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 2017A-B 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 2017A-B Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2017A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2017B 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 2017A-B Bonds, under existing law and to the extent interest on the Series 2017A-B Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See "TAX MATTERS" for a more detailed discussion.

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

AIRPORT SYSTEM REVENUE BONDS

$254,225,000 SERIES 2017A (AMT)	$21,280,000 SERIES 2017B (NON-AMT)

Dated: Date of Delivery **Due: November 15, as shown on the inside cover page**

The Series 2017A-B 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, refund, redeem and defease, outstanding Airport System revenue bonds and pay the costs of issuing the Series 2017A-B Bonds, all as further described herein. Capitalized terms used on this cover page are defined herein.

The Series 2017A-B 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 2017A-B Bonds. Beneficial Ownership Interests in the Series 2017A-B 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 2017A-B Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein. Investors may purchase Series 2017A-B Bonds in book-entry form only.

The Series 2017A-B Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on May 15, 2018, and semiannually thereafter on each November 15 and May 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2017A-B Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the 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 2017A-B Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2017A-B Bonds. The Series 2017A-B 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 2017A-B 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."

Purchasers of Beneficial Ownership Interests in the Series 2017A-B Bonds will be deemed to have consented to certain proposed amendments to the City's Senior Bond Ordinance as discussed herein.

The Series 2017A-B 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 Sherman & Howard L.L.C., Denver, Colorado. It is expected that delivery of the Series 2017A-B Bonds will be made through the facilities of DTC on or about December 7, 2017.

RAYMOND JAMES **US BANCORP**

RAMIREZ & CO., INC. **STIFEL** **HARVESTONS SECURITIES, INC.**

Dated: November 29, 2017

MATURITY SCHEDULE

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

$254,225,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2017A (AMT)

(CUSIP© six digit issuer No. 249182)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP© No.[1]
2018	$21,245,000	4.00%	1.500%	249182K C9
2019	22,870,000	5.00	1.790	249182K D7
2020	24,015,000	5.00	1.900	249182K E5
2021	13,310,000	5.00	2.010	249182K F2
2022	13,980,000	5.00	2.160	249182K G0
2023	14,675,000	5.00	2.240	249182K H8
2024	7,245,000	5.00	2.380	249182K K1
2024	7,500,000	3.00	2.380	249182K J4
2026	18,720,000	5.00	2.540	249182K L9
2027	19,655,000	5.00	2.650	249182K M7
2028	29,150,000	5.00	2.750*	249182K N5
2029	30,610,000	5.00	2.800*	249182K P0
2030	31,250,000	5.00	2.850*	249182K Q8

$21,280,000
AIRPORT SYSTEM REVENUE BONDS
SERIES 2017B (NON-AMT)

(CUSIP© six digit issuer No. 249182)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP© No.[1]
2033	$21,280,000	5.00%	2.930%*	249182K R6

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* Yield to first optional call date of November 15, 2027.

1 A registered trademark of The American Bankers Association. CUSIP numbers are provided by CUSIP Global Services managed by Standard & Poor's Capital IQ on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. None of the City, the Department or the Underwriters takes responsibility for the accuracy of such CUSIP numbers now or at any time in the future. The CUSIP number for any maturity of the Series 2017A-B Bonds may be changed after the issuance of the Series 2017A-B Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2017A-B Bonds.

SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

Michael B. Hancock

City Council

Albus Brooks, President

Kendra Black	Paul Kashmann
Jolon Clark	Robin Kniech
Rafael Espinoza	Paul D. López
Kevin Flynn	Wayne New
Stacie Gilmore	Deborah Ortega
Christopher Herndon	Mary Beth Susman

Auditor

Timothy M. O'Brien

Clerk and Recorder, *Ex-Officio* Clerk

Debra Johnson

Cabinet Officials

Allegra "Happy" Haynes	Deputy Mayor, Manager/Executive Director of the Department of Parks and Recreation
Brendan J. Hanlon	Manager of Finance/Chief Financial Officer/*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
Stephanie O'Malley	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
Vacant	Executive Vice President/Chief of Staff
Ken Greene	Executive Vice President/Chief Operating Officer
Patrick Heck	Executive Vice President/Chief Commercial Officer
Darryl Jones	Executive Vice President/Chief Real Estate Officer
Xavier S.L. DuRán, Esq.	Executive Vice President/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

* On November 14, 2017, Mayor Michael B. Hancock appointed Eulois Cleckley as the next Executive Director of the Department of Public Works. Mr. Cleckley will assume this role on December 11, 2017.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B 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.MUNIDOC.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 2017A-B Bonds, the Underwriters may over-allot or effect transactions that stabilize or maintain the market prices of the Series 2017A-B 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 2017A-B Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the SUMMARY OF OFFERING and such public offering prices may be changed from time to time by the Underwriters.

