate Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Subordinate 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 Subordinate Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Subordinate Bonds and will apply the same toward the payment of principal of and interest on the Subordinate Bonds in the order specified in the Subordinate 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 and Subordinate Bond Requirements of all Outstanding Bonds and Outstanding Subordinate 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 or Subordinate 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 or Outstanding Subordinate 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 or Outstanding Subordinate 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 of the Series 2018A Subordinate Bonds or the Series 2018B Subordinate 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 or Subordinate Bonds, any fund reasonably expected to be used to pay the principal of or interest on any of such 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 or Subordinate Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds or Subordinate Bonds to be included in gross income for federal income tax purposes. Notwithstanding such covenant, the City may issue Bonds or Subordinate 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 forgoing covenant and any other requirement of the General Bond Ordinance or Subordinate Bond Ordinance intended to establish or maintain the exclusion from federal income taxation of interest on such Bonds or Subordinate Bonds shall be inapplicable to such Bonds or Subordinate Bonds.

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 2018 Supplemental Ordinance

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2018A-B Subordinate Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

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APPENDIX D

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the City, the Department, the Paying Agent, the Registrar 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 2018A-B Subordinate 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 2018A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2018A-B Subordinate Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2018A-B Subordinate Bonds. The Series 2018A-B Subordinate Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). One fully registered bond certificate will be issued for each maturity of the Series 2018A-B Subordinate Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2018A-B Subordinate Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities 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 3.5 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 and Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and 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 such websites 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 websites.

Purchases of Series 2018A-B Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018A-B Subordinate Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. 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 2018A-B Subordinate Bonds are to 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 2018A-B Subordinate Bonds except in the event that use of the book-entry system for the Series 2018A-B Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018A-B Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018A-B Subordinate 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. Beneficial Owners of Series 2018A-B Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018A-B Subordinate Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2018A-B Subordinate Bonds may wish to ascertain that the nominee holding the Series 2018A-B Subordinate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2018A-B Subordinate Bonds within a maturity of the Series 2018A-B Subordinate Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consider or vote with respect to the Series 2018A-B Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 2018A-B Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2018A-B Subordinate 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 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 Participants 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 2018A-B Subordinate Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative to 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 securities depository with respect to the Series 2018A-B Subordinate Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the Series 2018A-B Subordinate Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2018A-B Subordinate Bonds. In that event, certificates representing the Series 2018A-B Subordinate Bonds will be printed and delivered to DTC.

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APPENDIX E

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2017 AND 2016

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CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017 AND 2016

DENVER INTERNATIONAL AIRPORT

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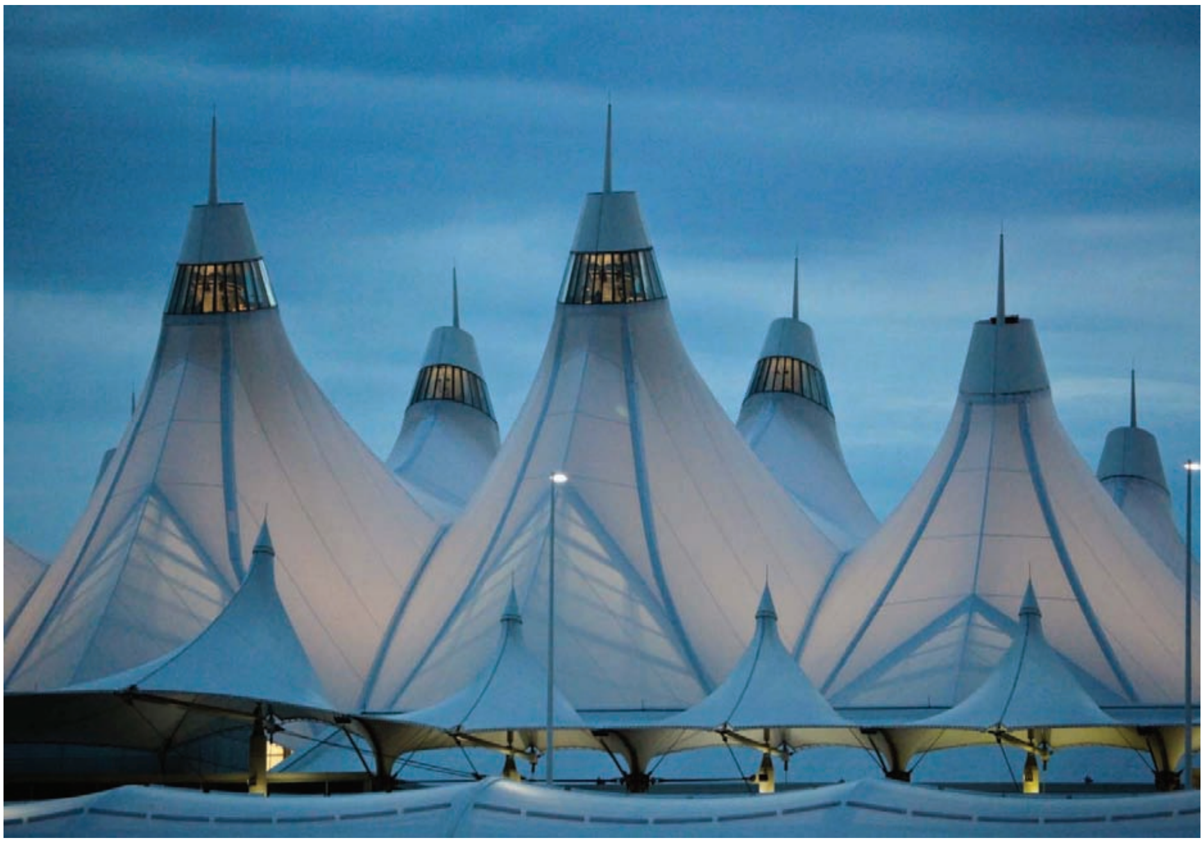
CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017 AND 2016

2017 ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION (UNAUDITED)



Introduction

The Municipal Airport System (Airport) is organized as a department of the City and County of Denver, Colorado (the City). The Airport includes Denver International Airport (DEN or the Airport) and former Stapleton International Airport (Stapleton). The Airport is headed by a Chief Executive Officer who reports directly to the Mayor. In addition, the senior management team further consists of five executive vice presidents. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel to provide a better understanding of the Airport.

The Airport is an enterprise fund of the City. Enterprises are defined as government-owned businesses authorized to issue their own revenue bonds and receiving fewer than 10% of their annual revenues in grants from all State and Local governments combined. 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.

Description of DEN

Situated approximately 24 miles northeast of downtown Denver, DEN is the primary air carrier airport serving the region. According to Airports Council International, in 2017, DEN was the fifth busiest airport in the United States and the twentieth busiest in the world, serving 61.4 million passengers. DEN comprises approximately 33,800 acres (53 square miles) of land, an area twice the size of the island of Manhattan and is the second largest physical airport in the world. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road which connects Interstate 70 and intersects with E-470 toll highway. DEN has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide, providing unrestricted global access for any airline and the ability to accommodate fully loaded jumbo jets, including the Airbus A-380.

The Airport's passenger terminal complex has a landside terminal and three airside concourses, as well as cargo and general aviation facilities. The landside terminal accommodates passenger ticketing, baggage claim, concessions, and passenger screening and is flanked by roads and curbs for public and private vehicles. Automobile parking is available in public garages adjacent to the landside terminal and in surface parking lots. DEN has a total of 16,644 parking spaces in the public garages and 27,426 spaces in the surface parking lots. Spaces are also provided for employee parking. Additional passenger services include car rental facilities and ground transportation. On November 19, 2015, a new 519-room Westin hotel and conference center was opened to the public and is connected to the terminal via a public plaza. In April 2016, passenger rail service to downtown Denver began via a train station in the same area.

Passengers travel between the landside terminal and three airside concourses (Concourses A, B, and C) via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The passenger terminal complex includes a landside terminal and three airside concourses with a total of 113 full-service contact gates and 30 ground loading positions.

Metro Area

The Denver Metropolitan Area (Metro Denver), with a population of more than 3.1 million, is the primary region served by DEN. Metro Denver is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Metro Denver is home to 10 Fortune 500 companies, and was ranked #4 in "Best Places for Business and Careers" by Forbes Magazine. U.S. News and World Report also ranked Denver #2 in "Best Places to Live" in 2017.

Metro Denver's diverse employment base across various industries, central location and transformation of its transportation network has positioned it to become a key distribution hub, fostering strong economic growth and development for the region/state. With an unemployment rate of 2.5%, as of December 2017, Denver Metro was second lowest among large metropolitan areas with one million or more workers.

Air Traffic

Located close to the geographic center of the United States mainland, Denver has long been a major air transportation hub. Denver has airline service to more than 180 cities. Denver's natural geographic advantage as a connecting hub location has been enhanced by the Airport's ability to accommodate aircraft landings and takeoffs in virtually all weather conditions. Total passenger traffic at DEN was up 5.3% in 2017, compared with a national average increase of 3.5% as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS). In 2017, 61.4 million passengers traveled through DEN, with approximately 63.9% originating or terminating their air journeys in Denver, and 36.1% connecting to flights beyond Denver. Originating and destination traffic (O&D) increased by 6.0% in 2017. As shown in Table 1, as of December 31, 2017, 26 airlines provided scheduled passenger service at DEN: 11 major/national airlines, 7 regional/commuter airlines, and 8 foreign-flag airlines.

In addition, several passenger charter and all-cargo airlines, including Federal Express and United Parcel Service provide service at the Airport.

Table 1
Scheduled Passenger Airlines Serving Denver

Major/National	Regional/Commuter
Alaska Airlines	American Eagle
Allegiant Air	Boutique Air
American Airlines	Denver Air Connection
Delta Air Lines	Delta Connection
Frontier Airlines	Elite Airways
JetBlue Airways	Great Lakes Airlines
Southwest Airlines	United Express
Spirit Airlines	
Sun Country Airlines	**Foreign Flag**
United Airlines	
Virgin Airlines	Aeromexico
	Air Canada
	British Airways
	Icelandair
	Lufthansa German Airlines
	Norwegian Air Shuttle
	Volaris

Source: Airport management records as of December 31, 2017

Airline Use & Lease Agreements

On September 19, 2014, United Airlines and the Airport agreed to an additional 10-year lease commitment provided that the Airport restructured debt by December 31, 2014. The amendment became effective on January 1, 2015 and extends the lease to February 28, 2035. All other signatory airlines, including Southwest and Frontier, operate under two-year Use & Lease Agreements which expire on December 31, 2018. DEN has two one-year options to extend the lease through December 31, 2019 or December 31, 2020.

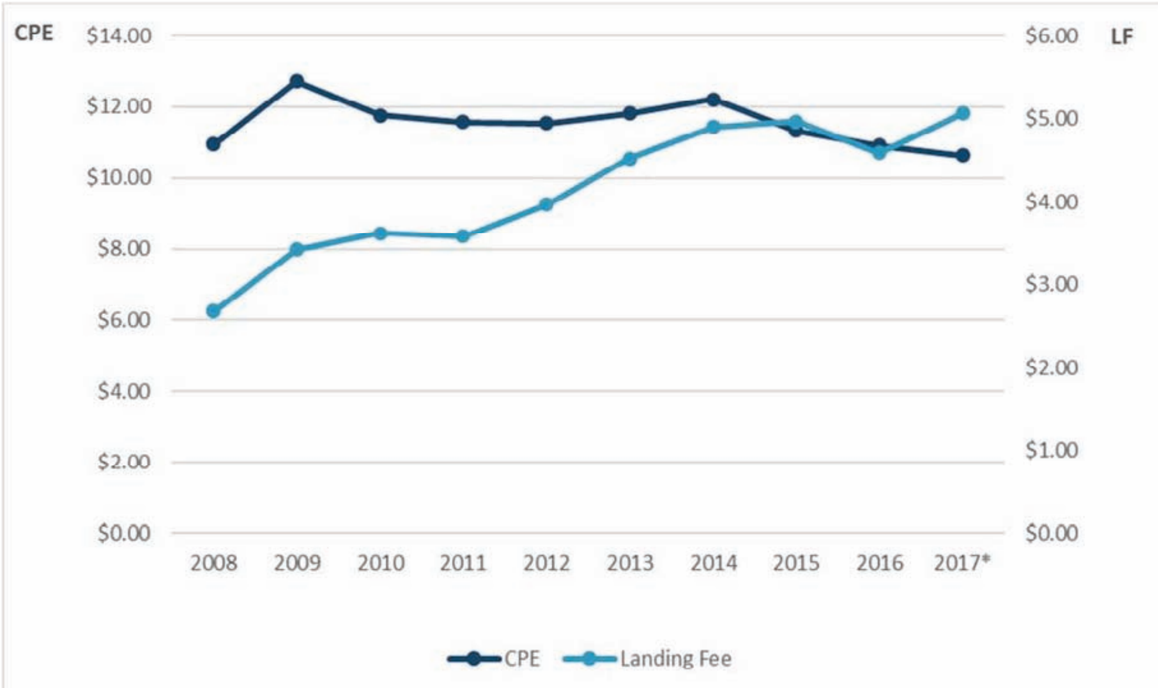
Airlines Rates, Fees, and Charges

The Airport has a hybrid rate structure that is established by the Use & Lease Agreements which is a combination of residual and compensatory rate methods based on cost recovery principles. Residual cost centers recover the full cost of operations from the airlines (e.g. airfield). Compensatory cost centers recover only the costs associated with the space that has been leased by the airlines (e.g. terminal buildings) and allows the Airport to lease vacant space to concessionaires and other tenants for non-airline revenue opportunities. These opportunities allow the Airport to generate free cash flow for reinvestment. In return, the Use & Lease Agreement has established a revenue share between the Airport and airlines, with the airlines receiving 50% of the net revenue up to a $40 million cap per year. In 2017, the Airport is estimated to deposit $90.6 million into the capital improvement account that can be used for any lawful airport purpose. The net revenue available for sharing for the years ended December 31, 2008 through 2017 is reflected in Table 2 below:

Table 2
Net Revenue Available for Sharing
(In thousands)

Year	Total	Airport share
2008	73,508	36,402
2009	49,681	24,481
2010	87,188	47,188
2011	126,686	86,686
2012	121,695	81,695
2013	122,784	82,784
2014	134,612	94,612
2015	130,147	90,147
2016	112,091	72,091
2017*	130,644	90,644

* Estimated amount
Source: Airport Management



CPE = Cost per enplaned passenger. The numbers above reflect an average across all carriers. Individual airlines may have a CPE higher or lower than this based on their individual operating models.

LF = Landing Fee – Cost per 1,000 lbs. landed weight.

Note: Airport Year-End Settlement Reports

*Landing Fee and CPE are not finalized until the year-end settlement is completed

From 2008 to 2009, the CPE increased, due to a partial airline revenue credit, the elimination of the one-time State Aviation Fuel Tax rebate, and fewer enplaned passengers as a result of an economic downturn. From 2010 to 2012 the CPE declined due to the full revenue credit being realized, as well as increases in enplanements. The CPE increased from 2013 through 2014 as overall airline cost center expenses increased at a greater rate than the growth in enplaned passengers. Subsequently, the overall CPE has decreased due to changes in leased space, managing airline costs, and increases in enplanements.

From 2008 to 2010, the landing fee significantly increased due to the combination of operating expense increases for airfield chemicals and snow removal costs, a lower offset of State Aviation Fuel Tax revenue to the airfield, and lower landed weight. In 2011, the landing fee was slightly lower due to lower operating expenses and an increase in the offset of oil and gas revenues. From 2012 through 2015, the landing fee increased primarily due to an increase in airfield related expenses and lower landed weight. In 2016, the landing fee decreased slightly, primarily driven by a decrease in airfield debt service requirements and amortization charges. In 2017, the landing fee increased primarily due to increases in debt service requirements.

United Group

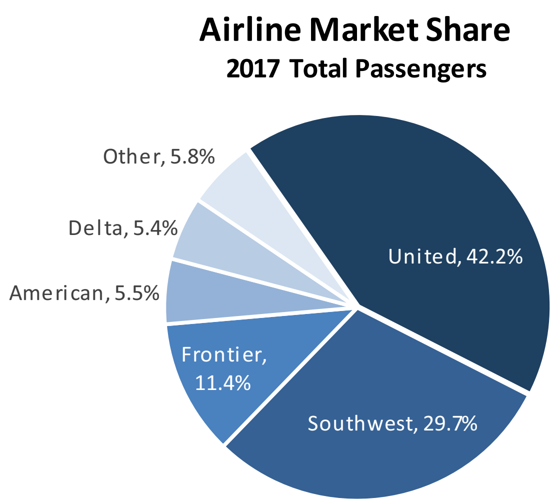
United Group (United) includes the operations of United Airlines, as well as United Express. United is one of the world's largest airlines and is the principal air carrier operating at DEN. United operates a major connecting hub at Denver International Airport under a Use & Lease Agreement with the City that expires in 2035. United currently leases 54 full-service contact gates on Concourse B and 15 ground loading positions. At DEN, United accounted for 42.2% of passenger enplanements in 2017.

Southwest Airlines

Southwest Airlines (Southwest) has the second largest market share at the Airport for 2017. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at DEN, which is the airline's fourth busiest station in its system. Southwest leases 25 full-service contact gates on Concourse C. Southwest accounted for 29.7% of passenger enplanements in 2017.

Frontier Airlines

Frontier Airlines (Frontier) has the third largest market share at DEN for 2017. DEN is Frontier's only hub and, in 2017, the busiest airport in the Frontier system. Frontier has transformed its business model from a low-cost carrier to an ultra-low-cost carrier. Frontier leases eight full-service contact gates on Concourse A. Frontier accounted for 11.4% of passenger enplanements at the Airport in 2017.



Cash Management

The Airport's cash is under the control of the City's Chief Financial Officer who invests the funds pursuant to the City's Investment Policy. As of December 31, 2017 and 2016, cash and investments totaled $1,705.4 and $1,544.6 million, respectively. Current investment vehicles include municipal securities, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities. In 2017 and 2016, the City charged fees of $426,289 and $497,851, respectively, to the Airport for performing the cash management function.

Accounting and Internal Control

The Airport follows accounting principles generally accepted in the United States of America applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with these accounting principles. In developing and evaluating the Airport's accounting system, consideration has been given to the adequacy of internal controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe that the Airport's process of internal control adequately safeguards assets and provides reasonable assurance that financial transactions are recorded properly.

Acknowledgments

The preparation of this report in a timely and efficient manner is the result of, in large part, the dedicated service and professionalism of the Airport's accounting staff. We thank all members of the Airport who contributed to the preparation of the report.

Respectfully Submitted,

Kim Day
Chief Executive Officer

Gisela Shanahan
Chief Financial Officer

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying financial statements of the City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver, Colorado (the City), as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the Airport System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport System as of December 31, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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 those portions of the business-type activities of the City that are attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2017 and 2016, 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Audit Committee
City and County of Denver

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport System's basic financial statements. The information as listed in the table of contents under "Introductory Section" and "Other Information Section", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Denver, Colorado
June 5, 2018

2017 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis (MD&A) (Unaudited)

The following discussion and analysis of the financial position and activity of the Municipal Airport System (the Airport) of the City and County of Denver, Colorado (the City) provides an introduction and understanding of the basic financial statements of the Airport as of and for the years ended December 31, 2017 and 2016. 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 $768.9 million, an increase of $26.3 million, or 3.6%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increase was driven by an increase in landing fee revenue. The increase was offset by a decline in facility rentals. The increase in non-airline revenue was primarily driven by increases in concessions revenues due to the opening of new locations and an increase in enplaned passengers as well as increases in car rental and hotel revenues.

Operating expenses, exclusive of depreciation and amortization, were $453.5 million for the year ended December 31, 2017, a decrease of $16.3 million, or 3.5%, as compared to the year ended December 31, 2016. The decrease over the prior year was driven by a reduction in repair and maintenance projects as well as a decrease in personnel expenses due to increased vacancy rates and a reduction in snow personnel spend. The decrease was partially offset by an increase in contractual services.

Overview of the Financial Statements

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during each year. All changes in net position 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.

This report also includes required supplementary information for the Airport's pension information, other postemployment benefit plan and other information presented for the purposes of additional analysis.