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," "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."

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OFFICIAL STATEMENT

RELATING TO

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

AIRPORT SYSTEM REVENUE BONDS

$254,225,000	**$21,280,000**
SERIES 2017A (AMT)	**SERIES 2017B (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 Revenue Bonds, Series 2017A (AMT) (the "Series 2017A Bonds") and its Airport System Revenue Bonds, Series 2017B (Non-AMT) (the "Series 2017B Bonds"), referred to herein collectively as the "Series 2017A-B Bonds" and individually as a "Series."

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

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. See "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. There are 25 passenger airlines currently providing scheduled service at the Airport, including eleven major/national passenger airlines, seven foreign flag passenger airlines and seven regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including Federal Express 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 29.1 million enplaned passengers (passengers embarking on airplanes) in 2016, constituting an approximately 7.9% increase compared to 2015, and approximately 27.0 million enplaned passengers in 2015, constituting an approximately 1.1% increase compared to 2014. In 2016, the Airport experienced the highest number of annual enplaned passengers since it opened in 1995. Approximately 63.6% of passengers originated their travel at the Airport in 2016, compared to approximately 64.2% in 2015. Approximately 36.4% of passengers made connecting flights at the Airport in 2016, compared to approximately 35.8% in 2015. For the first nine months of 2017, the Airport served approximately 23.1 million enplaned passengers compared to 21.8 million enplaned passengers for the first nine months of 2016, constituting an approximately 6.3% increase.

For the nine month period ended September 30, 2017, as compared to nine months ended September 30, 2016, operating revenues at the Airport were $578.3 million, an increase of $25.0 million, or 4.5%. For the nine month period ended September 30, 2017, as compared to the nine month period ended September 30, 2016, operating expenses at the Airport, exclusive of depreciation and amortization, were $321.6 million, a decrease of ($7.3) million, or (2.2%). For a discussion of operating revenues and expenses for 2016 compared to 2015 and additional information regarding the nine month period ended September 30, 2017 as compared to nine months ended September 30, 2016, 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, including 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" and "FINANCIAL INFORMATION — Historical Financial Operations, — Management's Discussion and Analysis of Financial Performance, and — Passenger Facility Charges."

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 42.0% of passenger enplanements at the Airport in 2016 and 42.2% of passenger enplanements at the Airport for the first nine months of 2017. 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 2016. Since commencing its service at the Airport in 2006, Southwest has had strong and continued growth in airline service, accounting for 29.4% of passenger enplanements at the Airport in 2016 and 29.4% of passenger enplanements at the Airport for the first nine months of 2017. The Department completed an expansion of Concourse C in November 2014 that added additional gates for Southwest to utilize. 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 2016, accounting for 12.2% of passenger enplanements at the Airport in 2016 and 11.7% of passenger enplanements at the Airport for the first nine months of 2017. The Airport is presently Frontier's only hub and in 2016 was the busiest airport in the Frontier system. Frontier currently leases 8 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.

In December 2013, American Airlines and US Airways announced the completion of a merger to form the American Airlines Group ("American"). American received a single FAA operating certificate in April 2015. With very little connecting enplaned passenger traffic, American does not use the Airport as a hub, accounting for 5.6% of passenger enplanements at the Airport in 2016 and 5.5% of passenger enplanements at the Airport for the first nine months of 2017.

Delta Airlines ("Delta") had the fifth largest market share at the Airport in 2016. Delta does not use the Airport as a hub, accounting for 5.1% of passenger enplanements at the Airport in 2016 and 5.3% of passenger enplanements at the Airport for the first nine months of 2017.

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 2016 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 2016.

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 expected to be 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 Department's last adopted capital program for the Airport was for the period 2013-2018 (the "2013-2018 Capital Program"). From 2013 through 2017, major projects completed 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. See also "DENVER INTERNATIONAL AIRPORT — Hotel and Transit Center."

The Series 2017A-B Bonds

Authorization. The Series 2017A-B Bonds are being issued by authority of the City's home rule charter (the "City Charter"), the State's Supplemental Public Securities Act and the General Bond Ordinance effective in November 1984, as amended and supplemented (the "General Bond Ordinance"), and a supplemental ordinance (the "Series 2017 Supplemental Ordinance") to be approved by the Denver City Council (the "City Council") prior to the issuance of the Series 2017A-B Bonds. The General Bond Ordinance and the Series 2017 Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2017 Supplemental Ordinance are referred to herein collectively as the "Senior Bond Ordinance." The covenants and undertakings of the City with respect to the Senior Bond Ordinance and the Series 2017A-B Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City but have not been adopted by the City Council (the "Proposed Amendments"). See "THE SERIES 2017A-B BONDS — Authorization," "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Purpose/Refunding Plan. The proceeds of the Series 2017A Bonds, together with other available Airport System moneys, will be used to (i) current refund and redeem (a) all of the Airport System Revenue Bonds, Series 2007A (AMT) maturing on or after November 15, 2018 (the "Series 2007A Bonds") and (b) all of the Airport System Revenue Bonds, Series 2007D (AMT) maturing on or after November 15, 2018 (the "Series 2007D Bonds"), and (ii) pay the costs of issuing the Series 2017A Bonds (collectively, the "Series 2017A Refunding Plan") in order to achieve debt service savings and overall debt service structure.

The proceeds of the Series 2017B Bonds, together with other available Airport System moneys, will be used to (i) current refund and redeem all of the Airport System Revenue Bonds, Series 2007C (Non-AMT) maturing on or after November 15, 2018 (the "Series 2007C Bonds"), and (ii) pay the costs of issuing the Series 2017B Bonds (collectively, the "Series 2017B Refunding Plan", and together with the Series 2017A Refunding Plan, the "Refunding Plan") in order to achieve debt service savings and overall debt service structure.

The outstanding Series 2007A Bonds, Series 2007C Bonds and Series 2007D Bonds determined to be refunded are referred to herein collectively as the "Refunded Bonds." See also "REFUNDING PLAN" and "FINANCIAL INFORMATION — Outstanding Senior Bonds."

Maturities, Principal and Interest. The Series 2017A-B 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. Interest on the Series 2017A-B Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2018, and semiannually thereafter on each November 15 and May 15 (each an "Interest Payment Date"). The Series 2017A-B Bonds are subject to redemption prior to maturity as described in "THE SERIES 2017A-B BONDS — Redemption Prior to Maturity."

Book-Entry Only System. The Series 2017A-B 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 2017A-B Bonds. Ownership interests in the Series 2017A-B 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 2017A-B Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2017A-B BONDS — General Provisions" and "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Special Obligations. The Series 2017A-B Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Senior Bond Ordinance (referred to herein collectively as the "Senior Bonds"). 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 2017A-B Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2017A-B Bonds. The Series 2017A-B Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See "SECURITY AND SOURCES OF PAYMENT — Pledge of Net Revenues."

The definition of Senior Bonds also includes Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds (collectively, the "Senior Obligations"), which have a lien on the Net Revenues on a parity with the lien on the Senior Bonds. See "FINANCIAL INFORMATION — Outstanding Senior Bonds" for a description of outstanding Credit Facility Obligations. See "APPENDIX B — GLOSSARY OF TERMS" for the definitions of Hedge Facility Obligations and Credit Facility Obligations.

Further Information. For further information regarding the Series 2017A-B Bonds, see generally "THE SERIES 2017A-B BONDS," "FINANCIAL INFORMATION," "APPENDIX B — GLOSSARY OF TERMS," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Tax Matters

In the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2017A-B 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 2017A-B Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2017A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2017B 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 2017A-B Bonds, under existing law and to the extent interest on the Series 2017A-B 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

Upon the issuance of the Series 2017A-B Bonds and the refunding and defeasance of the Refunded Bonds, there will be 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 certain outstanding Senior Bonds. See "FINANCIAL INFORMATION — Outstanding Senior Bonds" for a description of outstanding Credit Facility Obligations.