In accordance with guidance prepared by the staff of the Governmental Accounting Standards Board (GASB), because the Airport presents comparative financial statements, its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – current year, the prior year and the year preceding the prior year (i.e., 2017, 2016, and 2015). During 2015, the Airport adopted GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Additional information related to the Airport's pension plan can be found in note 16.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2017, 2016, and 2015 ($ in thousands):

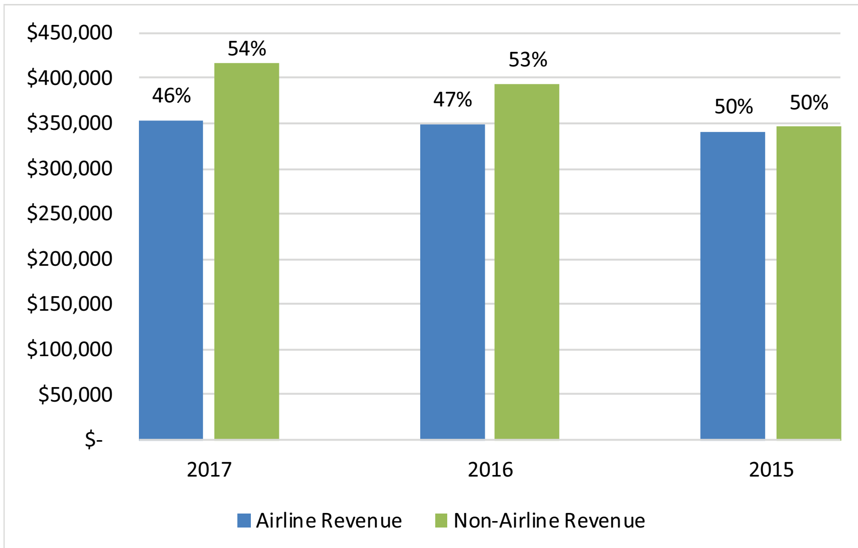
	2017	Percentage Change	2016	Percentage Change	2015
Operating Revenue	$ 768,925	3.6%	$ 742,529	8.0%	$ 687,536
Less: Operating Expenses Before Depreciation and Amortization	453,532	(3.5%)	469,810	7.6%	436,803
Operating Income Before Depreciation and Amortization	315,393	15.6%	272,719	8.8%	250,733
Less: Depreciation and Amortization	183,351	2.0%	179,692	9.8%	163,714
Operating Income	132,042	41.9%	93,027	6.9%	87,019
Nonoperating Revenues	189,763	9.0%	174,074	(7.1%)	187,437
Less: Non-Operating Expenses	188,152	16.2%	161,966	(9.2%)	178,331
Capital Grants and Contributions	55,879	1,472.7%	3,553	(82.7%)	20,483
Increase in Net Position	189,532	74.4%	108,688	(6.8%)	116,608
Net Position, Beginning of Year	834,141	15.0%	725,453	19.2%	608,845
Net Position, End of Period	$ 1,023,673	22.7%	$ 834,141	15.0%	$ 725,453

The following is a summary of operating revenues for the years ended December 31, 2017, 2016, and 2015 ($ in thousands):

	2017	Percentage Change	2016	Percentage Change	2015
Operating Revenue:					
Airline Revenue					
Facility Rentals	$ 180,443	(9.1%)	$198,407	2.3%	$194,004
Landing Fees	171,708	13.8%	150,850	2.4%	147,379
Total Airline Revenue	352,151	0.8%	349,257	2.3%	341,383
Non-Airline Revenue					
Parking	176,006	(0.5%)	176,949	(0.9%)	178,478
Concession	68,269	1.3%	67,408	13.0%	59,677
Car Rental	71,806	7.6%	66,727	2.2%	65,309
Hotel	47,412	9.6%	43,262	1,249.8%	3,205
Aviation Fuel Tax	25,993	37.6%	18,892	(2.9%)	19,458
Ground Transportation	12,449	17.5%	10,594	9.6%	9,669
Other Sales and Charges	14,839	57.2%	9,440	(8.9%)	10,357
Total Non-Airline Revenue	416,774	6.0%	393,272	13.6%	346,153
Total Operating Revenue	$ 768,925	3.6%	$ 742,529	8.0%	$ 687,536

Percentage of Total Operating Revenues

($ in thousands)



2017/2016

Total airline revenues at the Airport were $352.1 million, an increase of $2.9 million, or 0.8%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016.

Facility rentals decreased by $18.0 million, or 9.1%, primarily driven by a reduction in the terminal complex rental rate.

Landing fees increased by $20.9 million, or 13.8%, driven by the increase in debt service requirements.

Total non-airline revenues at the Airport were $416.8 million, an increase of $23.5 million, or 6.0%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016.

Parking revenue decreased by $0.9 million, or 0.5%, due to parking rates remaining unchanged vs. 2016. The offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off-Site Parking) has also caused year-over-year growth to flatten.

Concession revenues between 2017 and 2016 increased $.8 million, or 1.3%, due to the openings of new locations along with an increase in enplaned passengers.

Car rental revenue increased by $5.1 million, or 7.6%, due to an increase in O&D passengers.

Hotel revenues between 2017 and 2016 increased $4.1 million, or 9.6%, due to an increase in rooms sold as well as an increase in food and beverage sales.

Aviation fuel tax increased by $7.1 million, or 37.6%, due to an increase in operations, as well as increases in fuel prices. Total operations increased by 10 thousand, or 1.6%, year-over-year.

Ground Transportation increased $1.9 million, or 17.5%, due to an increase in Uber and Lyft growth as well as an increase in O&D passenger traffic.

Other sales and charges increased by $5.4 million, or 57.2%, primarily due to an increase in oil and gas revenue as well as an increase in interest charged on late payments.

The Airport's activities changed as described below for the year ended December 31, 2017, as compared to 2016:

	2017	2016	Percentage Change
Passengers (in thousands)	61,379	58,267	5.3%
Enplanements (in thousands)	30,714	29,140	5.4%
Landed Weight (in millions)	33,884	32,421	4.5%
Aircraft Operations (in thousands)(1)	582	573	1.6%
Cargo (in thousand tons)	292	276	5.8%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

2016/2015

Total airline revenues at the Airport were $349.3 million, an increase of $7.9 million, or 2.3%, for the year ended December 31, 2016, as compared to the year ended December 31, 2015.

Facility rentals increased by $4.4 million, or 2.3%, due to rental rates and space adjustments.

Landing fees increased by $3.5 million, or 2.4%, related to the final year-end 2015 settlement true-up.

Total non-airline revenues at the Airport were $393.3 million, an increase of $47.1 million, or 13.6%, for the year ended December 31, 2017, as compared to the year ended December 31, 2016.

Parking revenue decreased by $1.5 million, or 0.9%, partially due to the offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off Site Parking), as well as parking rates remaining flat.

Concession revenues between 2016 and 2015 increased $7.7 million, or 13.0%, due to the openings of new locations, a full year of activity for Concourse C expansion locations, along with an increase in enplaned passengers.

Car rental revenue increased by $1.4 million, or 2.2%, due to an increase in O&D passengers.

Hotel revenues between 2016 and 2015 increased $40.1 million due to the hotel being operational for all twelve months of 2016. The 2016 hotel revenue was $43.3 million.

Aviation fuel tax decreased in 2016 by $0.6 million, or 2.9%, due to a decrease in the price of fuel during the year.

Ground Transportation increased $0.9 million, or 9.6%, due to an increase in Uber and Lyft growth as well as an increase in O&D passenger traffic.

Other sales and charges decreased by $0.9 million, or 8.9%, primarily due to a decrease in royalties from oil and gas.

The Airport's activities changed as described below for the year ended December 31, 2016, as compared to 2015:

	2016	2015	Percentage Change
Passengers (in thousands)	58,267	54,015	7.9%
Enplanements (in thousands)	29,140	27,019	7.9%
Landed Weight (in millions)	32,421	30,055	7.9%
Aircraft Operations (in thousands)(1)	573	548	4.5%
Cargo (in thousand tons)	276	273	1.1%

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

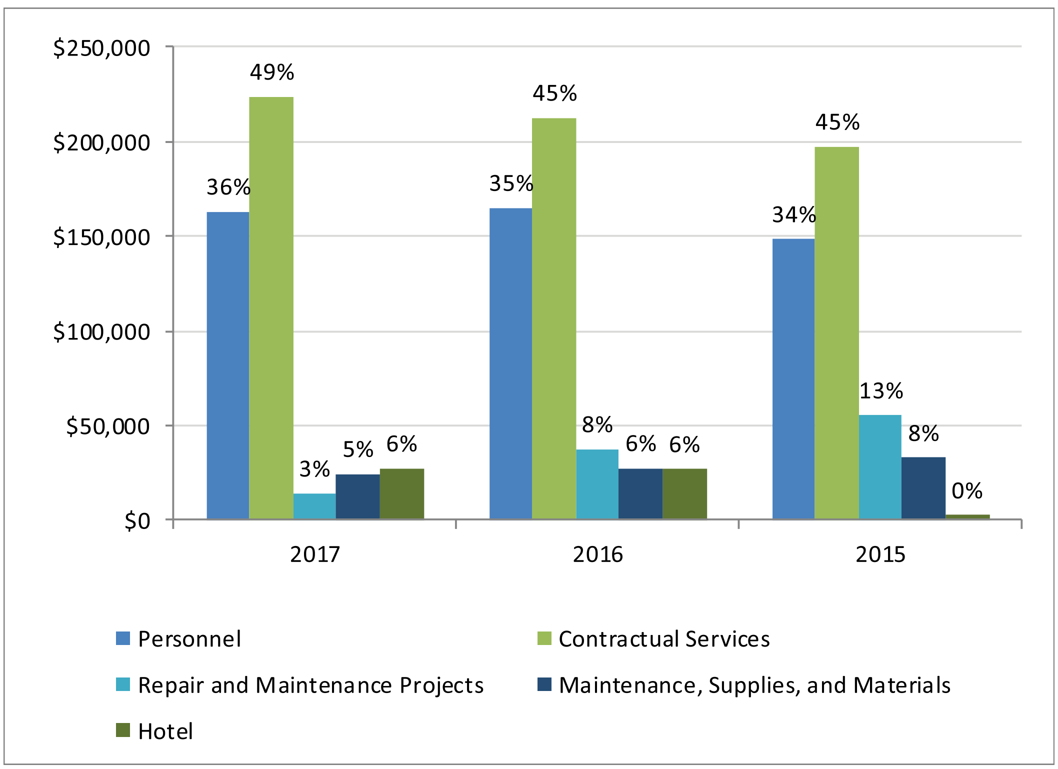
The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2017, 2016, and 2015 ($ in thousands):

	2017	Percentage Change	2016	Percentage Change	2015
Personnel	$ 163,808	(0.8%)	$ 165,114	11.2%	$ 148,518
Contractual Services	223,844	5.2%	212,699	7.7%	197,459
Repair and Maintenance Projects	14,071	(62.5%)	37,514	(32.2%)	55,358
Maintenance, Supplies, and Materials	24,452	(11.2%)	27,547	(16.3%)	32,911
Hotel[1]	27,357	1.6%	26,936	953.4%	2,557
Total Operating Expenses Before Depreciation and Amortization	$ 453,532	(3.5%)	$ 469,810	7.6%	$ 436,803

(1) Hotel opened November 2015.

Percentage Total Operating Expenses before Depreciation and Amortization

($ in thousands)



2017/2016

Operating expenses, exclusive of depreciation and amortization, were $453.5 million for the year ended December 31, 2017, a decrease of $16.3 million, or 3.5%, as compared to year ended December 31, 2016.

Personnel decreased $1.3 million, or 0.8%, in 2017, primarily due to an increase in vacancy rates, as well as a decrease in spend on snow personnel, due to lower snowfall totals.

Contractual Services increased by $11.1 million, or 5.2%, driven by increased maintenance services, higher utility rates, and additional key professional services partially offset by snow removal savings.

Repair and Maintenance decreased by $23.4 million, or 62.5%, as more projects were deemed to extend asset lives and therefore were capitalized, primarily due to the types of capital in 2017 vs. 2016.

Maintenance, Supplies and Materials decreased by $3.1 million, or 11.2%, due to decreased spend on snow removal chemicals. 21.8 inches of snow fell during the 2017/2016 season compared to 72.8 inches during the 2016/2015 season.

Hotel expenses between 2017 and 2016 increased $0.4 million, or 1.6%, due to an increase in occupancy over prior year. 2017 occupancy rate was 69.9% compared to an occupancy rate of 61.8% for 2016.

2016/2015

Operating expenses, exclusive of depreciation and amortization, were $469.8 million for the year ended December 31, 2016, an increase of $33.0 million, or 7.6%, as compared to year ended December 31, 2015.

Personnel services increased $16.6 million, or 11.2%, in 2016, primarily due to a $14.5 million pension expense as measured under GASB 68, as well as increases in annual salaries and benefits.

Contractual services increased by $15.2 million, or 7.7%, due to an increase in amount of snowfall from 57.8 inches during the 2014/2015 season to 72.8 inches during the 2015/2016 season, resulting in higher snow removal expenses during the first two quarters of 2016, as well as an increase in professional services throughout the year.

Repair and maintenance decreased by $17.8 million, or 32.2%, primarily due to variances in project scope when compared to prior year. During 2015, more costs were incurred on repair projects that did not extend the life of discrete assets. During 2016, more projects were deemed to extend asset lives, and were accounted for as capital improvements.

Maintenance, Supplies and Materials decreased by $5.4 million, or 16.3%, due to decreased spend on computer equipment and less snow removal chemicals used during the 2016 fiscal year.

Hotel expenses between 2016 and 2015 increased $24.4 million due to the hotel being fully operational for 2016. The 2016 hotel expenses were $26.9 million.

Non-Operating Revenues and Expenses, Capital Grants and Capital Contributions

2017/2016

Total non-operating revenues, net of non-operating expenses, decreased by $10.5 million, or 86.7%, in 2017. This is primarily due to the reduction in capitalized interest in 2017, as well as losses in investment accounts.

In 2017 and 2016, capital grants totaled $55.9 million and $3.6 million, respectively. The increase in 2017 is driven by Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system, as well as Federal Aviation Administration grant funding to maintain and rehabilitate runways and taxiways.

2016/2015

Total non-operating revenues, net of non-operating expenses, increased by $3.0 million, or 33.0%, in 2016. This is primarily due to the proceeds from the sale of Stapleton land, as well as changes in the fair value of swap derivatives.

In 2016 and 2015, capital grants totaled $3.6 million and $20.5 million, respectively.

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2017, 2016, and 2015 ($ in thousands):

	2017	Percentage Change	2016	Percentage Change	2015
Assets:					
Current assets, unrestricted[1]	$ 220,362	50.9%	$ 146,040	17.2%	$ 124,587
Current assets, restricted	244,878	89.1%	129,475	28.0%	101,156
Noncurrent investments, unrestricted	446,630	(31.3%)	650,222	(14.1%)	757,338
Noncurrent Investments, restricted	926,510	31.7%	703,670	(11.3%)	793,556
Long-term receivables	29,018	312.1%	7,041	(32.4%)	10,410
Capital assets, net	3,651,252	3.2%	3,538,597	1.6%	3,482,899
Bond insurance costs, net	439	(74.6%)	1,725	(43.7%)	3,063
Interest rate swaps	27,686	(16.6%)	33,206	(28.3%)	46,282
Total assets	5,546,775	6.5%	5,209,976	(2.1%)	5,319,291
Deferred outflows of resources	156,426	(20.8%)	197,481	(5.7%)	209,432
Liabilities:					
Current liabilities, unrestricted	196,299	23.2%	159,341	9.2%	145,944
Current liabilities, restricted	244,343	13.6%	215,149	(15.0%)	253,178
Bonds payable, noncurrent	3,941,423	2.0%	3,865,703	(5.0%)	4,070,819
Interest rate payable swaps, noncurrent	119,484	(22.7%)	154,486	(21.5%)	196,761
Notes payable, noncurrent	7,600	(32.1%)	11,193	(8.1%)	12,184
Compensated absences payable, noncurrent	7,421	3.0%	7,204	7.0%	6,734
Net pension liability	153,874	(2.6%)	158,033	37.4%	115,000
Total liabilities	4,670,444	2.2%	4,571,109	(4.8%)	4,800,620
Deferred inflows of resources	9,084	311.6%	2,207	(16.7%)	2,650
Net position (deficit)					
Net investment in capital assets	78,760	(155.8%)	(141,151)	(60.3%)	(355,129)
Restricted	487,601	4.4%	466,897	(9.8%)	517,383
Unrestricted	457,312	(10.0%)	508,395	(9.7%)	563,199
Total net position	$ 1,023,673	22.7%	$ 834,141	15.0%	$ 725,453

Note: (1) Accounts receivable net of allowance for doubtful accounts of $2,151 and $236, respectively

2017/2016

Total assets increased by $336.8 million, or 6.5%, compared to December 31, 2016. This was primarily due to an increase of $160.8 million, or 10.4%, in total cash and investments, as well as an increase of $112.7 million, or 3.2%, in total capital assets. The increase in total cash and investments is due to $300.0 million in proceeds received in December 2017 from the Series 2017C Bonds.

Total deferred outflows of resources decreased by $41.1 million, or 20.8%, due to the amortization of deferred losses on refundings.

Total liabilities increased by $99.3 million, or 2.2%, compared to December 31, 2016. This was primarily attributed to an increase in noncurrent bonds payable of $75.7 million, or 2.0%, as well as a $66.2million, or 17.7%, increase in total current liabilities. This was partially offset by a decrease of $35.0 million, or 22.7%, in interest rate swaps.

Total deferred inflows of resources increased by $6.9 million, or 311.6%, due to the amortization of deferred gains on refunding.

Of the Airport's 2017 total net position, 47.6% was restricted for future debt service and capital construction. The bond accounts that are externally restricted represent $484.9 million for debt service and $2.7 million for capital projects, respectively.

As of December 31, 2017, the remaining net position consist of unrestricted balance of $457.3 million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

In addition, $78.8 million represents the Airport's net investment in capital assets.

2016/2015

Total assets decreased by $109.3 million, or 2.1%, in 2016 compared to 2015. This was primarily due to a $157.1 million, or (9.2%), decrease in cash and investments (combined restricted and unrestricted). This decrease is offset by a $55.7 million, or 1.6%, increase in capital assets. Buildings increased by $452.9 million, or 19.6%, due to new facilities and facility improvements entering service during 2016 (primarily the transit center, RTD platform, and a new fire station). The increase in buildings is largely offset by a $356.9 million, or 66.3%, decrease in the construction in process balance. The remaining offset is related to recording depreciation expense of $179.7 million during 2016.

Total deferred outflows of resources decreased by $12.0 million, or 5.7%, due to the changes in fair value of swap derivatives and the amortization of deferred losses on refundings.

Total liabilities decreased by $230.0 million, or 4.8%, in 2016 compared to 2015. This decrease was primarily attributed to the decrease in total bonds payable of $205.1 million, or 5.0%, a decrease in interest rate swaps of $42.3 million, or 21.5%, partially offset by a $43.0 million, or 37.4%, increase in net pension liability related to GASB 68.

Total deferred inflows of resources decreased by $0.4 million, or 16.7%, due to the amortization of deferred gains on refunding.

Of the Airport's 2016 total net position, 56.0% was restricted for future debt service and capital construction. The bond accounts that are externally restricted represent $456.7 million for debt service and $10.2 million for capital projects, respectively.

At December 31, 2016, the remaining net position of $508.4 million was unrestricted and may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

In addition, ($141.2) million represents the Airport's net investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

Long-Term Debt

As of December 31, 2017 and 2016, the Airport had approximately $3.9 billion in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $358.7 million in 2017.

The Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with all Fitch issued the Airport a positive outlook, and the other agencies issued the Airport a stable outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport'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 and 110% of the aggregate annual debt service requirements on senior and subordinate bonds. The debt service coverage ratio on all bonds for the years ended December 31, 2017 and 2016 were 184% and 169% of total debt service, respectively.

On December 7, 2017, the Airport issued (i) $254,225,000 of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21,280,000 of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

On December 1, 2016, the Airport issued $256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to current refund all of the outstanding Series 2006A Bonds and advance refund all outstanding 2007B and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued $108.7 million of Series 2016B Bonds in a non-AMT index rate mode to current refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of $41.5 million through 2032.

Additional information related to the Airport's long-term debt can be found in notes 8, 9, 10, 11, and 12.

Capital Assets

As of December 30, 2017 and 2016, the Airport had approximately $3.7 billion and $3.5 billion of capital assets, respectively. These amounts are net of accumulated depreciation of approximately $3.2 billion in 2017 and $3.1 billion in 2016.

The Airport developed a new capital program for the Airport for the years 2018 through 2022 (the "2018-2022 Capital Program"). The last capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2017 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage, and airfield pavement rehabilitation and lighting projects.

The 2018-2022 Capital Program includes a preliminary list of projects with a total cost of approximately $3.5 billion in the following areas of the Airport:

	In billions
Concourse A, B, C	$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	$3.5

Concourse A, B, C:

Major projects include the concourse gate expansion, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport's current expectation that a majority of the additional gates and space would be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements.

Great Hall Project:

The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas.

Denver Great Hall LLC, a Delaware limited liability company (the "Great Hall Developer") was granted an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the "Great Hall Project"), pursuant to the Development Agreement dated August 24, 2017 (the "Great Hall Agreement") between the City, for and on behalf of its Department of Aviation, and the Great Hall Developer. The Great Hall Developer is owned by Denver Great Hall Holdings LLC, which was formed by Ferrovial Airports International Ltd., Saunders Concessions, LLC, and JLC Infrastructure Fund I L.P.A.

Financial Close (a key condition in the Great Hall Agreement in order for work to proceed) was reached on December 21, 2017 after the successful issuance of approximately $200.0 million in bonds by the Great Hall Developer. The total design and construction costs of the Great Hall Project are valued at approximately $650 million, with the Great Hall Developer responsible for approximately $171.0 million and the City responsible for approximately $479.0 million, constituting Progress Payments. Under the Great Hall Agreement, the City also has agreed to fund an approximately additional $120.0 million in contingency costs, to the extent required.

Airside:

Major projects include rehabilitation of certain runways, taxiways, and apron areas as part of the Airport's pavement management system; improvements to airfield drainage, safety areas, and airfield service roads; rehabilitation and installation of lighting; certain safety area upgrades and airfield planning studies. Airside projects are partly funded through the Federal Aviation Administration's Airport Improvement Program.

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

Major projects include the improvements and development of the Airport's real estate infrastructure.

Additional information related to the Airport's capital assets can be found in note 5.

Other

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 2001, the Federal Aviation Administration approved the Airport's application for an increase in the PFC fee 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, 2017, a total of $2.0 billion has been remitted to the Airport, (including interest earned), of which $106.2 million has been expended on approved projects. $1.9 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $18.4 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.3 billion.

CFC: Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents ($2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City and County of Denver. The CFC shall be established through a cost recovery methodology based on the estimated costs associated with the management of, improvements to, and expansion of the existing rental car facility area and related transportation facilities and the planning and design of future phases of the rental car program.

Budgetary Highlights

	2017 Budget	2017 Actual	% Over / (Under)	2016 Budget	2016 Actual	% Over / (Under)
Operating revenues						
Airline revenues	$ 363,200	$ 352,151	(3.0%)	$ 367,900	$ 349,257	(5.1%)
Non-airline revenues	407,029	416,774	2.4%	350,084	393,272	12.3%
Total operating revenues	770,229	768,925	(0.2%)	717,984	742,529	3.4%
Total operating expenses[1]	463,517	439,461	(5.2%)	448,177	432,298	(3.5%)
Total operating income	$ 306,712	$ 329,464	7.4%	$ 269,807	$ 310,231	15.0%

Note: (1) Operating expenses exclusive of repair and maintenance of projects

2017

Actual operating revenues at the Airport were $768.9 million, a decrease of $1.3 million, or 0.2% less than the budget of $770.2 million, for the year ended December 31, 2017. The decrease in revenue was primarily driven by airline revenue, due to operating expenses being under budget.

Operating expenses were under budget primarily due to vacant positions, savings in contractual services, City indirect costs savings, as well as savings in snow removal chemicals.

2016

Actual operating revenues at the Airport were $742.5 million, an increase of $24.5 million, or 3.4%, greater than the budget of $718.0 million, for the year ended December 31, 2016. The increase in revenue was primarily driven by hotel revenues due to the hotel being fully operational for the year, and increases in concessions revenues due to the opening of new locations and a greater than planned increase in enplaned passengers.

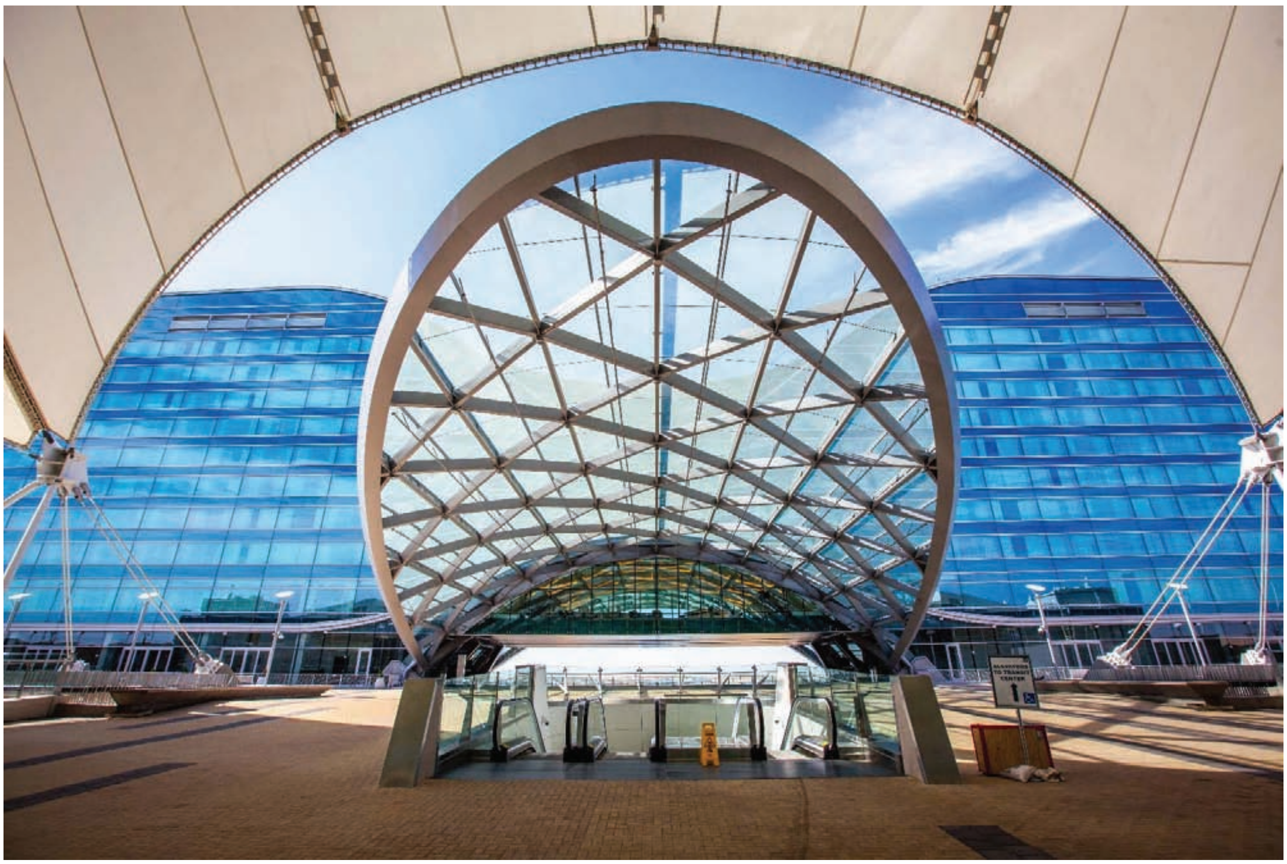
Operating expenses were under budget primarily due to vacant positions, savings in contractual services, as well as savings in snow removal chemicals.

Request for Information

This financial report is designed to provide a general overview of the Airport'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 the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available online at www.flydenver.com.

2017 ANNUAL FINANCIAL REPORT

FINANCIAL STATEMENTS



Statements of Net Position
December 31, 2017 and 2016 ($ in thousands)

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 36,427	$ 32,321
Investments	73,339	54,295
Accounts receivable[1]	52,033	37,808
Due from other City agencies	3,727	-
Accrued interest receivable	6,111	6,496
Grants receivable	30,779	557
Customer facility charges receivable	4,176	3,127
Inventories	12,397	10,716
Prepaid expenses and other	1,373	720
Total current unrestricted assets	220,362	146,040
Restricted assets:		
Cash and cash equivalents	70,396	45,373
Investments	152,139	58,758
Accrued interest receivable	2,425	770
Prepaid expenses and other	5,728	6,363
Passenger facility charges receivable	14,190	18,211
Total current restricted assets	244,878	129,475
Total current assets	465,240	275,515
Noncurrent assets:		
Investments	446,630	650,222
Long-term receivables, net of current portion	29,018	7,041
Capital assets (depreciable):		
Buildings and Improvements	5,466,947	5,309,401
Machinery and equipment	885,000	810,181
	6,351,947	6,119,582
Less: accumulated depreciation and amortization	3,242,642	3,076,221
	3,109,305	3,043,361
Capital assets (non-depreciable):		
Art	7,165	6,841
Capacity rights	12,400	12,400
Construction in progress	226,616	180,693
Land, land rights and air rights	295,766	295,302
Total capital assets	3,651,252	3,538,597
Prepaid bond insurance, net of accumulated amortization	439	1,725
Interest rate swaps	27,686	33,206
Investments - restricted	926,510	703,670
Total noncurrent assets	5,081,535	4,934,461
Total assets	5,546,775	5,209,976
Deferred outflows of resources	156,426	197,481

[1] Accounts receivable net of allowance for doubtful accounts of $2,151 and $236, respectively.

See accompanying notes to financial statements.

Statements of Net Position

December 31, 2017 and 2016 ($ in thousands)

	2017	2016
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 87,071	$ 60,767
Due to other City agencies	8,418	8,124
Compensated absences payable	2,439	2,299
Other liabilities	12,618	16,421
Revenue credit payable	40,000	40,000
Advance rent	45,753	31,730
Total current unrestricted liabilities	196,299	159,341
Restricted:		
Vouchers payable	12,919	5,837
Retainages payable	11,890	9,670
Accrued interest and matured coupons	23,458	21,543
Notes payable	3,593	3,552
Other liabilities	6,343	4,502
Revenue bonds	186,140	170,045
Total current restricted liabilities	244,343	215,149
Total current liabilities	440,642	374,490
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,779,440	3,720,850
Plus: net unamortized premiums	161,983	144,853
Total bonds payable, noncurrent	3,941,423	3,865,703
Interest rate swaps	119,484	154,486
Notes payable	7,600	11,193
Compensated absences payable	7,421	7,204
Net pension liability	153,874	158,033
Total noncurrent liabilities	4,229,802	4,196,619
Total liabilities	4,670,444	4,571,109
Deferred inflows of resources	9,084	2,207
Net Position		
Net investment in capital assets (deficit)	78,760	(141,151)
Restricted for:		
Capital projects	2,708	10,153
Debt service	484,893	456,744
Unrestricted	457,312	508,395
Total net position	$ 1,023,673	$ 834,141

See accompanying notes to financial statements.

Statements of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2017 and 2016 ($ in thousands)

	2017	2016
Operating revenues:		
Facility rentals	$ 180,443	$ 198,407
Concession	68,269	67,408
Parking	176,006	176,949
Car rental	71,806	66,727
Landing fees	171,708	150,850
Aviation fuel tax	25,993	18,892
Hotel	47,412	43,262
Ground transportation	12,449	10,594
Other sales and charges	14,839	9,440
Total operating revenues	768,925	742,529
Operating expenses:		
Personnel	163,808	165,114
Contractual services	223,844	212,699
Repair and maintenance projects	14,071	37,514
Maintenance, supplies and materials	24,452	27,547
Hotel	27,357	26,936
Total operating expenses, before depreciation and amortization	453,532	469,810
Operating income	315,393	272,719
Depreciation and amortization	183,351	179,692
Operating income	132,042	93,027
Nonoperating revenues (expenses):		
Passenger facility charges	118,333	114,230
Customer facility charges	19,492	19,884
Investment income	46,779	39,274
Interest expense	(188,152)	(156,481)
Grants	873	686
Other revenues (expenses)	4,286	(5,485)
Total nonoperating revenues (expenses), net	1,611	12,108
Change in net position before capital grants and contributions	133,653	105,135
Capital grants	55,879	3,553
Change in net position	189,532	108,688
Net position, beginning of year	834,141	725,453
Net position, end of year	$ 1,023,673	$ 834,141

See accompanying notes to financial statements.

Statements of Cash Flows

Years Ended December 31, 2017 and 2016 ($ in thousands)

	2017	2016
Cash flows from operating activities:		
Receipts from customers	$ 768,885	$ 746,787
Payments to suppliers	(260,829)	(286,555)
Interfund activity payments to other funds	(24,118)	(17,833)
Payments to employees	(149,906)	(143,774)
Net cash provided by operating activities	334,032	298,625
Cash flows from noncapital financing activities:		
Operating grants received	873	1,209
Net cash provided by noncapital financing activities	873	1,209
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	300,000	4,096
Principal paid on notes payable	(3,552)	(6,427)
Principal paid on revenue bonds	(174,045)	(170,550)
Interest paid on revenue bonds	(171,672)	(196,336)
Bond insurance and issue costs paid	(1,836)	(978)
Interest paid on notes payable	(298)	(347)
Capital grant receipts	25,658	4,590
Passenger Facility Charges	122,354	105,174
Customer Facility Charges	18,443	17,989
Purchases of capital assets	(291,859)	(189,576)
Payments from accrued expenses for capital assets	(15,345)	(43,331)
Payments to escrow for current refunding of debt	(11,471)	(17,710)
Proceeds from sale of capital assets	451	1,508
Net cash used in capital and related financing activities	(203,172)	(491,898)
Cash flows from investing activities:		
Purchases of investments	(2,208,135)	(1,417,079)
Proceeds from sales and maturities of investments	2,076,465	1,573,387
Proceeds from sales of assets held for dispostion	7,399	12,951
Payments to maintain assets held for disposal	1,338	(2,862)
Insurance recoveries for Stapleton environmental remeditiation	-	2,179
Interest and dividends on investments and cash equivalents	20,329	22,696
Net cash provided by (used in) investing activities	(102,604)	191,272
Net increase (decrease) in cash and cash equivalents	29,129	(792)
Cash and cash equivalents, beginning of the year	77,694	78,486
Cash and cash equivalents, end of the year	$ 106,823	$ 77,694

(continued)

Statements of Cash Flows

Years Ended December 31, 2017 and 2016 ($ in thousands)

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 132,042	$ 93,027
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	183,351	179,692
Miscellaneous income/(expense)	(473)	(2,744)
Changes in assets and liabilities:		
Receivables, net of allowance	(13,591)	1,431
Due from other City agencies	(3,727)	61
Inventories	(1,681)	(1,086)
Prepaid expenses and other	(135)	(461)
Deferred outflows - pensions	12,945	(28,564)
Vouchers and other payables	15,483	4,124
Deferred rent	14,023	5,571
Due to other City agencies	294	2,627
Compensated absences	358	432
Net pension liability	(4,159)	43,033
Deferred inflows - pensions	4,819	-
Other operating liabilities	(5,517)	1,482
Net cash provided by operating activities	$ 334,032	$ 298,625

Noncash activities:

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

On December 1, 2016, the Airport System issued $256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport System issued $108.7 million of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of $41.5 million through 2032.

	2017	2016
Unrealized loss on investments	$ (9,869)	$ (9,098)
Unrealized gain on derivatives	23,857	14,539
Capital assets added through incurrence of vouchers and retainages payable	24,809	15,506
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	3,160	8,905
Refunding bond proceeds delivered directly to an irrevocable trust	275,505	365,545

See accompanying notes to financial statements.

2017 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

(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 (DEN) 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 or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

DEN consists of a landside terminal building, hotel, transit center, 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 enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows 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 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 in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents. See note 3 for further discussion.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2017 and 2016. The Airport's investments are maintained in pools at the City and include municipal securities, commercial paper, corporate bonds, multi-national fixed income, structured products, U.S. Treasury securities, and U.S. Agency securities.

(d) Inventories

Inventories consist of materials and supplies which have been valued at cost.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at DEN. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of DEN 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 2017 and 2016 was $9.3 million and $50.9 million, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

	2017
Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums and premiums (discounts) on bonds are recorded as assets or liabilities and amortized over the life of the bonds that were issued using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings 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. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions

For purposes of recording the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the Denver Employees' Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Net Position

2017

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1,023.7 million as of December 31, 2017, a $189.5 million increase in net position from the prior year-end. Of the Airport's 2017 net position, 47.6% are restricted for future debt services and capital construction. The bond accounts represent $484.9 million and are externally restricted for debt service. The net position restricted for capital projects represent $2.7 million.

The remaining net position included unrestricted net position of $457.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, $78.8 million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2016

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $834.1 million as of December 31, 2016, a $108.7 million increase in net position from the prior year-end. Of the Airport's 2016 net position, 56.0% are restricted for future debt services and capital construction. The bond accounts represent $456.7 million and are externally restricted for debt service. The net position restricted for capital projects represent $10.2 million.

The remaining net position included unrestricted net position of $508.4 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, ($141.2) million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Uses 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 statements of revenues, expenses, and changes in net position 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 DEN's principal ongoing operations. The principal operating revenues of the Airport 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.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, operating grants from the federal government and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport 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. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position, and revenues from operating grants are reported as nonoperating revenues.

(o) Rates and Charges

The Airport 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, 2017 and 2016, the Airport had accrued a liability to the airlines of $0 and $3.1 million, respectively.

50% of Net Revenues (as defined by the bond ordinance) with an annual cap of $40.0 million remaining at the end of the year are to be credited in the following year to the passenger airlines signatory Use & Lease Agreement. The Net Revenues credited to the airlines totaled $40.0 million for both 2017 and 2016. Liabilities for these amounts were accrued as of December 31, 2017 and 2016, and are reported in the statements of net position as revenue credit payable.

(p) 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, deferred outflows, liabilities, and deferred inflows 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.

(q) Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in net position.

(3) Cash, Cash Equivalents, and Investments

(a) Deposits

As a department of the City and County of Denver (the City), the Airport System's deposits are pooled with the City's. Deposits 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 (the 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 act valued at 102% of the deposits. 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 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, 2017, the amount of the Airport's deposits was $23.0 million. In addition, the Airport had $3.6 million in uncashed payroll and vendor checks at December 31, 2017. At December 31, 2016, the amount of the Airport's deposits was $7.8 million. In addition, the Airport had $3.5 million in uncashed payroll and vendor checks at December 31, 2016.

(b) Investments

The Airport's investments are managed by the City and are subject to the Policy of the City. The objectives of the City's Policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. The City's Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's 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 CFO for investment shall also be administered in accordance with the Policy.

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 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 obligor. 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.

At December 31, 2017 and 2016, respectively, the Airport's cash, cash equivalents, and investment balances were as follows ($ in thousands):

	December 31, 2017	December 31, 2016
Cash and cash equivalents (including cash on hand)	$ 106,823	$ 77,695
Municipal Securities	64,348	60,983
Commercial Paper	74,403	9,719
Corporate Bonds	242,327	237,584
Multinational fixed income	141,563	119,066
Structured products	204,429	204,493
U.S. Treasury securities	327,675	306,540
U.S. Agency securities	543,873	528,559
	$ 1,705,441	$ 1,544,639

Fair Value Measurement: The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2017, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair Value Measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Commercial Paper	$ 74,403	$ -	$ 74,403	$ -
Corporate bonds	242,327	-	242,327	-
Multinational fixed income	141,563	-	141,563	-
Municipal bonds	64,348	-	64,348	-
Structured products	204,429	-	204,429	-
U.S. Agency securities	327,674	-	327,674	-
U.S. Treasury securitities	543,874	-	543,874	-
Total Investments	1,598,618	-	1,598,618	-
Net derivative instruments interest rate swaps	$ 91,798	$ -	$ 91,798	$ -

At December 31, 2016, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair Value Measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Commercial Paper	$ 9,719	$ -	$ 9,719	$ -
Corporate bonds	237,584	-	237,584	-
Multinational fixed income	119,066	-	119,066	-
Municipal bonds	60,983	-	60,983	-
Structured products	204,493	-	204,493	-
U.S. Agency securities	528,559	-	528,559	-
U.S. Treasury securitities	306,541	-	306,541	-
Total Investments	1,466,945	-	1,466,945	-
Net derivative instruments interest rate swaps	$ 121,280	$ -	$ 121,280	$ -

The City invests in two Local Government Investment Pools, CSAFE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2017, the Airport has balances of $31.3 million and $52.5 million in CSAFE and Colotrust, respectively. At December 31, 2016, the Airport had balances of $23.3 million and $36.2 million in CSAFE and Colotrust, respectively. CSAFE measures all of its investments at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB 79). Additionally, Colotrust adheres to FASB and reports its investments in accordance with ASC 820. Colotrust maintains a stable net asset value of $1 per share using the fair value method.

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2017 and 2016, is as follows ($ in thousands).

	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 36,427	$ 32,321
Investments	519,969	762,428
Restricted cash equivalents	70,396	45,373
Restricted investments	1,078,649	704,517
	$ 1,705,441	$ 1,544,639

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 investments under the control of the CFO by limiting their maximum maturity of investments. Commercial paper can have a maximum maturity of 270 days. U.S. Treasury and Agency securities can have a maximum maturity of 10 years. Structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years.

At December 31, 2017, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

	2017 Investments maturity in years			
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**
Commercial Paper	$ 74,403	$ 74,403	$ -	$ -
Municipal securities	64,348	3,814	48,550	11,984
U.S. Treasury securities	327,672	6,056	245,098	76,518
U.S. Agency securities	543,874	68,000	353,780	122,094
Corporate bonds	242,327	40,484	201,843	-
Multinational fixed income	141,563	23,592	92,410	25,561
Structured products	204,429	9,126	142,837	52,466
Total	$ 1,598,616	$ 225,475	$ 1,084,518	$ 288,623

At December 31, 2016, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

	2016 Investments maturity in years				
Investment type	Fair value	Less than 1	1-5	6-10	Greater than 10 **
Commercial paper	$ 9,719	$ 9,719	$ -	$ -	$ -
Municipal securities	60,983	6,860	37,428	16,695	-
U.S. Treasury securities	306,540	14,745	237,256	54,539	-
U.S. Agency securities	528,559	28,624	392,040	107,895	-
Corporate bonds	237,584	47,179	190,405	-	-
Multinational fixed income	119,066	5,349	81,776	31,941	-
Structured products	204,493	578	143,753	57,719	2,443
Total	$ 1,466,944	$ 113,054	$ 1,082,658	$ 268,789	$ 2,443

** The CFO is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The CFO has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Airport's structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport bonds.

As of December 31, 2017, the Airport System's portfolio included callable U. S. Agency securities and Municipal Bonds with a total fair value of $8.6 million. 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.

Credit Quality Risk: Credit quality risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation to the City. Moody's, Standard & Poor's, and Fitch are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that 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 assigned credit quality ratings AAA or its equivalent. Of the City's investments at December 31, 2017, commercial paper, state and local government securities, U.S. Agency securities and local government investment pools were subject to credit quality risk. The City's Policy requires that commercial paper be rated by at least two of the NRSRO's and have a minimum short-term rating of A-1, P-1, and or F-1 at the time of purchase. The Policy also requires the local government investment pools be in conformity with Title 24, Article 75 Part 7 of the Colorado Revised Statutes and have an office in Denver.

As of December 31, 2017, the Airport's investments were in compliance with the City's Policy. More than 5% of airport investments in U.S. Agency securities are in individual issuers: Federal Home Loan Bank (10.08%) and Federal National Mortgage Association (8.76%).

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, 2017, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single type of investment, or in a single issuer. The City's Policy states that a maximum of 5% of the portfolio, based on market value, may be invested in commercial paper, municipal securities, corporate debt obligations, or certificates of deposit issued by any one provider. The Policy limits investments in money market funds, local government investment pool and supranationals to 10% per provider. Investments in money market funds, local government investment pools are limited to 25% of total investments with asset-back securities and municipal securities limited to 15% of the portfolio. Corporate bonds are limited to 20% of total investments and federal agency securities limited to 80% of the portfolio.

As of December 31, 2017, all investments were in compliance with this policy.

(4) Accounts Receivables

(a) Allowance for Doubtful Accounts

Management of the Airport 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, 2017 and 2016, an allowance of $2.2 million and $0.2 million, respectively, had been established.

(b) Loan Receivable

Included in long-term receivable is approximately $20.0 million loans due from two districts. The Districts are reimbursing the Airport for funding the construction and infrastructure of the rail station at 61st Boulevard and Pena Boulevard for infrastructure work around the Airport property. Each loan bears interest at 5.0% with interest compounded and due semiannually on June 1st and December 1st with principal due annually on December 1st. The outstanding loan balance plus any accrued and unpaid interest will be repaid from ad valorem taxes. The loans are capped at $41.6 million. The projected future collections over the next five years are as follows ($ in thousands):

Year	Amount
2018	$ 77
2019	178
2020	224
2021	368
2022	540
2023-2027	4,661
2028-2032	6,933
2033-2037	8,145
2038-2042	8,823
2043-2048	8,823
2049-2050	2,828
	$ 41,600

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2017 and 2016 were as follows ($ in thousands):

	2017				
	January 1, 2017	Additions	Transfers and reclassifications	Reductions	December 31, 2017
Depreciable:					
Buildings and improvements	$ 4,110,501	$ -	$ 125,778	$ (15,429)	$ 4,220,850
Machinery and equipment	810,181	5,266	84,175	(14,622)	$885,000
Infrastructure and land improvements	1,176,258	-	42,787	-	1,219,045
Intangibles	22,642	-	5,414	(1,004)	$27,052
	6,119,582	5,266	258,154	(31,055)	6,351,947
Less accumulated depreciation and amortization	(3,076,221)	(183,923)	-	17,502	(3,242,642)
	3,043,361	(178,657)	258,154	(13,553)	3,109,305
Nondepreciable:					
Art	6,841	-	324	-	7,165
Capacity rights	12,400	-	-	-	12,400
Construction in progress	180,693	312,562	(258,942)	(7,697)	226,616
Land, land rights, and air rights	295,302	-	464	-	295,766
Total capital assets	$ 3,538,597	$ 133,905	$ -	$ (21,250)	$ 3,651,252

	2016				
	January 1, 2016	Additions	Transfers and reclassifications	Reductions	December 31, 2016
Depreciable:					
Buildings and improvements	$ 3,596,973	$ -	$ 552,218	$ (38,690)	$ 4,110,501
Machinery and equipment	793,942	12,948	6,877	(3,586)	810,181
Infrastructure and land improvements	1,141,401	-	35,323	(466)	1,176,258
Intangibles	20,305	-	2,608	(271)	22,642
	5,552,621	12,948	597,026	(43,013)	6,119,582
Less accumulated depreciation and amortization	(2,920,389)	(179,691)	-	23,859	(3,076,221)
	2,632,232	(166,743)	597,026	(19,154)	3,043,361
Nondepreciable:					
Art	5,330	-	1,511	-	6,841
Capacity rights	12,400	-	-	-	12,400
Construction in progress	537,635	243,105	(598,537)	(1,510)	180,693
Land, land rights, and air rights	295,302	-	-	-	295,302
Total capital assets	$ 3,482,899	$ 76,362	$ -	$ (20,664)	$ 3,538,597

(6) Disposal of Stapleton

The City ceased aviation operations at Stapleton upon the opening of DEN 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 DEN. The City intends to continue to seek such releases and, in accordance with certain Use & Lease Agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The Airport reduced the carrying value of Stapleton by the amount of proceeds from sales of parcels each year. As of December 31, 2017 and 2016, the carrying value has been reduced to $0, but there are some parcels that have not been sold. All proceeds from sales received after the carrying amount became $0 are recorded as revenue. The current and anticipated costs accrued in restricted other liabilities for the environmental liability for Stapleton were $4.9 million and $3.1 million at December 31, 2017, and 2016, respectively. The Airport has accrued $4.5 million of insurance recoveries in accounts receivable at December 31, 2017 and 2016. The airport has received payments for insurance recoveries totaling $0.2 million in 2017 and $2.4 million in 2016.

(7) Due to Other City Agencies

The City provides various services to the Airport, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2017 and 2016 totaled $18.0 million and $17.8 million, respectively, and have been included in operating expenses.

In addition to the above services, the Airport 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 $32.7 million and $36.8 million at December 31, 2017 and 2016, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $8.4 million and $8.1 million at December 31, 2017 and 2016, respectively.

The outstanding receivable from the City and its related agencies totaled $3.7 million and $0 at December 31, 2017 and 2016, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2017 and 2016 were as follows ($ in thousands):

	2017					
	January 1, 2017	Additions	Refunded debt	Retirements	December 31, 2017	Amounts due within one year
Airport System revenue bonds	$ 3,850,815	$ 575,505	$ (326,775)	$ (174,045)	$ 3,925,500	$ 186,140
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	144,853	39,799	(4,010)	(18,659)	161,983	-
Total bond debt	$ 4,035,748	$ 615,304	$ (330,785)	$ (192,704)	4,127,563	$ 186,140
Less current portion					(186,140)	
Noncurrent portion					$ 3,941,423	

	2016					
	January 1, 2016	Additions	Refunded debt	Retirements	December 31, 2016	Amounts due within one year
Airport System revenue bonds	$ 4,072,410	$ 365,545	$ (416,590)	$ (170,550)	$ 3,850,815	$ 170,045
Economic defeasance	40,080	-	-	-	40,080	-
Plus unamortized net premiums	128,879	39,396	(7,460)	(15,962)	144,853	-
Total bond debt	$ 4,241,369	$ 404,941	$ (424,050)	$ (186,512)	4,035,748	$ 170,045
Less current portion					(170,045)	
Noncurrent portion					$ 3,865,703	

The Airport has issued bonds, paying fixed and variable interest rates, collateralized by and payable from Airport 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 on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 bonds which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for 7-day periods. As such, the actual interest rate on the bonds will vary 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, 2017 and 2016 are as follows ($ in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding 2017	2016
Airport system revenue bonds				
Series 1992F, G*	November 15, 2031	1.464%	$ 34,900	$ 34,900
Series 2002C*	November 15, 2031	1.464%	26,200	28,200
Series 2007A	November 15, 2023, 2024, 2026, 2027, and 2030	5.00%	-	188,350
Series 2007C	November 15, 2016, 2017, and 2033	5.00%	-	30,820
Series 2007D	Annually November 15, 2016 to 2023	5.25-5.50%	-	130,575
Series 2007F1-F2**	November 15, 2025	1.5-1.6%	75,550	75,550
Series 2007G1-G2*	November 15, 2031	1.852%	130,600	130,600
Series 2008A1	Annually November 15, 2016 to 2017	5.00-5.50%	-	6,665
Series 2008B*	November 15, 2031	1.734%	55,200	58,400
Series 2008C1-C3*	November 15, 2031	1.683-1.734%	292,600	292,600
Series 2009A	November 15, 2016 to 2036	5.00-5.25%	150,480	154,480
Series 2009B	November 15, 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2031	1.315%	104,655	104,655
Series 2010A	Annually November 15, 2017 to 2032	4.00-5.00%	160,690	166,150
Series 2011A	Annually November 15, 2017 to 2023	4.00-5.25%	232,165	259,505
Series 2011B	Annually November 15, 2017 to 2018, and 2024	4.00-5.00%	15,070	49,250
Series 2012A	Annually November 15, 2017 to 2043	3.00-5.00%	271,015	281,090
Series 2012B	Annually November 15, 2017 to 2043	4.00-5.00%	498,115	502,950
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	Annually November 15, 2017 to 2043	4.00-5.50%	313,580	318,510
Series 2013B	Annually November 15, 2017 to 2043	3.00-5.25%	381,635	387,105
Series 2015A	November 15, 2016 to 2021, and 2023 to 2035	2.200%	174,870	189,340
Series 2016A	November 15, 2017 to 2021, 2023 to 2025, and 2031 to 2032	5.00%	232,275	256,810
Series 2016B*	December 1, 2017 to 2019, and 2026 to 2031	1.812%	104,820	108,735
Series 2017A	Annually November 15, 2018 to 2030	4.00 - 5.00%	254,225	-
Series 2017B	November 15, 2033	5.00%	21,280	-
Series 2017C*	Annually November 15, 2021 to 2050	5.00%	300,000	-
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			3,965,580	3,890,895
Less current portion			(186,140)	(170,045)
Net unamortized premiums			161,983	144,853
Total bonds payable noncurrent			$ 3,941,423	$ 3,865,703

* Variable rates are as of December 31, 2017

** Auction rates are as of December 31, 2017

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54.9 million of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to pay principal and interest on $40.1 million of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on $14.8 million of the Series 1991D Bonds which matured on November 15, 2013.

The economically defeased bonds are considered outstanding for the purposes of the General Bond Ordinance and were not considered legal defeasances or in-substance defeasances under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

(b) Bond Issuances

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (non-AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

The difference between the reacquisition price of $326.8 million and the net carrying amount of the old debt of $327.1 million resulted in the recognition of a deferred gain on refunding in the amount of $.7 million. The deferred gain on refunding is being amortized over the remaining use of the old debt.

On December 1, 2016, the Airport issued $256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to current refund all of the outstanding Series 2006A Bonds and advance refund all of the outstanding Series 2007B and 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued $108.7 million of Series 2016B Bonds in a non-AMT index rate mode to current refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of $41.5 million through 2032.

The difference between the reacquisition price of $420.1 million and the net carrying amount of the old debt of $410.6 million resulted in the recognition of a deferred loss on refunding in the amount of $9.5 million. The deferred loss on refunding is being amortized over the remaining use of the old debt.

(c) Series 2017C

On December 21, 2017, the City, for and on behalf of its Department of Aviation, issued $300.0 million, Airport System Subordinate Revenue Bonds Series 2017C - AMT (Series 2017C Bonds). The final maturity of the Series 2017C Bonds is November 15, 2050 with an initial term rate period ending on December 30, 2020. The Series 2017C Bonds, bear interest at a variable rate with interest initially due on July 1, 2018 and on the first business of the month thereafter. At the end of the initial term rate period, the Series 2017C Bonds are subject to mandatory redemption. The proceeds from the Series 2017C Bonds are available to fund Airport capital improvements and were used to pay for issuance cost.

(d) Defeased Bonds

The Airport 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, 2017 and 2016, respectively, $430.6 million and $103.8 million of bonds outstanding are considered defeased.

(e) Revolving Credit Agreement

On December 21, 2017, the City, for and on behalf of its Department of Aviation, entered into Revolving Credit Agreement ("Revolving Credit Agreement") with a lender for a maximum borrowing of a $150.0 million. As of December 31, 2017, no amounts have been borrowed under the Revolving Credit Agreement. Amounts borrowed under the Revolving Credit Agreement bear interest at a variable rate which is due on the first day business day of each month with a commitment term until December 18, 2020. Additionally, there is a commitment fee payable quarterly (in arrears) on the difference between the maximum borrowing amount and amounts actually borrowed under the Revolving Credit Agreement. The lien on the Revolving Credit is on parity with the Subordinate Bond Ordinance and any Subordinate Obligations of the Airport Net Revenue. The Revolving Credit Agreement is available as an interim source of funding for Airport capital improvements.

(9) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2017 are as follows ($ in thousands):

	Principal	Interest
Year:		
2018	$ 186,140	$ 152,864
2019	195,100	146,316
2020	200,265	139,349
2021	210,375	131,807
2022	229,875	124,279
2023-2027	1,085,780	492,655
2028-2032	898,275	301,731
2033-2037	396,710	150,466
2038-2042	342,640	64,402
2043-2047	127,140	9,817
2048-2050	53,200	1,533
Total	$ 3,925,500	$ 1,715,219

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2017, are as follows ($ in thousands):

	Principal	Interest
Year:		
2018	$ -	$ 2,455
2019	-	2,455
2020	-	2,455
2021	-	2,455
2022	-	2,455
2023-2025	40,080	5,891
Total	$ 40,080	$ 18,166

(b) Notes Payable and Capital Lease

The Airport entered into two Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for $23.0 million and an agreement with GE Capital Public Finance for $9.0 million. These notes were paid off during 2016. These transactions financed capital equipment purchases at rates and terms of 4.34% and 4.16% based on a 30/360 calculation for 2007. The Airport entered into a $20.5 million Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of December 31, 2017 is as follows ($ in thousands):

	Principal	Interest
Year:		
2018	$ 2,108	$ 155
2019	2,149	113
2020	2,192	71
2021	2,235	27
Total	$ 8,684	$ 366

The Airport is obligated under leases for equipment that are accounted for as capital leases. The Airport entered into an Installment Purchase Agreement on January 5, 2016 with Santander for $4.1 million to finance various capital equipment purchases at a rate of 1.19%. Payments are due annually. Assets under capital leases at December 31, 2017 and 2016, totaled $2.4 million and $4.1 million, respectively, net of accumulated depreciation of $3.5 million and $1.9 million, respectively.

The payment schedule relating to capital lease requirements as of December 31, 2017 is as follows ($ in thousands):

	Principal	Interest
Year:		
2018	$ 1,486	$ 29
2019	1,023	12
Total	$ 2,509	$ 41

Changes in notes payable and capital lease for the years ended December 31, 2017 and 2016 were as follows ($ in thousands):

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts due within one year
Notes payable	$ 10,751	$ -	$ (2,067)	$ 8,684	$ 2,108
Capital Lease payable	3,995	-	(1,486)	2,509	1,485
Total	$ 14,746	$ -	$ (3,553)	11,193	$ 3,593
Less current portion				(3,593)	
Noncurrent portion				$ 7,600	

		Balance January 1, 2016		Additions		Retirements		Balance December 31, 2016		Amounts due within one year
Notes payable	$	15,692	$	-	$	(4,941)	$	10,751	$	2,067
Capital Lease payable		1,385		4,096		(1,487)		3,994		1,485
Total	$	17,077	$	4,096	$	(6,428)		14,745	$	3,552
Less current portion								(3,552)		
Noncurrent portion							$	11,193		

(10) Demand Bonds

Included in long-term debt are $34.9 million of Series 1992F, G; $26.2 million of Series 2002C, $55.2 million of Series 2008B, $92.6 million of Series 2008C1, $200.0 million of Series 2008C2-C3, $104.7 million of Series 2009C and $130.6 million of Series 2007G1-G2 of Airport Revenue Bonds Series. These Bonds are currently Credit Facility Bonds which bear interest at rates indexed to 1-month LIBOR and are subject to mandatory redemption when the credit facilities and reimbursement agreements supporting them expire and upon the occurrence of certain other events of default. These agreements will either be extended, replaced, or the bonds will be refunded prior to the expiration date.

On July 29, 2011 and August 8, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 bonds, respectively, at a floating rate indexed to 1-month LIBOR. On December 11, 2015, this agreement was amended, and the expiration date was extended to December 11, 2020.

On August 31, 2011, the Airport entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate index to 1-month LIBOR. On August 29, 2014, this agreement was amended, and the expiration date was extended to August 29, 2019.

On October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2009C bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020.

On October 24, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Bank of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expired on September 25, 2017. These agreements were extended to expire on September 25, 2020.

On November 1, 2014, the Airport entered into credit facility and reimbursement agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on December 1, 2023.

(11) Bond Ordinance Provisions

(a) Additional Bonds

The Airport 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.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport 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 is in compliance with the bond covenants listed in the bond ordinance.

(12) Swap Agreements

The Airport has entered into interest rate swap agreements in order to protect against rising interest rates. The 1998, 1999, and 2009A swap agreements all pay fixed–receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport's swap agreements are considered investment derivatives in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments. The fair value balances and notional amounts of the swaps outstanding at December 31, 2017 and 2016 and the changes in the fair value of such swaps for the years then ended, are as follows ($ in thousands):

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value: Classification	Changes in Fair Value: Amount	Fair Value 12/31/2017
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,172)	$ (13,595)
							Investment Income	(2,447)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	(1,172)	(13,418)
							Investment Income	(2,411)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	(1,480)	(11,945)
							Investment Income	(2,721)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(740)	(5,878)
							Investment Income	(1,330)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(624)	108
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,347)	(4,964)
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6874%	70% LIBOR	Investment Income	(1,361)	(5,036)
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(2,694)	(9,928)
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	2016A,(3)	3.6560%	70% LIBOR	Investment Income	(1,347)	(4,964)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	139.450	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(4,411)	(14,033)
GKB Financial Services Corp.	11/15/2007	46.483	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(1,470)	(4,677)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,112	5,535
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,120	5,527
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	2,287	11,000
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,109	5,516
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	92.967	11/15/2025	2007F-G(2), 2016B	4.0085%	70% LIBOR	Investment Income	(2,940)	(9,354)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(3,361)	(15,731)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(1,062)	(5,961)
							Investment Income	(1,021)	
Total									$ (91,798)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D. Swaps currently associated with Series 2017A

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2016
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ (1,990)	$ (17,214)
							Investment Income	(2,374)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	(1,979)	(17,001)
							Investment Income	(2,339)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	(3,602)	(16,145)
							Investment Income	(2,643)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(1,794)	(7,948)
							Investment Income	(1,293)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	1,181	(516)
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(1,597)	(6,311)
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6874%	70% LIBOR	Investment Income	(1,615)	(6,397)
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(3,195)	(12,621)
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	(3), 2007D	3.6560%	70% LIBOR	Investment Income	(1,597)	(6,311)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	139.450	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(4,947)	(18,443)
GKB Financial Services Corp.	11/15/2007	46.483	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(1,648)	(6,148)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,476	6,647
JP Morgan Chase Bank, N.A.	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,476	6,647
Jackson Financial Products, LLC	11/15/2006	99.156	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	4,960	13,287
Piper Jaffray Financial Products, Inc.	11/15/2006	49.578	11/15/2025	(3)	SIFMA	4.0855%	Investment Income	2,498	6,625
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	92.967	11/15/2025	2007F-G(2), (4)	4.0085%	70% LIBOR	Investment Income	(3,297)	(12,294)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	(3,718)	(19,092)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(2,174)	(8,045)
							Investment Income	(988)	
Total									$ (121,280)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2006A. Swaps currently associated with Series 2016A
(4) Previously associated with 2014A. Swaps currently associated with Series 2016B

Payments by the Airport to counterparties relating to these swap agreements, including termination payments, are Subordinate Obligations, subordinate to debt service payments on the Airport's Senior Bonds, and on parity with the Airport's Subordinate Bonds. The year-end fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2017 and 2016. 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, 2017. When the present value of payments to be made by the Airport exceeds the present value of payments to be received, the swap has a negative value to the Airport. When the present value of payments to be received by the Airport exceeds that of payments to be made, the swap has a positive value to the Airport.

(a) Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements rely upon the performance of swap counterparties. The Airport is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport 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 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 Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport'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, 2017, the ratings of the Airport'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. Failure of either the Airport 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).

The ratings of the counterparties, or their credit support providers, as of December 31, 2017 are as follows:

	Ratings of the counterparty or its credit support provider		
Counterparty (credit support provider)	**S&P**	**Moody's**	**Fitch**
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	BBB+	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa3	AA-
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	A-	Baa2	BBB+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	NR	A3	A
Royal Bank of Canada	AA-	A1	AA
Societe Generale, New York Branch	A	A1	A+
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	NR	A3	A
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A	A2	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	BBB+	A3	A

As of December 31, 2017, 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's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport 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 could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Interest Rate Risk – The Airport is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport's net payments on the swap agreements increase.

Basis Risk – Each of the Airport's swap agreements is associated with certain debt obligations or other swaps. The Airport pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport 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 is based on an index different than that used to determine the variable payments received by the Airport 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's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2017):

Swaps	**1999, 2002, 2009A**	**2005, 2006B**	**2006A, 2008A**	**1998**	**2008B**
Associated Debt	**2002C, 2008B, 2009C**	**2016A, 2017A**	**2002C, 2007F -G, 2016B**	**2008C2-C3**	**2002C, 2008C1**
Payment to Counterparty:	7.3129%	5.3723%	4.0085%	4.7395%	4.7600%
Payment from Counterparty:	2.9040%	5.1805%	1.0950%	1.1950%	1.2863%
Net Swap Payment:	4.4089%	0.1918%	2.9135%	3.5445%	3.4737%
Associated Bond Interest Rate:	1.4714%	5.0000%	1.8491%	1.7200%	1.7501%
Net Swap & Bond Payment:	5.8803%	5.1918%	4.7626%	5.2645%	5.2239%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2017, debt service requirements of the related variable rate debt and net swap payments for the Airport's cash flow hedges (1998, 1999, and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows ($ in thousands):

	Principal	**Interest**	**Interest rate swaps net**	**Total**
Year:				
2018	$ 8,300	$ 6,383	$ 15,391	$ 30,074
2019	43,870	6,253	14,005	64,128
2020	47,140	5,561	11,252	63,953
2021	49,115	4,818	8,272	62,205
2022	54,485	4,047	5,045	63,577
2023-2027	121,910	11,644	6,486	140,040
2028-2031	75,180	2,887	-	78,067
Total	$ 400,000	$ 41,593	$ 60,451	$ 502,044

* Note: the amortization of the notional amounts on the swaps no longer match the amorization on the bonds (the duration of the bonds is longer than the swaps)

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2017.

(13) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at DEN, 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, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. December 31, 2017 and 2016, Special Facility Revenue Bonds outstanding totaled $250.6 million and $270.0 million, respectively.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2017 and 2016 are as follows ($ in thousands):

	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts due within one year
Compensated absences payable	$ 9,503	$ 7,000	$ (6,643)	$ 9,860	$ 2,439
Less current				(2,439)	
Noncurrent portion				$ 7,421	

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts due within one year
Compensated absences payable	$ 9,071	$ 6,717	$ (6,285)	$ 9,503	$ 2,299
Less current				(2,299)	
Noncurrent portion				$ 7,204	

(15) Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position by the Airport that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the Airport that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period to which they relate. Deferred outflows of resources of the Airport consist of accumulated decreases in fair value of hedging derivatives, deferred losses on refunding and certain pension related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings. The composition of deferred outflows and inflows are as follows as of December 31 ($ in thousands):

	December 31, 2017	December 31, 2016
Accumulated decrease in fair value of hedging activities	$ 10,857	$ 16,482
Deferred loss on refunding of debt	109,142	131,626
GASB 68 Deferred Outflow	36,427	49,373
Total Deferred Outflows	$ 156,426	$ 197,481
Deferred gain on refunding of debt	$ 4,265	$ 2,207
GASB 68 Deferred Inflow	4,819	-
Total Deferred Inflows	$ 9,084	$ 2,207

(16) Pension Plan

(a) Substantially all of DEN's employees are covered under the City and County of Denver's pension plan, the Denver Employees' Retirement Plan (DERP).

Plan Description. The Denver Employees' Retirement Plan (DERP) administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with Sections 18-401 through 18-430.7 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 DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

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

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

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

Funding Policy. The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% 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, 2017 and 2016, were $64.4 million and $64.3 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $9.5 million and $9.2 million for the years ended December 31, 2017 and 2016 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2017 and 2016, DEN reported a liability of $153.9 million and $158.0 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2016 and 2015, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2016, the Airport's proportion was 12.61833%, which was a decrease of 0.78234% from its proportion measured as of December 31, 2015. As of December 31, 2015, the Airport's proportion was 13.40067%, which was an increase of 0.27064% from its proportion measured as of December 31, 2014.

The components of the Airport's net pension liability related to DERP as of December 31, 2017 and 2016, respectively, are presented below ($ in thousands):

	2017	2016
Total pension liability	$ 407,712	$ 418,766
Plan fiduciary net position	(253,838)	(260,733)
Net pension liability	$ 153,874	$ 158,033

The change in net pension liability for the year ended December 31, 2017 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 158,033	$ 5,017	$ 9,176	$ 153,874

The change in net pension liability for the year ended December 31, 2016 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 115,000	$ 52,142	$ 9,109	$ 158,033

For the years ended December 31, 2017 and 2016, pension expense recognized by the Airport was $22.5 million and $23.6 million, respectively. At December 31, 2017, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 3,163	$ -
Changes of assumptions or other inputs	4,069	-
Net difference between projected and actual earnings on pension plan investments	17,359	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,324	4,819
Contributions subsequent to the measurement date	9,512	-
Total	$ 36,427	$ 4,819

At December 31, 2016, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 2,811	$ -
Changes of assumptions or other inputs	7,062	-
Net difference between projected and actual earnings on pension plan investments	25,173	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,151	-
Contributions subsequent to the measurement date	9,176	-
Total	$ 49,373	$ -

At December 31, 2017 and 2016, the Airport reported $9.5 million and $9.2 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
2018	$ 10,569
2019	7,461
2020	4,079
2021	(13)
2022	-
Thereafter	-
	$ 22,096

The total pension liability in the December 31, 2016 and 2015 actuarial valuations were determined using the actuarial assumptions as follows:

2016	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

2015	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2016 and 2015 these best estimates are summarized in the following table:

Asset Allocation 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	22.50%	5.70%
Non-U.S. Developed Markets	15.50%	6.70%
Emerging Markets	8.00%	11.60%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	1.00%
Debt	2.50%	5.50%
Private Debt	6.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.00%
Absolute Return	5.00%	3.10%
Energy MLP's	7.00%	9.00%
Private Equity/Other	13.50%	8.90%
Cash	0.00%	0.30%
Total	**100.00%**	

Asset Allocation 2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	22.50%	4.30%
Non-U.S. Developed Markets	15.50%	6.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	0.80%
Debt	2.50%	5.90%
Private Debt	6.50%	8.40%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.40%
Absolute Return	5.00%	3.60%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	7.70%
Cash	0.00%	0.50%
Total	**100.00%**	

Discount Rate. A single discount rate of 7.75% was used to measure the total pension liability at December 31, 2016 and 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75% and 8.00%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher ($ in thousands):

2016	1 % Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of net pension liability	$ 196,259	$ 153,874	$ 117,844

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at https://www.derp.org/.

(b) Postemployment Healthcare Benefits

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992 postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2017, the monthly health insurance premium supplement was $12.50 per year of service for retired participants under the age of 65, and $6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

(17) Other Postemployment Benefit Plan – Implicit Rate Subsidy

Employees of the Airport (as City employees), along with a portion of the employees of Denver Health and Hospital Authority (DHHA) (those employed prior to 2001, who have elected to remain members of the Plan), employees of Denver Employees Retirement Plan (DERP), and a majority of the other employees of the City (certain fire and police personnel are excluded), are participants in the City's health care plan. For active employees participating in the City's health care plan, the employers pay a certain percentage of monthly premiums and the employees pay the remainder of the premium. Vested retired employees participating in the City's health care plan pay 100% of the premium and are eligible for an insurance premium reduction payment from DERP. In establishing premiums, the active and retired employees from the three employers (the City, DERP, and DHHA) are grouped together without age-adjustment or differentiation between employers. The premiums are the same for both active and retired employees creating an implicit rate subsidy for the retirees.

The City is acting in a cost-sharing multiple-employer capacity for this other postemployment benefit plan. The City's Revised Municipal Code, Section 18-412, authorizes the City's retirees to participate in the health insurance programs offered to the active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with five years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare eligibility age. For purpose of calculating the implicit rate subsidy, it was estimated there were 1,107 retirees not yet covered by Medicare who were covered by the health insurance programs. There is no stand-alone report for this plan and it is not included in the City's financial statements. The City's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing.

A Schedule of Funding Progress and Schedule of Employer Contributions are presented as Required Supplementary Information following the notes to the financial statements. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Both the Schedule of Funding Progress and the Schedule of Employer Contributions present information related to the cost-sharing plan as a whole, of which the City, including the Airport, is one participant, and should provide information helpful for understanding the scale of the information presented relative to the Airport.

Projections and benefits for financial reporting purposes are based on the substantive plan as understood by the plan and the members and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective calculations. The actuarial evaluations are performed on a biennial basis.

For the December 31, 2016, actuarial valuation of the Implicit Rate Subsidy, the entry age normal, level percent of pay, valuation method was used. The actuarial assumptions included a 2.75% general inflation rate, 4.00% investment rate of return, 3.25% salary increase, and health care cost trend grading from 8.5% decreasing by 0.5% per year to 5.0% thereafter. The amortization period was 30 years, open basis, using a level percentage of pay amortization method.

Contributions made by the Airport toward the implicit rate subsidy were $0.8 million, $0.8 million, and $0.9 million for the years ended December 31, 2017, 2016, and 2015, respectively, based on a pay-as-you-go financing.

(18) 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.

(19) Commitments and Contingencies

(a) Commitments

At December 31, 2017, the Airport has the following contractual commitments for construction and professional services ($ in thousands):

Construction Projects	$	111,455
Construction Projects to be funded by bonded debt		14,621
Total commitments	$	126,076

(b) Noise Litigation

The City and Adams County entered into an intergovernmental agreement for DEN 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.

There are no noise penalties due for 2017 or 2016.

(c) Regional Transportation District (RTD)

The City and Regional Transportation District (RTD) entered into an intergovernmental agreement for Denver International Airport (DEN) dated March 16, 2010 (the Intergovernmental Agreement), which contemplated the implementation of additional Gateway stations on the East Corridor Line. The Airport was obligated to fund a Gateway station at 61st Avenue and Pena Boulevard, which was completed by RTD, in the amount of $12.2 million. The Airport and RTD had different interpretations of the IGA's division of performance and payment responsibility in the area immediately south of the DIA Rail Station. Negotiations to settle the remaining issues were unsuccessful. The dispute was resolved in early 2016. The City received reimbursement from RTD of the final agreed to amount of $7.8 million.

(d) Claims and Litigation

The Airport is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport.

(e) Denver International Assets under Operating Leases

The Airport leases portions of its buildings and improvements to airline and concession tenants under non-cancelable 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 2017 and 2016 was $90.1 million and $92.8 million, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 ($ in thousands):

2018	$	59,396
2019		53,528
2020		49,830
2021		24,199
2022		18,695
2023-2027		39,085
2028-2031		184
Total minimum future rentals	$	244,917

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 2017 or 2016. 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.

(f) 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 management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(20) Insurance

The Department of Aviation 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 Department of Aviation has purchased commercial insurance for the various risks.

Employees of the City and County of Denver (including all Department of Aviation 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.

In 2011, the Department of Aviation established an Owner Controlled Insurance Program (OCIP) to insure all contractors and subcontractors working on the Hotel Transit Center Project. The program included general liability, worker's compensation, builder's risk, contractor's pollution and Owners Protection Professional Liability. In 2013, the airport established a Rolling Owner Controlled Insurance Program (ROCIP) for selected Capital Improvement Projects from 2013-2015. In 2016, ROCIP II was established for selected Capital Improvement Projects from 2016-2018. Claims for these programs have not exceeded the insurance coverage since each program's inception.

(21) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airlines' landing fees and facility rental fees (airline operating revenue). For the years ended December 31, 2017 and 2016, United Airlines group represented approximately 43.2% and 42.9% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 24.4% and 23.3% in 2017 and 2016, respectively. No other airline represented more than 10% of the Airport's airline operating revenues. The Airport requires performance bonds to support airlines and concession accounts receivables.

(22) United Airlines

The dominant air carrier at DEN is United Airlines, one of the world's largest airlines. Pursuant to the United Use & Lease Agreement, United currently leases 54 full-service contact gates on Concourse B and 15 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.2% and 42.0% of enplaned passengers at the Airport in 2017 and 2016, respectively.

2017 ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)
DECEMBER 31, 2017 AND 2016 ($ IN THOUSANDS)

	2017	2016	2015
Denver International proportion of the net pension liability	12.618330%	13.400670%	13.130030%
Denver International proportionate share of the net pension liability	$ 153,869	$ 158,033	$ 115,000
Denver International covered payroll	$ 85,209	$ 84,601	$ 75,900
Denver International proportionate share of the net pension liability as a percentage of its covered payroll	180.58%	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	62.26%	62.26%	70.11%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's measurement date (December 31, one year prior to the most recent fiscal year-end) of the collective net pension liability in accordance with Governmental Accounting Standards Board Statement No. 68.

Changes in assumptions: None.

Note: There were no benefit changes during the year.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)
DECEMBER 31, 2017 AND 2016 ($ IN THOUSANDS)

	2017	2016	2015
Contractually required contribution	$ 9,513	$ 9,176	$ 9,109
Contributions in relation to the contractually required contribution	9,513	9,176	9,109
Contribution deficiency (excess)	$ -	$ -	$ -
Denver International covered payroll	$ 88,612	$ 85,209	$ 84,601
Contributions as a percentage of covered payroll	10.74%	10.77%	10.77%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of Denver International's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

Changes in assumptions: None

Changes in benefits: None

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS – SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)
DECEMBER 31, 2017 AND 2016 ($ IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
Implicit Rate Subsidy						
12/31/2012	$ -	$ 88,704	$ 88,704	0.0%	$ 446,182	19.9%
12/31/2014	-	73,738	73,738	0.0%	487,408	15.1%
12/31/2016	-	76,610	76,610	0.0%	526,301	14.6%

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS – SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
DECEMBER 31, 2017 AND 2016 ($ IN THOUSANDS)

Year Beginning January 1	Annual Actuarially Required Contribution	Percentage Contributed
	Implicit Rate Subsidy	
2015	$ 5,048	112.5%
2016	$ 5,479	95.0%
2017	$ 5,578	109.3%

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, 2017 ($ IN THOUSANDS)

Gross Revenues		
Facility Rentals	$	220,445
Concession Income		68,269
Parking Income		176,006
Car Rental Income		71,806
Landing Fees		171,708
Aviation Fuel Tax		25,993
Other Sales and Charges		26,868
Customer Facility Fee Revenue		19,492
Interest Income		25,912
Designated Passenger Facility Charges		37,656
Hotel		47,412
Miscellaneous Income		4,396
Operation and gross revenue as defined in the ordinance:		895,963
Personnel Services		149,352
Contractual Services		223,844
Maintenance, Supplies, and Materials		24,452
Hotel		27,357
Operation and maintenance expenses as defined in the ordinance:		425,005
Net Revenues		470,958
Other Available Funds		47,090
Net Revenue	$	518,048
Debt Service Coverage - Senior Bonds		
Debt Service Requirements - Senior Bonds	$	264,814
Less: Committed Passenger Facility Charges		76,454
Net Debt Service Requirements - Senior Bonds	$	188,360
Debt Service Coverage - Senior Bonds	**275%**	
Debt Service Coverage - All Bonds		
Debt Service Requirements - Subordinate Bonds	$	93,891
Net Debt Service Requirements - Senior Bonds		188,360
Net Debt Service Requirements - All Bonds	$	282,251
Debt Service Coverage - All Bonds	**184%**	

Note: Debt Service Requirements are net of capitalized interest.

See accompanying independent auditor's report

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

(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 bonds ($ in thousands).

Bond series	Interest payment date	Balance interest due	Required Interest Acct. balance at 12/31/2017
Series 1992F-G	01/01/18	$ 43	$ 43
Series 2002C	01/01/18	33	33
Series 2007F1-F2	01/01/18	100	100
Series 2007G1-G2	01/01/18	215	215
Series 2008B	01/01/18	83	83
Series 2008C1	01/01/18	139	139
Series 2008C2-C3	01/01/18	292	292
Series 2009A	05/15/18	3,931	983
Series 2009B	05/15/18	2,094	521
Series 2009C	01/01/18	115	115
Series 2010A	05/15/18	3,974	994
Series 2011A	05/15/18	6,129	1,532
Series 2011B	05/15/18	377	94
Series 2012A	05/15/18	6,385	1,596
Series 2012B	05/15/18	11,834	2,959
Series 2012C	05/15/18	544	136
Series 2013A	05/15/18	8,292	2,073
Series 2013B	05/15/18	9,725	2,431
Series 2015A	05/15/18	1,941	485
Series 2016A	05/15/18	5,807	1,452
Series 2016B	01/01/18	167	167
Series 2017A	05/15/18	5,797	1,449
Series 2017B	05/15/18	499	125
Series 2017C	07/01/18	2,418	152
			$ 18,169

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

(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 ($ in thousands).

Bond series	Principal payment date	Balance principal due	Required principal account balance at 12/31/2017
Series 2007G1-2	11/15/18	$ 11,200	$ 933
Series 2008B	11/15/18	4,600	383
Series 2008C1	11/15/18	5,800	483
Series 2009C	11/15/18	3,700	308
Series 2010A	11/15/18	10,640	887
Series 2011A	11/15/18	49,745	4,145
Series 2011B	11/15/18	6,060	505
Series 2012A	11/15/18	9,370	781
Series 2012B	11/15/18	5,190	432
Series 2016A	11/15/18	8,540	712
Series 2016B	11/15/18	12,430	1,036
Series 2017A	11/15/18	21,245	1,770
Series 2013A	11/15/18	5,180	432
Series 2013B	11/15/18	5,745	479
Series 2015A	11/15/18	26,695	2,225
			$ 15,511

(c) Sinking Account

Required deposit monthly to the Bond Sinking Account, commencing on the first day of the 12th 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.

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

(d) Redemption Account

Required deposit to the Bond Redemption Account, on or prior to any date on which the Airport 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, 2017, the redemption account had a balance of $29.4 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 ($ in thousands):

BOND ACCOUNT SUMMARY

Bond account balance at December 31, 2017	$	36,570
Aggregate required bond account balance		33,683
Overfunded	$	2,887

(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, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2017 is $371.4 million. The minimum Bond Reserve Account requirement is $371.4 million.

(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 is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2017.

Computation of minimum operation and maintenance reserve ($ in thousands):

2016 Operation and Maintenance expenses	$	469,810
Minimum operations and maintenance reserve requirement for 2016	$	62,867
Operation and maintenance reserve account balance at December 31, 2017		94,300
Overfunded	$	31,433

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2017 ANNUAL FINANCIAL REPORT

STATISTICAL SECTION (UNAUDITED)

(1) Condensed Schedule of Revenues and Expenses ($ in thousands)

	2008	2009 *	2010	2011	2012 **	2013	2014	2015	2016	2017
Operating revenues	$ 540,760	$ 564,490	$ 601,402	$ 602,769	$ 624,673	$ 661,637	$ 711,491	$ 687,536	$ 742,529	$ 768,925
Operating expenses, before depreciation and amortization	373,829	379,517	409,865	392,862	388,171	431,935	413,563	436,803	469,810	453,532
Operating income before depreciation and amortization	166,931	184,973	191,537	209,907	236,502	229,702	297,928	250,733	272,719	315,393
Depreciation and amortization	168,026	177,583	181,496	179,070	178,567	184,721	183,560	163,714	179,692	183,351
Operating income (loss)	(1,095)	7,390	10,041	30,837	57,935	44,981	114,368	87,019	93,027	132,042
Nonoperating revenues (expenses)	(44,987)	(59,749)	(87,795)	(75,488)	(46,259)	(55,906)	(9,013)	9,106	12,108	1,611
Capital contributions, grants and transfers	14,393	38,621	30,200	34,702	22,996	31,412	20,533	20,483	3,553	55,879
Change in net position	$ (31,689)	$ (13,738)	$ (47,554)	$ (9,949)	$ 34,672	$ 20,487	$ 125,888	$ 116,608	$ 108,688	$ 189,532

* Restated for GASB 53
** Restated for GASB 65

(2) Passenger Data (amounts in thousands)

(a) Enplaned Passengers by Major Airline Category

Year	Major International Airlines	% Change	Regional Commuter Airlines	% Change	Charter Miscellaneous Airlines	% Change	Total	% Change
2008	21,514,216	3.6%	3,945,641	-	190,386	(14.0%)	25,650,243	2.8%
2009	20,646,529	(4.0%)	4,239,139	7.4%	242,365	27.3%	25,128,033	(2.0%)
2010	21,032,064	1.9%	4,666,047	10.1%	326,811	34.8%	26,024,922	3.6%
2011	21,709,430	3.2%	4,439,841	(4.8%)	306,494	(6.2%)	26,455,765	1.7%
2012	21,984,133	1.3%	4,323,837	(2.6%)	289,021	(5.7%)	26,596,991	0.5%
2013	21,618,114	(1.7%)	4,436,819	2.6%	230,374	(20.3%)	26,285,307	(1.2%)
2014(1)	21,962,984	1.6%	4,767,207	7.4%	6,493	(97.2%)	26,736,684	1.7%
2015	22,713,090	3.4%	4,296,830	(9.9%)	9,009	38.7%	27,018,929	1.1%
2016	24,979,910	10.0%	4,155,887	(3.3%)	4,407	(51.1%)	29,140,204	7.9%
2017	26,758,785	7.1%	3,953,656	(4.9%)	1,570	(64.4%)	30,714,011	5.4%

(1) In 2014, the airport adjusted the methodology of classifying the airlines between each category based on the type of operation. This primarily included adjusting United Express international operations from Miscellaneous to Regional.

(b) Enplaned Passengers by Airline

Airline	2017	% of Total	2016	% of Total
United	9,428,550	30.7%	8,548,734	29.3%
United Express	3,548,333	11.6%	3,697,343	12.7%
Total United	12,976,883	42.3%	12,246,077	42.0%
Southwest	9,137,172	29.7%	8,565,381	29.4%
Frontier	3,501,127	11.4%	3,567,393	12.2%
American	1,682,943	5.5%	1,644,265	5.6%
Delta	1,635,708	5.3%	1,490,271	5.1%
Other	1,780,178	5.8%	1,626,817	5.7%
Totals	30,714,011	100.0%	29,140,204	100.0%

(c) Originating and Connecting Enplaned Passengers for the Year Ended December 31, 2017

Airline	Originating	Connecting	Total
United	4,605,384	4,823,166	9,428,550
United Express	1,000,056	2,548,277	3,548,333
Total United	5,605,440	7,371,443	12,976,883
Southwest	6,598,237	2,538,935	9,137,172
Frontier	2,614,224	886,903	3,501,127
American	1,682,943	-	1,682,943
Delta	1,566,119	69,589	1,635,708
Other	1,588,672	191,506	1,780,178
Totals	19,655,635	11,058,376	30,714,011
Percent of total	64.0%	36.0%	100.0%

(d) Domestic and International Enplaned Passengers

Enplaned Passengers	2017	2016
Domestic	95.8%	96.1%
International	4.2%	3.9%
Total	100.0%	100.0%

(3) Aircraft Operations

(a) Historical Aircraft Operations

Year	Air Carrier	Commuter	Taxi/Gen Aviation	Military	Total	Percent change
2008	460,311	160,746	4,610	177	625,844	1.1%
2009	456,675	151,659	3,513	130	611,977	(2.2%)
2010	468,962	162,646	3,721	116	635,445	3.8%
2011	452,223	178,742	3,628	87	634,680	(0.1%)
2012	443,389	170,809	3,900	159	618,257	(2.6%)
2013	420,073	162,719	3,988	80	586,860	(5.1%)
2014	422,178	148,436	4,021	526	575,161	(2.0%)
2015	424,930	118,147	4,464	107	547,648	(4.8%)
2016	445,019	122,982	4,376	143	572,520	4.5%
2017	461,992	116,305	4,120	69	582,486	1.7%

Aircraft operations are takeoffs, landings, or other communications with the control tower.

(4) Historical Passenger Facility Charge Revenues ($ in thousands)

Year	Amount	Year	Amount
2008	$ 96,786	2013	$ 103,032
2009	96,865	2014	103,959
2010	102,595	2015	106,007
2011	103,210	2016	114,230
2012	105,472	2017	118,333

(5) Enplaned Cargo Operations (in tons)

Year	Air Mail	Freight and Express	Total	% Change
2008	5,892	118,170	124,062	5.6%
2009	6,459	104,262	110,721	(10.8%)
2010	9,831	111,024	120,855	9.2%
2011	9,306	111,939	121,245	0.3%
2012	8,687	105,180	113,867	(6.1%)
2013	6,909	104,477	111,386	(2.2%)
2014	7,963	106,766	114,729	3.0%
2015	11,885	107,447	119,332	4.0%
2016	11,017	103,688	114,705	(3.9%)
2017	13,675	105,749	119,424	4.1%

(6) Historical Net Revenues and Debt Service Coverage under the Bond Ordinance (in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross revenue	$ 635,607	$ 631,592	$ 668,885	$ 702,157	$ 713,279	$ 743,101	$ 803,620	$ 808,781	$ 863,126	$ 895,963
Operation and maintenance expenses	305,382	309,270	302,881	312,278	318,394	349,987	355,769	381,445	417,140	425,005
Net revenue	330,225	322,322	366,004	389,879	394,885	393,114	447,851	427,336	445,986	470,958
Other available funds	53,575	49,288	57,449	57,528	51,685	50,409	54,834	56,908	51,574	47,090
Total amount available for debt service requirements	$ 383,800	$ 371,610	$ 423,453	$ 447,407	$ 446,570	$ 443,523	$ 502,685	$ 484,244	$ 497,560	$ 518,048
Debt service requirements	$ 240,028	$ 237,905	$ 235,244	$ 235,356	$ 247,563	$ 242,816	$ 268,422	$ 262,516	$ 294,914	$ 282,251
Debt service coverage	160%	156%	180%	190%	180%	183%	187%	184%	169%	184%

Policy number	Company	Item covered	Expiration date	Annual premium	Coverage
ERAG93E16	Aspen	Pollution	5/1/2019	$ 75,190	$ 10,000,000
AP086448700-58	AIG/Chartis	Airport Liability-Primary & Excess	5/1/2018	$ 435,092	$ 500,000,000
1025556	FM Global	Property/Boiler & Machinery	5/1/2018	$ 1,441,680	$ 4,000,000,000
106510089	Travelers/Ptarmigan	Network Security	5/1/2018	$ 186,612	$ 20,000,000

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APPENDIX F

UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR SIX MONTHS ENDED JUNE 30, 2018 AND JUNE 30, 2017

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CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

QUARTERLY FINANCIAL REPORT

JUNE 30, 2018 AND 2017

DENVER INTERNATIONAL AIRPORT

2018 QUARTERLY FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANAYLSIS

(UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the six months ended June 30, 2018, 2017 and 2016. 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 totaled $399.0 million, an increase of $15.9 million, or 4.2%, for the six-month period ended June 30, 2018, as compared to the six-month period ended June 30, 2017. Airline revenue totaled $180.7 million, up 1.8 million, or 1.0% driven by budgeted rates and charges. Non-airline revenue totaled $218.3 million, up $14.1 million, or 6.9% due to an increase in parking revenues driven by a new parking rates. In addition, an increase in total passengers of 4.2% drove incremental revenue gains in other commercial revenue sources. Non-airline revenue represented 54.8% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $222.0 million for the six-month period ended June 30, 2018, an increase of $17.4 million, or 8.5%, as compared to the six-month period ending June 30, 2017. The increase compared to the prior year was primarily driven by increases in contractual services, repair and maintenance projects, and personnel.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Airport's financial statements consist of its statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position present information on the Airport's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. The statements of revenues, expenses and changes in net position present information showing how the Airport's net position changed during the year. All changes in net position 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.

The Governmental Accounting Standards Board (GASB) requires the Airport to present comparative financial statements; its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – current year, the prior year and the year preceding the prior year (i.e., 2018, 2017 and 2016).

OPERATING STATISTICS

Airport operating revenues are primarily driven by airline operations and passenger traffic. The operating statistics section provides information about these figures, as well as the change from the prior period. These statistics in large part drive the financial results of the Airport, as discussed in the following pages. All statistics are obtained from airline self-reporting, as required in the use and lease agreements.

Summary of Operating Statistics
as of June 30, 2018, 2017, and 2016

	2018	2017	2016	2018 / 2017 Change	2018 / 2017 % Change
Enplanements (in thousands)	15,428	14,813	13,786	615	4.2%
Passengers (in thousands)	30,823	29,568	27,537	1,255	4.2%
Cargo (in tons)	143,231	139,746	131,731	3,485	2.5%
Aircraft operations (in thousands)	290	285	275	5	1.8%
Landed weight (in millions lbs)	16,907	16,503	15,473	404	2.4%

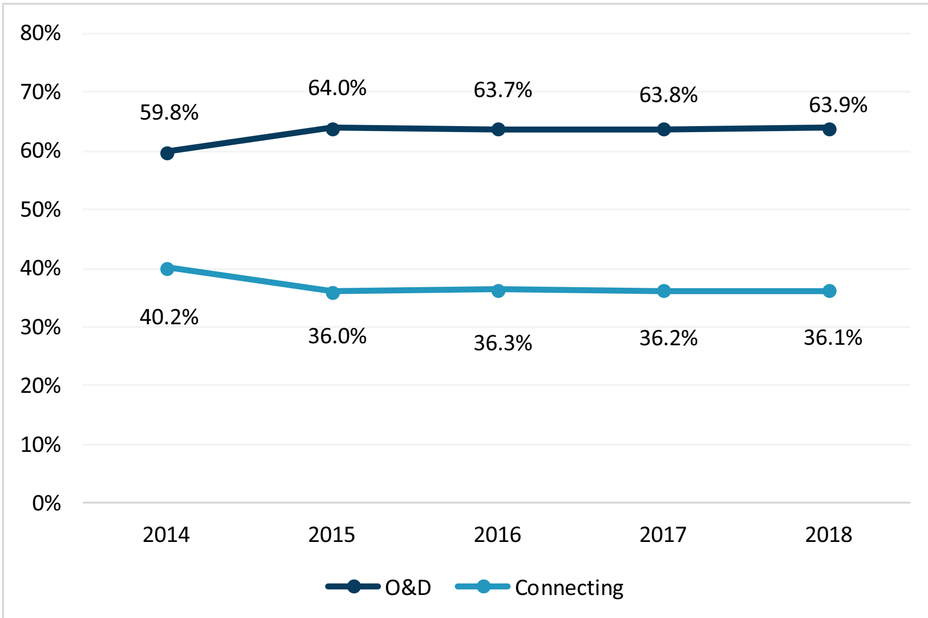
Year to Date Enplanements
as of June 30, 2018, 2017, and 2016 (in thousands)

Airline	2018	2017	2016	2018 / 2017 Change	2018 / 2017 % Change
United	6,614	6,311	5,832	303	4.8%
Southwest	4,560	4,355	4,047	205	4.7%
Frontier	1,715	1,702	1,657	13	0.8%
American	810	807	806	3	0.4%
Delta	836	772	704	64	8.3%
Other	893	866	740	27	3.1%
Total	15,428	14,813	13,786	615	4.2%

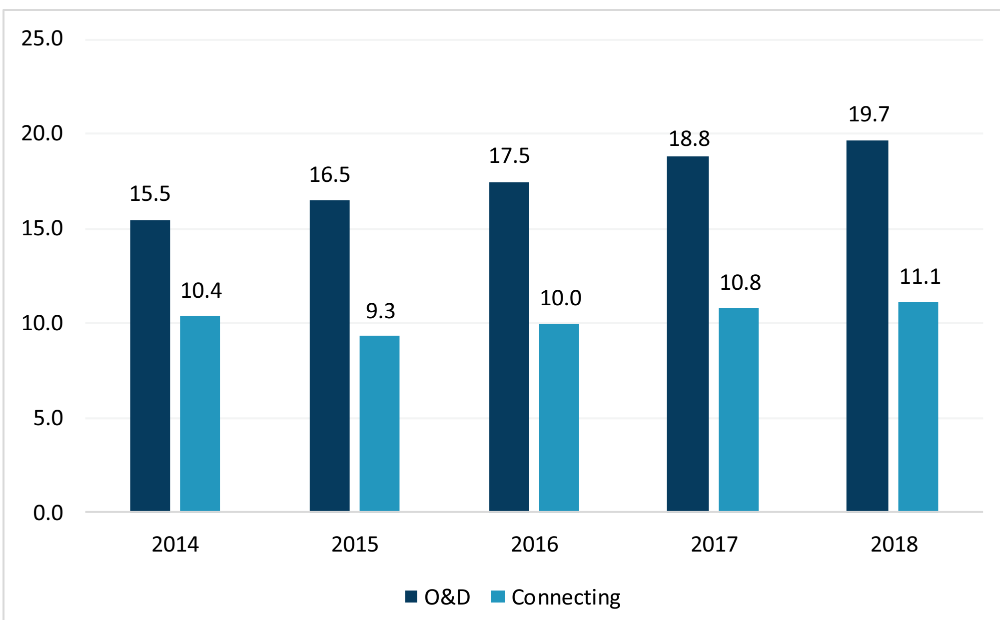
Year to Date Total Passengers
as of June 30, 2018, and 2017 (in thousands)

	2018		2017		2018 / 2017	
Airline	Total Passengers	% O&D	Total Passengers	% O&D	Change in Passengers	% Change
United	13,200	44.5%	12,578	41.6%	622	4.9%
Southwest	9,104	72.3%	8,685	74.9%	419	4.8%
Frontier	3,430	68.6%	3,404	76.0%	26	0.8%
American	1,623	100.0%	1,607	100.0%	16	1.0%
Delta	1,677	95.3%	1,552	95.9%	125	8.1%
Other	1,789	92.6%	1,742	88.8%	47	2.7%
Total	30,823	63.9%	29,568	63.8%	1,255	4.2%

Origin and Destination (O&D) vs. Connecting Passengers by Percentage as of June 30, 2018



Origin and Destination (O&D) vs. Connecting Passengers by Passenger Count as of June 30, 2018 (in millions)



Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses and changes in net position for the six-month period ended June 30, 2018, 2017 and 2016 ($ in thousands):

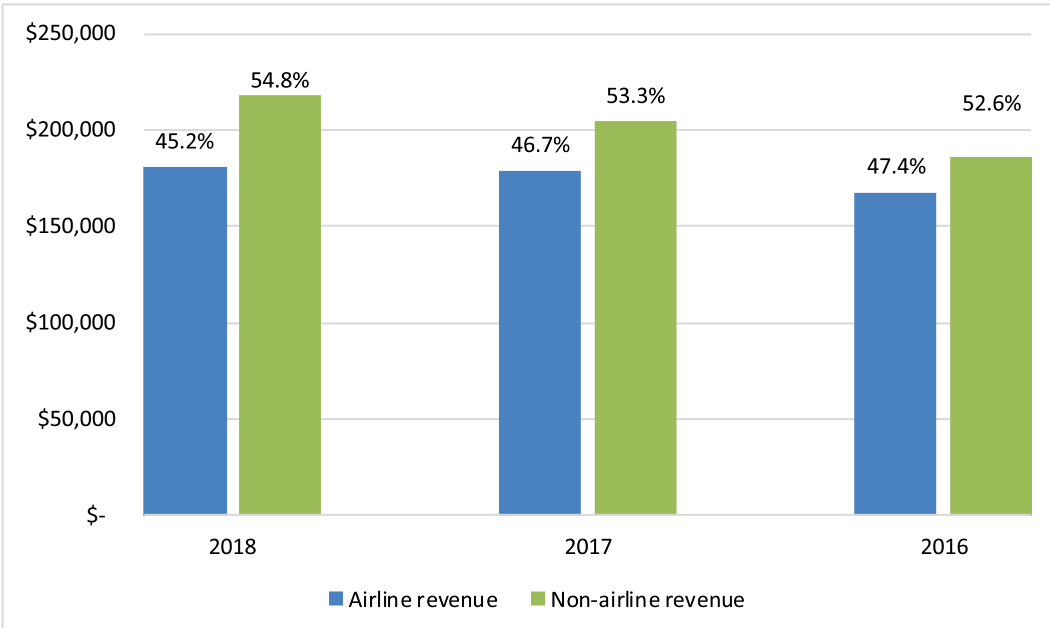
	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Operating revenue	$ 398,999	$ 383,086	$ 354,250	$ 15,913	4.2%
Less: operating expenses before depreciation and amortization	221,961	204,544	215,719	17,417	8.5%
Operating income before depreciation and amortization	177,038	178,542	138,531	(1,504)	(0.8%)
Less: depreciation and amortization	96,070	88,530	81,690	7,540	8.5%
Operating income	80,968	90,012	56,841	(9,044)	(10.0%)
Nonoperating revenues	91,895	84,123	78,475	7,772	9.2%
Less: non-operating expenses	100,465	109,185	108,355	(8,720)	(8.0%)
Capital grants and contributions	7,000	17,795	1,204	(10,795)	(60.7%)
Increase (decrease) in net position	79,398	82,745	28,165	(3,347)	(4.0%)
Net position, beginning of year	1,023,673	834,141	725,453	189,532	22.7%
Net position, end of period	$1,103,071	$ 916,886	$ 753,618	186,185	20.3%

Summary of Operating Revenues

The following is a summary of operating revenues for the six-month period ended June 30, 2018, 2017, and 2016 $ in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Operating revenue:					
Airline revenue					
Facility rentals	$ 102,341	$ 97,022	$ 98,518	$ 5,319	5.5%
Landing fees	78,365	81,888	69,261	(3,523)	(4.3%)
Total airline revenue	180,706	178,910	167,779	1,796	1.0%
Non-airline revenue					
Parking	92,467	87,449	87,852	5,018	5.7%
Concession	35,926	34,394	30,417	1,532	4.5%
Car Rental	36,295	34,196	31,072	2,099	6.1%
Hotel	25,227	23,481	20,645	1,746	7.4%
Aviation fuel tax	13,221	12,300	6,972	921	7.5%
Ground transportation	8,742	6,197	5,053	2,545	41.1%
Other sales and charges	6,415	6,159	4,460	256	4.2%
Total non-airline revenue	218,293	204,176	186,471	14,117	6.9%
Total operating revenue	$ 398,999	$ 383,086	$ 354,250	$ 15,913	4.2%

Percentage of Total Operating Revenues
($ in thousands)
As of June 30, 2018, 2017, and 2016



Total Operating Revenues
(% of total)
As of June 30, 2018, 2017, and 2016

	2018	2017	2016
Airline revenue			
Facility rentals	25.6%	25.3%	27.8%
Landing fees	19.6%	21.4%	19.6%
Total airline revenue	45.2%	46.7%	47.4%
Non-airline revenue			
Parking	23.3%	22.9%	24.8%
Concession	9.1%	8.9%	8.8%
Car Rental	9.0%	9.0%	8.6%
Hotel	6.3%	6.1%	5.8%
Aviation fuel tax	3.3%	3.2%	2.0%
Ground transportation	2.2%	1.6%	1.4%
Other sales and charges	1.6%	1.6%	1.2%
Total non-airline revenue	54.8%	53.3%	52.6%

2018/2017

Total airline revenues at the Airport totaled $180.7 million, an increase of 1.8 million, or 1.0%, for the six-month period ended June 30, 2018, as compared to the same period in 2017.

Facility rentals increased by $5.3 million, or 5.5%, due to a 2.9% increase in the budgeted terminal complex rental rate in 2018, as well as a 9.1% increase due to costs related to Automatic Guideway Transit System (AGTS).

Landing fees decreased by $3.5 million, or 4.3%, which is driven by a reduced budgeted signatory landing fee rate.

Total non-airline revenues at the airport totaled $218.3 million, an increase of $14.1 million, or 6.9% for the six-month period ended June 30, 2018, as compared to the same period in 2017.

Parking revenue increased by $5.0 million, or 5.7%, primarily due to rate increases in the garage and economy parking lots, which went into effect 2/15/2018. Garage rates increased to $25 per day (formerly $24), and economy lot rates increased to $16 per day (formerly $13) for the first three days, and then the rate reduces to $15 for subsequent days.

Concession revenue increased by $1.5 million, or 4.5%, primarily due to a 4.2% increase in enplanements which has contributed to an increase in overall concession sales.

Car rental revenue increased by $2.1 million, or 6.1%, primarily due to a 4.8% increase in O&D passengers which has contributed to an increase in car rental sales.

Hotel revenue increased $1.7 million, or 7.4%, primarily driven by an increase in total occupancy from 69.4% in 2017 to 73.0% in 2018.

Aviation fuel tax increased by $0.9 million, or 7.5%, due to an increase in the price of fuel over the prior year, as well as a 2.4% increase in landed weight. Fuel tax revenues are comprised of both excise and sales tax collections. The Airport receives $0.02 per gallon from excise tax collections, and 65% of the 2.9% sales tax collections.

Ground transportation increased $2.5 million, or 41.1%, due to growth of transportation network companies as well as the $1.0 million of revenue resulting from an audit of Ground Transportation revenues.

Other sales and charges decreased by $0.3 million, or 4.2%, due to a decrease in interest payments.

2017/2016

Total airline revenues at the Airport were $178.9 million, an increase of $11.1 million, or 6.6%, for the six-month period ended June 30, 2017, as compared to the same period in 2016.

Facility rentals decreased by ($1.5) million, or (1.5%), due to an (8.8%) reduction in the terminal complex rental rate in 2017. This was partially offset by a 1.8% budgeted increase in the rate charged for the use of the AGTS, as well as a 3.1% increase in the airline ramp rental rate.

Landing fees increased by $12.6 million, or 18.2%, due to an 11% increase in the signatory airline landing fee from $4.53 to $5.08 per 1,000 pounds of landed weight, driven by budgeted increases in airfield expenses. Additionally, landed weight increased one billion pounds, or 6.7%, in the first six months of 2017, compared to 2016.

Total non-airline revenues at the airport were $204.2 million, an increase of $17.7 million, or 9.5% for the six-month period ended June 30, 2017, as compared to the same period in 2016.

Parking revenue decreased by ($0.4) million, or (0.5%), partially due to the offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off Site Parking), as well as parking rates remaining flat.

Concession revenues increased $4.0 million, or 13.1%, due to a 7.4% increase in enplaned passengers, as well as openings of new locations.

Car rental revenue increased by $3.1 million, or 10.1%, due to a 7.0% increase in O&D passengers, as well as an increase of 9.3% in total minimum annual guaranteed (MAG) rent payments by car rental companies.

Hotel revenue increased $2.8 million, or 13.7%. The majority of the increase is due to a 10.9% increase in room occupancy, as well as a 4.6% increase in food and beverage revenue due to increased restaurant traffic and banquet events.

Aviation fuel tax increased by $5.3 million, or 76.4% primarily due to an increase in the price of fuel over the prior year. Additionally, landed weight increased by one billion pounds, or 6.7%, in the first half of 2017, driving an increase in the amount of fuel sold.

Ground transportation increased $1.1 million, or 22.6%, due to Uber and Lyft growth, as well as a 7.0% increase in O&D passenger traffic.

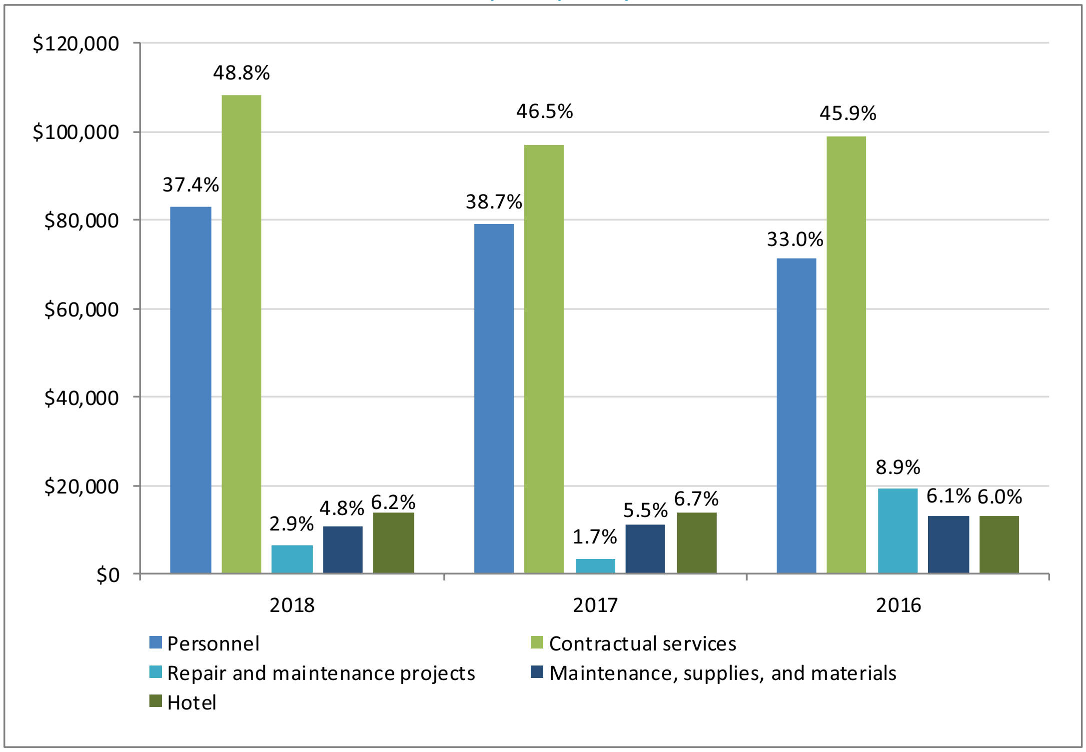
Other sales and charges increased by $1.7 million, or 38.1%, due to an increase in oil and gas royalties as well as an increase in interest payments.

Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the six-month period ended June 30, 2018, 2017 and 2016 ($ in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Personnel	$ 82,907	$ 79,102	$ 71,271	$ 3,805	4.8%
Contractual services	108,236	97,162	99,089	11,074	11.4%
Repair and maintenance projects	6,460	3,445	19,232	3,015	87.5%
Maintenance, supplies, and materials	10,551	11,210	13,166	(659)	(5.9%)
Hotel	13,807	13,625	12,961	182	1.3%
Total operating expenses before depreciation and amortization	$ 221,961	$ 204,544	$ 215,719	$ 17,417	8.5%

**Total Operating Expenses Before Depreciation and Amortization
(% of total)
As of June 30, 2018, 2017, and 2016**



2018/2017

Operating expenses, exclusive of depreciation and amortization, were $222.0 million for the six-month period ended June 30, 2018, an increase of $17.4 million, or 8.5%, as compared to the same period in 2017.

Personnel increased $3.8 million, or 4.8%, primarily driven by merit and benefit increases, as well as increases in police and fire salaries.

Contractual services increased by $11.1 million or 11.4%, driven by new maintenance contracts and adjusted service levels for the AGTS, shuttle bus services for parking, and janitorial and security services.

Repair and maintenance increased by $3.0 million due to timing variances and fewer projects being deemed to extend asset lives, and therefore were not capitalized.

Maintenance, supplies, and materials decreased by $0.7M, or 5.9%, due to the timing of supply purchases year over year.

Hotel expenses increased $0.2 million, or 1.3%, due to an increase in occupancy over the prior year.

2017/2016

Operating expenses, exclusive of depreciation and amortization, were $204.5 million for the six-month period ended June 30, 2017, a decrease of $11.2 million, or 5.2%, as compared to the same period in 2016.

Personnel services increased $7.8 million, or 11.0%, in 2017, primarily due to a decrease in vacancy rates from 8.4% in 2016 to 6.6% in 2017, as well a 3.15% merit increase in annual salaries and benefits.

Contractual services decreased by $1.9 million or 1.9% due to a decrease in the amount of snowfall from 50.2 inches in the first half of 2016 to 10.4 inches in the first half of 2017, resulting in lower snow removal expenses.

Repair and maintenance decreased by $15.8 million or 82.1% primarily due to variances in project scope when compared to prior year. During 2016, more costs were incurred on repair projects that did not extend the life of discrete assets. During 2017, more projects were deemed to extend asset lives primarily due to the types of capital projects.

Maintenance, supplies and materials decreased by $2.0 million, or 14.9%, due to decreased spend on snow removal chemicals. 10.4 inches of snow fell during the first half of 2017, compared to the 50.2 inches during the first half of 2016.

Hotel expenses between 2017 and 2016 increased $0.6 million, or 5.1%, due to a 10.9% increase in occupancy over prior year.

Non-Operating Revenues and Expenses, Capital Grants and Capital Contributions

2018/2017

Total non-operating revenues increased by $7.8 million, or 9.2%, which was primarily due to increases in passenger facility charges, as a result of increases in enplanements, as well as increases in investment income.

In 2018 and 2017, capital grants totaled $7.0 million and $17.8 million, respectively. The decrease in 2018 is driven by the timing of Transportation Security Administration grant revenues related to a capital project to update the Checked Baggage Resolution Area, and improve the throughput of the checked baggage handling system.

2017/2016

Total non-operating revenues, net of non-operating expenses increased $4.8 million, or 16.1% in 2017 driven by the sale of Stapleton land.

In 2017 and 2016, capital grants totaled $17.8 million and $1.2 million, respectively. The increase in 2017 is primarily driven by the revenues of $14.2 million of Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system.

Summary of Net Position

The following is a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2018, and December 31, 2017 and 2016 (in thousands):

	2018	2017	2016	2018 / 2017 $ Change	2018 / 2017 % Change
Assets:					
Current assets, unrestricted[1]	$ 194,552	$ 220,362	$ 145,482	$ (25,810)	(11.7%)
Current assets, restricted	258,494	244,878	130,032	13,616	5.6%
Noncurrent investments, unrestricted	431,330	446,630	650,222	(15,301)	(3.4%)
Noncurrent Investments, restricted	956,710	926,510	703,670	30,199	3.3%
Long-term receivables	29,018	29,018	7,041	-	0.0%
Capital assets, net	3,664,510	3,651,252	3,538,597	13,258	0.4%
Bond insurance costs, net	412	439	1,725	(27)	(6.2%)
Interest rate swaps	27,686	27,686	33,206	-	0.0%
Total assets	5,562,712	5,546,775	5,209,975	15,937	0.3%
Deferred outflows of resources	146,735	156,426	197,481	(9,691)	(6.2%)
Liabilities:					
Current liabilities, unrestricted	141,428	196,299	159,341	(54,871)	(28.0%)
Current liabilities, restricted	538,754	244,343	215,149	294,411	120.5%
Bonds payable, noncurrent	3,631,182	3,941,423	3,865,703	(10,241)	(7.9%)
Interest rate payable swaps, noncurrent	119,484	119,484	154,486	-	0.0%
Notes payable, noncurrent	5,507	7,600	11,193	(2,093)	(27.5%)
Compensated absences payable, noncurrent	7,421	7,421	7,204	-	0.0%
Net pension liability	153,874	153,874	158,033	-	0.0%
Total liabilities	4,597,650	4,670,444	4,571,109	(72,794)	(1.6%)
Deferred inflows of resources	8,726	9,084	2,207	(358)	(3.9%)
Net position (deficit)					
Net investment in capital assets	103,669	78,760	(141,151)	24,909	31.6%
Restricted	590,201	487,601	466,897	102,600	21.0%
Unrestricted	409,201	457,312	508,395	(48,111)	(10.5%)
Total net position	$1,103,071	$ 1,023,673	$ 834,141	$ 79,398	7.8%

[1] Accounts receivable net of allowance for doubtful accounts of $3,606 and $1,212, respectively

2018/2017

Total assets increased by $15.9 million, or 0.3%, compared to December 31, 2017. This was primarily due to an increase of $20.8 million, or 1.2%, in cash and investments, a $23.8 million, or 77.3% a decrease in grants receivable due to subsequent receipts of prior year reimbursements, as well as an increase of $9.3 million, or 131.3%, in prepaid expenses related to ROCIP premiums for future capital projects and timing of property insurance premiums. Total capital assets increased $13.3 million or 0.4% due to additional capital assets entering service and additions to construction in progress related to the 2018-2022 capital program. Capital asset increases are offset by a $93.2 million or 2.9% increase in accumulated depreciation over the prior year.

Total deferred outflows of resources decreased by $9.7 million, or 6.2% due to the amortization of deferred losses on refundings.

Total liabilities decreased by $72.8 million, or 1.6%, compared to December 31, 2017. This was primarily attributed to a $56.7 million or 56.7% decrease in combined restricted and unrestricted vouchers payable related to payment on yearend accruals and a $20.0 million or 50.0% decrease in revenue credit payable, attributable to the recognition of the prior year $40.0 million revenue credit. Other contributing factors include a $4.9 million, or 58.5% increase in due to other City agencies, as well as a $6.6 million, or 14.4%, increase in advance rent.

Of the Airport's 2018 total net position, 53.5% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $588.5 million for debt service and $1.7 million for capital projects, respectively.

As of June 30, 2018, the remaining net position consist of unrestricted balance of $409.2 million and net investment in capital of $103.7 million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements.

2017/2016

Total assets increased in the first half of 2017 by $120.2 million, or 2.3%, compared to December 31, 2016. This was primarily due to an increase of $76.9 million, or 5.0%, in total cash and investments, as well as a $27.5 million, or 72.9%, increase in accounts receivable. Total deferred outflows of resources decreased by ($11.5) million, or (5.8%) due to the amortization of deferred losses on refundings.

Total liabilities increased by $26.2 million, or 0.6%, compared to December 31, 2016. This was primarily attributed to an increase in accrued interest of $13.7 million, as interest is paid semi-annually in May and November, as well as a $50.0 million increase in other liabilities. This was partially offset by a ($26.2) million decrease, or (43.1%) in vouchers payable, related to the timing, size and scope of payments.

Of the Airport's 2017 total net position, 76.8% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $684.3 million for debt service and $20.3 million for capital projects, respectively.

At June 30, 2017, the remaining net position of $585.7 million was unrestricted and may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. In addition, ($373.4) million represents the Airport's net investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

Long-Term Debt

As of June 30, 2018, the Airport had approximately $3.5 billion in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $358.7 million in 2017.

As of June 30, 2018, the Airport's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1 and A+, respectively, with Standard and Poor's and Moody's giving the Airport a stable outlook and Fitch giving the Airport a positive outlook.

The Airport's governing bond ordinances (the bond ordinance) require that the Airport'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 and 110% of the aggregate annual debt service requirements on senior and subordinate bonds. The debt service coverage ratio on all bonds for the years ended December 31, 2017 and 2016 were 184% and 169% of total debt service, respectively.

On December 7, 2017, the Airport issued (i) $254.2 million of Series 2017A Bonds (AMT) to refund all of the outstanding Series 2007A and Series 2007D Bonds and (ii) $21.3 million of Series 2017B Bonds (non- AMT) to refund all of the outstanding Series 2007C Bonds, each through a negotiated sale with Raymond James as the lead underwriter. Combined, these two transactions will result in a net present value savings of $47.0 million through 2033.

On December 1, 2016, the Airport issued $256.8 million of Series 2016A Bonds in a non-AMT fixed rate mode to refund all of the outstanding Series 2006A, 2007B, 2007E Bonds through a negotiated sale with RBC Capital Markets as the lead underwriter. On December 13, 2016, the Airport issued $108.7 million of Series 2016B Bonds in a non-AMT index rate mode to refund all of the outstanding Series 2014A Bonds through a negotiated sale with Bank of America Merrill Lynch. Combined, these two transactions will result in a net present value savings of $41.5 million through 2032.

Capital Assets

As of June 30, 2018, and December 31, 2017, the Airport had approximately $3.1 billion of depreciable capital assets. These amounts are net of accumulated depreciation of approximately $3.3 billion in 2018 and $3.2 billion in 2017.

The Airport developed a new capital program for the Airport for the years 2018 through 2022 (the "2018-2022 Capital Program"). The last capital program for the Airport was developed for the period 2013-2018. Major projects completed in 2013 through 2017 as part of the 2013-2018 Capital Program include the Hotel and Transit Center, the expansion of Concourse C to add gates, construction of a new parking garage, and airfield pavement rehabilitation and lighting projects.

The 2018-2022 Capital Program includes a list of projects with a total cost of approximately $3.5 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$1.8
Jeppesen Terminal	1.1
Airside	0.3
Landside	0.2
DEN Real Estate	0.1
TOTAL	$3.5

Concourse A, B, C:

Major projects include the concourse gate expansion, as well as signage and wayfinding upgrades, remodeling of the public restrooms and the conveyance replacement program. This includes the design and construction of new gates and associated apron, airfield, and roadway improvements on Concourse A, B and C, as well as increase the amount of airline and concessions space on each concourse. It is the Airport's current expectation that a majority of the additional gates and space would be revenue-producing in the near and longer term due to current airline demand.

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional AGTS train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements.

Great Hall Project:

The Great Hall project includes renovations to Jeppesen Terminal designed to, among other things, enhance security of the passengers and the Airport, improve passenger flow and increase and improve concessions areas.

Denver Great Hall LLC, a Delaware limited liability company (the Great Hall Developer) was granted an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the Great Hall Project), pursuant to the Development Agreement dated August 24, 2017 (the Great Hall Agreement) between the City, for and on behalf of its Department of Aviation, and the Great Hall Developer. The Great Hall Developer is owned by Denver Great Hall Holdings LLC, which was formed by Ferrovial Airports International Ltd., Saunders Concessions, LLC, and JLC Infrastructure Fund I L.P.A.

Financial Close (a key condition in the Great Hall Agreement in order for work to proceed) was reached on December 21, 2017 after the successful issuance of approximately $200.0 million in bonds by the Great Hall Developer. The total design and construction costs of the Great Hall Project are valued at approximately $650.0 million, with the Great Hall Developer responsible for approximately $171.0 million and the City responsible for approximately $479.0 million, constituting Progress Payments. Under the Great Hall Agreement, the City also has agreed to fund an additional approximately $120.0 million in contingency costs, to the extent required.

Airside:
Major projects include rehabilitation of certain runways, taxiways, and apron areas as part of the Airport's pavement management system; improvements to airfield drainage, safety areas, and airfield service roads; rehabilitation and installation of lighting; certain safety area upgrades and airfield planning studies. Airside projects are partly funded through the Federal Aviation Administration's Airport Improvement Program.

Landside:
Major projects include the East Bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:
Major projects include the improvements and development of the Airport's real estate infrastructure.

Construction Commitments: As of June 30, 2018, the Airport had outstanding contractual construction and professional services commitments of approximately $273.1 million.

Passenger Facility Charges (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 PFC fee 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, 2017, a total of $2.0 billion has been remitted to the Airport, (including interest earned), of which $106.2 million has been expended on approved projects. $1.9 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $17.8 million is unexpended. The Airport's authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.3 billion.

Customer Facility Charges (CFC)

Effective January 1, 2014, the Airport imposed a CFC of two dollars and fifteen cents ($2.15) per Rental Car Transaction Day. The CFC is imposed pursuant to the provisions of Chapter 5 and Sections 5-15 and 5-16 of the Revised Municipal Code of the City. The CFC may be used to pay, or reimburse the Airport, for costs associated with the operation, management, improvement, enhancement, renovation, and expansion of the existing rental car facilities, rental car facility area, and related transportation facilities, and the planning, design, equipping, construction, and other related costs of future phases of the rental car program.

Request for Information

This financial report is designed to provide a general overview of the Airport'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 the Finance Department, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340.

2018 QUARTERLY FINANCIAL REPORT

FINANCIAL STATEMENTS

(UNAUDITED)

Statements of Net Position (Unaudited)

June 30, 2018 and December 31, 2017 ($ in thousands)

	2018	2017	$ Change	% Change
Assets				
Current assets:				
Cash and cash equivalents	$ 37,795	$ 36,427	$ 1,368	3.8%
Investments	70,827	73,339	(2,512)	(3.4%)
Accounts receivable[1]	54,484	52,033	2,451	4.7%
Due from other City agencies	1,727	3,727	(2,000)	(53.7%)
Accrued interest receivable	1,979	6,111	(4,132)	(67.6%)
Grants receivable	6,997	30,779	(23,782)	(77.3%)
Customer facility charges receivable	5,155	4,176	979	23.4%
Inventories	12,206	12,397	(191)	(1.5%)
Prepaid expenses and other	3,382	1,373	2,009	146.3%
Total current unrestricted assets	194,552	220,362	(25,810)	(11.7%)
Restricted assets:				
Cash and cash equivalents	72,435	70,396	2,039	2.9%
Investments	157,098	152,139	4,958	3.3%
Accrued interest receivable	1,612	2,425	(813)	(33.5%)
Prepaid expenses and other	13,046	5,728	7,318	127.8%
Passenger facility charges receivable	14,303	14,190	113	0.8%
Total current restricted assets	258,494	244,878	13,616	5.6%
Total current assets	453,046	465,240	(12,194)	(2.6%)
Noncurrent assets:				
Investments	431,330	446,630	(15,301)	(3.4%)
Long-term receivables, net of current portion	29,018	29,018	-	0.0%
Capital assets (depreciable):				0.0%
Buildings and Improvements	5,495,193	5,466,947	28,246	0.5%
Machinery and equipment	904,034	885,000	19,034	2.2%
	6,399,227	6,351,947	47,280	0.7%
Less: accumulated depreciation and amortization	3,335,868	3,242,642	93,226	2.9%
	3,063,359	3,109,305	(45,946)	(1.5%)
Capital assets (non-depreciable):				
Art	7,165	7,165	-	0.0%
Capacity rights	12,400	12,400	-	0.0%
Construction in progress	285,820	226,616	59,204	26.1%
Land, land rights and air rights	295,766	295,766	-	0.0%
Total capital assets	3,664,510	3,651,252	13,258	0.4%
Prepaid bond insurance, net of accumulated amortization	412	439	(27)	(6.2%)
Interest rate swaps	27,686	27,686	-	0.0%
Investments - restricted	956,710	926,510	30,199	3.3%
Total noncurrent assets	5,109,666	5,081,535	28,131	0.6%
Total assets	5,562,712	5,546,775	15,937	0.3%
Deferred outflows of resources	146,735	156,426	(9,691)	(6.2%)

[1] Accounts receivable net of allowance for doubtful accounts of $3,606 and $1,212, respectively

See accompanying notes to financial statements

Statements of Net Position (Unaudited)

June 30, 2018 and December 31, 2017 ($ in thousands)

	2018	2017	$ Change	% Change
Liabilities				
Current liabilities:				
Unrestricted				
Vouchers payable	$ 40,208	$ 87,071	$ (46,863)	(53.8%)
Due to other City agencies	13,342	8,418	4,924	58.5%
Compensated absences payable	2,439	2,439	-	0.0%
Other liabilities	13,118	12,618	500	4.0%
Revenue credit payable	20,000	40,000	(20,000)	(50.0%)
Advance rent	52,321	45,753	6,568	14.4%
Total current unrestricted liabilities	141,428	196,299	(54,871)	(28.0%)
Restricted				
Vouchers payable	3,065	12,919	(9,854)	(76.3%)
Retainages payable	13,544	11,890	1,654	13.9%
Accrued interest and matured coupons	26,873	23,458	3,415	14.6%
Notes payable	3,152	3,593	(441)	(12.3%)
Other liabilities	5,980	6,343	(363)	(5.7%)
Revenue bonds	486,140	186,140	300,000	161.2%
Total current restricted liabilities	538,754	244,343	294,411	120.5%
Total current liabilities	680,182	440,642	239,540	54.4%
Noncurrent liabilities:				
Bonds payable:				
Revenue bonds, net of current portion	3,479,440	3,779,440	(300,000)	(7.9%)
Plus: net unamortized premiums	151,742	161,983	(10,241)	(6.3%)
Total bonds payable, noncurrent	3,631,182	3,941,423	(310,241)	(7.9%)
Interest rate swaps	119,484	119,484	-	0.0%
Notes payable	5,507	7,600	(2,093)	(27.5%)
Compensated absences payable	7,421	7,421	-	0.0%
Net pension liability	153,874	153,874	-	0.0%
Total noncurrent liabilities	3,917,468	4,229,802	(312,334)	(7.4%)
Total liabilities	4,597,650	4,670,444	(72,794)	(1.6%)
Deferred inflows of resources	8,726	9,084	(358)	(3.9%)
Net Position				
Net investment in capital assets (deficit)	103,669	78,760	24,909	31.6%
Restricted for:				
Capital projects	1,731	2,708	(977)	(36.1%)
Debt service	588,470	484,893	103,577	21.4%
Unrestricted	409,201	457,312	(48,111)	(10.5%)
Total net position	$ 1,103,071	$ 1,023,673	$ 79,398	7.8%

See accompanying notes to financial statements

Statements of Revenue, Expenses, and Changes in Net Position (Unaudited)

June 30, 2018 and 2017 ($ in thousands)

	Three Months Ended			
	2018	2017	$ Change	% Change
Operating revenues:				
Facility rentals	$ 51,328	$ 49,376	$ 1,952	4.0%
Concession	19,889	18,459	1,430	7.7%
Parking	49,444	46,929	2,515	5.4%
Car rental	18,479	16,557	1,922	11.6%
Landing fees	41,735	42,254	(519)	(1.2%)
Aviation fuel tax	6,993	7,329	(336)	(4.6%)
Hotel	13,211	12,923	288	2.2%
Ground transportation	5,058	3,403	1,655	48.6%
Other sales and charges	3,955	3,350	605	18.1%
Total operating revenues	210,092	200,580	9,512	4.7%
Operating expenses:				
Personnel	43,053	40,195	2,858	7.1%
Contractual services	56,873	49,561	7,312	14.8%
Repair and maintenance projects	5,129	3,394	1,735	51.1%
Maintenance, supplies and materials	4,792	5,383	(591)	(11.0%)
Hotel	6,911	7,098	(187)	(2.6%)
Total operating expenses, before depreciation and amortization	116,758	105,631	11,127	10.5%
Operating income	93,334	94,949	(1,615)	(1.7%)
Depreciation and amortization	49,180	44,578	4,602	10.3%
Operating income	44,154	50,371	(6,217)	(12.3%)
Nonoperating revenues (expenses):				
Passenger facility charges	32,199	28,588	3,611	12.6%
Customer facility charges	4,825	4,499	326	7.2%
Investment income	11,736	5,608	6,128	109.3%
Interest expense	(29,509)	(43,268)	13,759	(31.8%)
Other revenues (expenses)	(1,093)	(1,086)	(7)	0.6%
Total nonoperating revenues (expenses), net	18,158	(5,659)	23,817	(420.9%)
Change in net position before capital grants and contributions	62,312	44,712	17,600	39.4%
Capital grants	(724)	14,209	(14,933)	(105.1%)
Change in net position	61,588	58,921	2,667	4.5%
Net position, beginning of period	1,041,484	857,965	183,519	21.4%
Net position, as of June 30	$ 1,103,071	$ 916,886	$ 186,185	20.3%

See accompanying notes to financial statements

Statements of Revenue, Expenses, and Changes in Net Position (Unaudited)

June 30, 2018 and 2017 ($ in thousands)

	Six Months Ended			
	2018	2017	$ Change	% Change
Operating revenues:				
Facility rentals	$ 102,341	$ 97,022	$ 5,319	5.5%
Concession	35,926	34,394	1,532	4.5%
Parking	92,467	87,449	5,018	5.7%
Car rental	36,295	34,196	2,099	6.1%
Landing fees	78,365	81,888	(3,523)	(4.3%)
Aviation fuel tax	13,221	12,300	921	7.5%
Hotel	25,227	23,481	1,746	7.4%
Ground transportation	8,742	6,197	2,545	41.1%
Other sales and charges	6,415	6,159	256	4.2%
Total operating revenues	398,999	383,086	15,913	4.2%
Operating expenses:				
Personnel	82,907	79,102	3,805	4.8%
Contractual services	108,236	97,162	11,074	11.4%
Repair and maintenance projects	6,460	3,445	3,015	87.5%
Maintenance, supplies and materials	10,551	11,210	(659)	(5.9%)
Hotel	13,807	13,625	182	1.3%
Total operating expenses, before depreciation and amortization	221,961	204,544	17,417	8.5%
Operating income	177,038	178,542	(1,504)	(0.8%)
Depreciation and amortization	96,070	88,530	7,540	8.5%
Operating income	80,968	90,012	(9,044)	(10.0%)
Nonoperating revenues (expenses):				
Passenger facility charges	60,212	57,168	3,044	5.3%
Customer facility charges	9,329	9,168	161	1.8%
Investment income	17,421	14,618	2,803	19.2%
Interest expense	(90,342)	(108,296)	17,954	(16.6%)
Other revenues (expenses)	(5,190)	2,280	(7,470)	(327.6%)
Total nonoperating revenues (expenses), net	(8,570)	(25,062)	16,492	(65.8%)
Change in net position before capital grants and contributions	72,398	64,950	7,448	11.5%
Capital grants	7,000	17,795	(10,795)	(60.7%)
Change in net position	79,398	82,745	(3,347)	(4.0%)
Net position, beginning of year	1,023,673	834,141	189,532	22.7%
Net position, as of June 30	$ 1,103,071	$ 916,886	$ 186,185	20.3%

See accompanying notes to financial statements

Statements of Cash Flows (Unaudited)

June 30, 2018 and 2017 ($ in thousands)

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 385,935	$ 362,635
Payments to suppliers	(151,531)	(105,948)
Interfund activity payments to other funds	(6,225)	(7,800)
Payments to employees	(82,846)	(72,327)
Net cash provided by operating activities	145,333	176,560
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(2,492)	(2,514)
Interest paid on revenue bonds	(87,836)	(94,040)
Bond insurance and issue costs paid	27	(1)
Interest paid on notes payable	(43)	(103)
Capital grant receipts	30,781	7,138
Passenger Facility Charges	60,099	53,421
Customer Facility Charges	8,350	11,377
Purchases of capital assets	(126,132)	(79,332)
Payments from accrued expenses for capital assets	(24,414)	(15,344)
Proceeds from sale of capital assets	-	367
Net cash provided by (used in) capital and related financing activities	(141,660)	(119,031)
Cash flows from investing activities:		
Purchases of investments	(2,093,806)	(1,647,739)
Proceeds from sales and maturities of investments	2,076,462	1,573,389
Proceeds from sales of assets held for dispostion	4,109	-
Payments to maintain assets held for disposal	(7,265)	(59)
Interest and dividends on investments and cash equivalents	20,234	19,436
Net cash used in investing activities	(266)	(54,973)
Net increase (decrease) in cash and cash equivalents	3,407	2,556
Cash and cash equivalents, beginning of the year	106,823	77,694
Cash and cash equivalents, end of the year	$ 110,230	$ 80,250

Statements of Cash Flows (Unaudited)

June 30, 2018 and 2017 ($ in thousands)

	2018	2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 80,968	$ 90,012
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	96,070	88,530
Miscellaneous income/(expense)	-	4,231
Changes in assets and liabilities:		
Receivables, net of allowance	(2,450)	(27,549)
Inventories	191	198
Prepaid expenses and other	(1,972)	(1,857)
GASB 68 deferred outflows		
Vouchers and other payables	(21,471)	(26,178)
Deferred rent	6,568	2,868
Due to other City agencies	4,923	16,276
Other operating liabilities	(19,494)	30,029
Net cash provided by operating activities	$ 145,333	$ 176,560

Unrealized gain (loss) on investments	$ -	$ 14,684
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	(908)	2,331

2018 QUARTERLY FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

(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 (the Airport) and certain assets of Stapleton International Airport (Stapleton) and collectively, are referred to herein as the City and County of Denver Municipal Airport System (Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

The Airport consists of a landside terminal building, hotel, and transit center, 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.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows 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 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 in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2017 and 2016. The Airport's investments are maintained in pools at the City and include municipal securities, commercial paper, corporate bonds, multi-national fixed income, structured products, U.S Treasury securities, and U.S Agency securities.

(d) Inventories

Inventories consist of materials and supplies which have been valued at cost.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, land, and land rights at the Airport. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of the Airport 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 total capitalized interest incurred for fiscal years 2017 and 2016 was $9.3 million and $50.9 million, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Roadways	30 - 40 years
Runways/taxiways	30 - 40 years
Other improvements	15 - 40 years
Major system equipment	15 - 25 years
Vehicles and other equipment	5 - 10 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums and premiums (discounts) on bonds are recorded as assets or liabilities and amortized over the life of the bonds or insurance policy using the effective interest method. Unamortized premiums on bonds are recorded as an addition to the face amount of the bonds payable. Gains (losses) on bond refundings 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. Gains (losses) on bond refundings are recorded as deferred inflows or outflows of resources, respectively.

(g) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport uses the vesting method for estimating sick leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport prior to a legal claim to them. Included in advance rent are customer credits and deposits.

(i) Pensions

For purposes of recording the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the Denver Employees Retirement Plan (DERP) and additions to/reductions from DERP's fiduciary net position have been determined on the same basis as they are reported by DERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(j) Net Position

2018

The Airport assets exceeded liabilities by $1,103.1 million as of June 30, 2018, a $79.4 million increase in net position from December 31, 2017. Of the Airport's 2018 net position, 53.5% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $588.5 million and are externally restricted for debt service. The net position restricted for capital projects represent $1.7 million.

The remaining net position included unrestricted net position of $409.2 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, $103.7 million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2017

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1,023.7 million as of December 31, 2017, an $189.5 million increase in net position from the prior year-end. Of the Airport's 2017 net position, 47.6% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $484.9 million and are externally restricted for debt service. The net position restricted for capital projects represent $2.7 million.

The remaining net position included unrestricted net position of $457.3 million which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements.

In addition, $78.8 million represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(k) Restricted and Unrestricted Resources

Uses 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 position distinguish operating revenues and expenses from non-operating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport 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.

(m) Nonoperating Revenues and Expenses

All revenues and expenses not meeting the above definition of operating revenues and expenses are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), Car Rental Customer Facility Fees (CFCs), interest expense, investment income, operating grants from the federal government and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport 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. Revenues from capital grants are reported as capital contributions on the statements of revenues, expenses, and changes in net position and revenues from operating grants are reported as nonoperating revenues.

(o) Rates and Charges

The Airport establishes annually, and may adjust 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.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40.0 million are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40.0 million for 2017. The liability for this amount was accrued as of December 31, 2017, and is reported in the statements of net position as revenue credit payable.

(p) 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, deferred outflows, liabilities, and deferred inflows 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.

(q) Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in total net position.

(3) Interest Income

Investment income earned on the Airport System's pooled cash and investments is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for June 30, 2018 and 2017, is comprised of interest income on investments of $17.4 million and $14.6 million, respectively.

(4) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenues from airline landing fees and facility rental fees (airline operating revenue). For the quarter ended June 30, 2018 and years ended December 31, 2017, 2016, United Airlines group represented approximately, 41.3%, 43.2%, and 42.9% of the Airport's airline operating revenue respectively. Southwest Airlines represented 27.5%, 24.4%, and 23.3% in 2018, 2017, and 2016, respectively. No other airline represented more than 10% of the Airport's airline operating revenues. The Airport requires performance bonds to support airlines and concession accounts receivables.

(5) United Group

The dominant air carrier at the Airport is United Airlines (United), one of the world's largest airlines. Pursuant to the United Use and Lease Agreement, United currently leases 54 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.9% and 42.3% of enplaned passengers at the Airport as of June 30, 2018 and December 31, 2017, respectively.

(6) Pension Plan

(a) Substantially all of the Airport's employees are covered under the City's DERP.

Plan Description. DERP administers a cost-sharing multiple-employer defined benefit plan to eligible members. DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 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 DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the Plan's assets.

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

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

Annual cost of living adjustments are granted on an ad hoc basis. The estimated cost of benefit and contribution provisions is determined annually by an independent actuary, recommended by the plan's Board, and enacted into ordinance by Denver City Council.

The Plan is accounted for using the economic resources measurement focus and the accrual basis of accounting. DERP issues a publicly available comprehensive annual financial report that can be obtained at https://www.derp.org/.

Funding Policy. The City contributes 11.5% of covered payroll and employees make a pre-tax contribution of 8.0% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the year ended December 31, 2017 and 2016, were $64.4 million and $64.3 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $9.5 million and $9.2 million for the year ended December 31, 2017 and 2016 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2017 and 2016, DEN reported a liability of $153.9 million and $158.0 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2016 and 2015, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. The Airport's proportion of the net pension liability was based on contributions to DERP relative to the total contributions of participating employers to DERP.

At December 31, 2016, the Airport's proportion was 12.61833%, which was a decrease of 0.78234% from its proportion measured as of December 31, 2015. As of December 31, 2015, the Airport's proportion was 13.40067%, which was an increase of 0.27064% from its proportion measured as of December 31, 2014.

The components of the Airport's net pension liability related to DERP as of December 31, 2017 and 2016, respectively, are presented below ($ in thousands):

	2017	2016
Total pension liability	$ 407,712	$ 418,766
Plan fiduciary net position	(253,838)	(260,733)
Net pension liability	$ 153,874	$ 158,033

The change in net pension liability for the year ended December 31, 2017 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 158,033	$ 5,017	$ 9,176	$ 153,874

The change in net pension liability for the year ended December 31, 2016 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 115,000	$ 52,142	$ 9,109	$ 158,033

For the years ended December 31, 2017 and 2016, pension expense recognized by the Airport was $22.5 million and $23.6 million, respectively. At December 31, 2017, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,163	$ -
Changes of assumptions or other inputs	4,069	-
Net difference between projected and actual earnings on pension plan investments	17,359	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,324	4,819
Contributions subsequent to the measurement date	9,512	-
Total	**$ 36,427**	**$ 4,819**

At December 31, 2016, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

	Denver International Airport	
Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,811	$ -
Changes of assumptions or other inputs	7,062	-
Net difference between projected and actual earnings on pension plan investments	25,173	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,151	-
Contributions subsequent to the measurement date	9,176	-
Total	**$ 49,373**	**$ -**

At December 31, 2017 and 2016, the Airport reported $9.5 million and $9.2 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year Ended December 31,	Denver International Airport
2018	$ 10,569
2019	7,461
2020	4,079
2021	(13)
2022	-
Thereafter	-
	$ 22,096

The total pension liability in the December 31, 2016 and 2015 actuarial valuations were determined using the actuarial assumptions as follows:

2016	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

2015	DERP
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

Mortality rates were based on the RP-2000 Combined Mortality Table via scale AA to 2020, with multipliers specific to gender and payment status of employee.

The latest experience study was conducted in 2013 covering the 5-year period of January 1, 2008 to December 31, 2012. At the time, the recommended mortality table was expected to produce a margin of 8% on the retired male mortality experience and 7% on the retired female experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2016 and 2015 these best estimates are summarized in the following table:

Asset Allocation

2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	5.70%
Non-US Developed Markets	15.50%	6.70%
Emerging Markets	8.00%	11.60%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	1.00%
Debt	2.50%	5.50%
Private Debt	6.50%	7.50%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.00%
Absolute Return	5.00%	3.10%
Energy MLP's	7.00%	9.00%
Private Equity/Other	13.50%	8.90%
Cash	0.00%	0.30%
Total	**100.00%**	

2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	4.30%
Non-US Developed Markets	15.50%	6.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	0.80%
Debt	2.50%	5.90%
Private Debt	6.50%	8.40%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.40%
Absolute Return	5.00%	3.60%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	7.70%
Cash	0.00%	0.50%
Total	**100.00%**	

Discount Rate. A single discount rate of 7.75% was used to measure the total pension liability at December 31, 2016 and 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75% and 8.00%, respectively. The projection of cash flows used to determine this single rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher ($ in thousands):

2016	1 % Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of net pension liability	$ 196,259	$ 153,874	$ 117,844

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports at https://www.derp.org/.

(7) Subsequent Event

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado, which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (the Complaint). The Complaint seeks, among other things, a declaration from the Court that the City is in breach of the Adams County Intergovernmental Agreement (IGA) as a result of the City's continued use of noise modeling system known as ARTSMAP, which the Complaint alleges is not sufficient to measure compliance with Noise Standards agreed to under the IGA. In conjunction with this declaratory relief, the Complaint seeks an injunction of the City's continued use of ARTSMAP and specific performance including, among other things, (i) use of an alternative noise monitoring system and for the City to recalculate and re-report the annual calculation of compliance with the Noise Standards for 2014 through 2018 and future years using such alternative noise monitoring system, (ii) installation of additional noise monitoring terminals in and around the Airport to sufficiently measure compliance with the Noise Standards under the IGA; and (iii) supply of a terminal at the Adams County offices to allow real-time, continuous monitoring of such alternative noise monitoring system data.

The City intends to vigorously defend against all claims alleged in the Complaint. However, if the Court grants the relief sought, the City may be required to make changes to the operations of the Airport and flight procedures that could materially adversely affect Net Revenues and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given regarding the outcome of this litigation or whether the Claimants will file additional claims in the future alleging new violations.

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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 the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A (AMT)" in the aggregate principal amount of $2,341,710,000 (the "**Series 2018A Bonds**"), and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018B (Non-AMT)" in the aggregate principal amount of $184,365,000 (the "**Series 2018B Bonds**" and, together with the Series 2018A Bonds, the "**Bonds**") by the City, for and on behalf of its Department of Aviation (the "**Department**"). The Bonds are being issued pursuant to the General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented, and Ordinance No. 18-0775, Series of 2018, adopted by the City Council of the City (collectively, the "**Subordinate Bond 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 Subordinate Bond 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 (a) with respect to the City, the financial information or operating data with respect to the City and the Airport System, 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 and (b) with respect to each Obligated Person other than the City, the SEC Reports, provided that if such Obligated Person is no longer required to file the SEC Reports, information substantially equivalent to that required to be contained in the SEC Reports. 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 required to be registered through the Securities Depository in accordance with the Subordinate Bond Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or 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 identified to the satisfaction of the City.

"*Commission*" means the Securities and Exchange Commission.

"*Event*" or "*Events*" means any of the events listed in Sections 3(a) and 3(b) of this Disclosure Undertaking.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at http://emma.msrb.org. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

"*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 Gross Revenues of the Airport System for each of the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated August 14, 2018, 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.

"*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.

"*SEC Reports*" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*Treasurer*" means the Manager of Finance of the City's Department of Finance, Chief Financial Officer, ex officio Treasurer of the City, or his or her designee, and successor in functions, if any.

Section 2. Provision of Annual Financial Information.

(a) Commencing with respect to the Fiscal Year ended December 31, 2018, and each Fiscal Year thereafter while the Bonds remain outstanding under the Subordinate Bond Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any 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 MSRB or other repositories in accordance with the Rule 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 is currently the only Obligated Person. If any future Obligated Person is required by federal law to file SEC Reports with the Commission, the City and the Treasurer take no responsibility for the accuracy or completeness of such SEC Reports or other annual financial information disseminated 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 any future Obligated Person (to the extent such future Obligated Person is not otherwise required under federal law to file SEC Reports), to disseminate Annual Financial Information substantially equivalent to that contained in the SEC Reports to the MSRB, through EMMA, as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information. The City and the Treasurer have no obligation to file or disseminate any SEC Reports relating to future Obligated Person.

Section 3. Reporting of Events.

(a) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(6) defeasances;

(7) rating changes;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person.

For the purposes of the event identified in paragraph (3)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds, if material:

(1) non-payment related defaults;

(2) modifications to the rights of the beneficial owners of the Bonds;

(3) bond calls;

(4) release, substitution or sale of property securing repayment of the Bonds;

(5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(6) appointment of a successor or additional trustee or a change in the name of a trustee.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for owners of Bonds. If the Treasurer determines that such event would constitute material information for owners of Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

(c) At any time the Bonds are outstanding under the Subordinate Bond Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, 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 Subordinate Bond 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 representative of the Participating Underwriters. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB.

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 original issuance and delivery of the Bonds and the Participating Underwriters consent 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 Subordinate Bond Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to 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 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 notice or include its disclosure 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 or 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 Subordinate Bond 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.

Section 9. Filing. The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

[Signature page follows]

Executed August __, 2018

ATTEST:

CITY AND COUNTY OF DENVER, COLORADO,

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

____
Mayor

APPROVED AS TO FORM:

Kristin M. Bronson, Attorney for the
City and County of Denver

By______________________________
City Attorney

REGISTERED AND COUNTERSIGNED:

____
Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer of the 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 following portions of the Official Statement (i) fund balances of the Capital Fund under the heading "SECURITY AND SOURCES OF PAYMENT — Capital Fund," (ii) Table 2 under the heading "CAPITAL PROGRAM," (iii) Tables 3 through 6 under the heading "AVIATION ACTIVITY AND AIRLINES — Aviation Activity," and (iv) Tables 8 through 10 and Table 13 under the heading "FINANCIAL INFORMATION."

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APPENDIX H

FORM OF OPINION OF BOND COUNSEL

August 28, 2018

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
City and County Building
Denver, Colorado 80202

Merrill Lynch, Pierce, Fenner & Smith Incorporated
As Representative of the Underwriters

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2018A – $2,341,710,000 (AMT)
SERIES 2018B – $184,365,000 (NON-AMT)

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 $2,341,710,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A" (the "Series 2018A Subordinate Bonds") and $184,365,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018B" (the "Series 2018B Subordinate Bonds" and, together with the Series 2018A Subordinate Bonds, the "Series 2018A-B Subordinate Bonds") pursuant to Ordinance No. 302, Series of 2013, as supplemented and amended by certain supplemental subordinate ordinances, including Ordinance No. 18-0775, Series of 2018, with respect to the Series 2018A-B Subordinate Bonds (collectively, the "Subordinate Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Subordinate Ordinance.

The Series 2018A-B Subordinate Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2018A-B Subordinate 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 Subordinate 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 2018A-B Subordinate 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 2018A-B Subordinate Bonds, the forms of the Series 2018A-B Subordinate Bonds, 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 2018A-B Subordinate 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 2018A-B Subordinate 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 Subordinate 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 Subordinate Ordinance and issue the Series 2018A-B Subordinate Bonds for and on behalf of the Department.

2. The Subordinate 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 2018A-B Subordinate 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 Subordinate Ordinance.

4. The Subordinate 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 lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2018A-B Subordinate Bonds, on a parity with the lien thereon of other Subordinate 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 A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2018A Subordinate 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"), but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and, for taxable years beginning before January 1, 2018, corporations. The interest on the Series 2018B Subordinate 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, for taxable years beginning before January 1, 2018, interest on the Series 2018B Subordinate 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 foregoing opinions assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018A-B Subordinate Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2018A-B Subordinate Bonds.

6. To the extent interest on the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds, including whether interest on the Series 2018A-B Subordinate 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 2018A-B Subordinate Bonds and the enforceability of the Series 2018A-B Subordinate Bonds and the Subordinate 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 Subordinate 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 2018A-B Subordinate 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. This opinion has been prepared solely for your use 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 this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2018A-B Subordinate Bonds.

Respectfully submitted,

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CITY AND COUNTY OF DENVER, COLORADO • AIRPORT SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2018A (AMT) AND SERIES 2018B (NON-AMT)

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