Pursuant to the Subordinate Bond Ordinance, the City, for and on behalf of the Department, has previously issued various series of Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) pursuant to the Subordinate Bond Ordinance. The only currently outstanding Subordinate Bonds consist of the Series 2013A-B Subordinate Bonds and the Series 2015A Subordinate Bonds, which are currently outstanding in the aggregate principal amount of $695,215,000 and $174,870,000, respectively. The City also has entered into various Subordinate Hedge Facility Obligations relating to Senior Bonds that are secured by a pledge of the Net Revenues that is subordinate to that of the Senior Bonds. See "FINANCIAL INFORMATION — Outstanding Subordinate Bonds, — Other 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, 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 other 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 authorized the incurrence of 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 "SECURITY AND SOURCES OF PAYMENT — Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations," "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 enter into additional Senior Obligations upon the satisfaction of certain conditions set forth in the Senior Bond Ordinance, may issue additional Subordinate Bonds and enter into Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance and may issue Junior Lien Bonds and incur Junior Lien Obligations upon the satisfaction of certain conditions set forth in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Additional Parity Bonds, — Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Subsequent to the issuance of the Series 2017A-B Bonds, the City expects to issue certain Subordinate Bonds or incur certain Subordinate Contract Obligations intended to be used for interim financing of project costs related to the 2018-2022 Capital Program, including the Great Hall Project (defined herein). These Subordinate Bonds or Subordinate Contract Obligations are expected to consist of direct purchase or other credit facilities of up to $300 million with Bank of America, N.A. and up to $150 million with U.S. Bank National Association.

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 November 21, 2017 in connection with the issuance of the Series 2017A-B Bonds (the "Report of the Airport Consultant"), included herein as "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT" and described in more detail under the caption "REPORT OF THE AIRPORT CONSULTANT" herein. The Report of the Airport Consultant presents certain airline traffic and financial forecasts for fiscal years ending December 31, 2017 through December 31, 2025 (the "Forecast Period"), including, 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.

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.

Consent to Proposed Amendments to the Senior Bond Ordinance

Purchasers of Beneficial Ownership Interests in the Series 2017A-B Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

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 of the Series 2017A-B 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 H — 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 2017A-B Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance, and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2017A-B Bonds, copies of 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 2017A-B 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 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 2017A-B Bonds.

REFUNDING PLAN

Purpose of the Series 2017A-B Bonds

The proceeds of the Series 2017A-B Bonds will be used, together with other available Airport System moneys, to refund the Refunded Bonds for interest rate savings and pay the costs of issuance of the Series 2017A-B Bonds. The proceeds of the Series 2017A Bonds, together with other available Airport System moneys, will be used to (i) current refund and redeem all of the Series 2007A Bonds and all of the Series 2007D Bonds, and (ii) pay the costs of issuing the Series 2017A Bonds. The proceeds of the Series 2017B Bonds, together with other available Airport System moneys, will be used to (i) current refund and redeem all of the Series 2007C Bonds, and (ii) pay the costs of issuing the Series 2017B Bonds.

A portion of the proceeds of the Series 2017A Bonds will be deposited to an irrevocable escrow account to current refund, redeem and defease the following Series 2007A Bonds and Series 2007D Bonds at par in order to achieve debt service savings:

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP*
Series 2007A	2023	$17,925,000	5.00%	2491814 L9
Series 2007A	2024	25,185,000	5.00	2491814 M7
Series 2007A	2026	26,445,000	5.00	2491814 N5
Series 2007A	2027	27,770,000	5.00	2491814 P0
Series 2007A	2030	91,025,000	5.00	2491814 Q8
Series 2007D	2018	19,050,000	5.25	2491815 D6
Series 2007D	2019	20,050,000	5.25	2491815 E4
Series 2007D	2020	21,105,000	5.25	2491815 F1
Series 2007D	2021	22,210,000	5.25	2491815 G9
Series 2007D	2022	23,380,000	5.25	2491815 H7
Series 2007D	2023	6,680,000	5.25	2491815 J3

A portion of the proceeds of the Series 2017B Bonds will be deposited to an irrevocable escrow account to current refund and redeem the following Series 2007C Bonds at par in order to achieve debt service savings:

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP*
Series 2007C	2033	$25,950,000	5.00%	2491814 U9

The irrevocable escrow accounts (the "Escrow Accounts") described above are to be established pursuant to an escrow agreement to be entered into by the City, for and on behalf of the Department, and

[2] * A registered trademark of The American Bankers Association. CUSIP numbers are provided by CUSIP Global Services managed by Standard & Poor's Capital IQ on behalf of The American Bankers Association. CUSIP numbers are provided for convenience of reference only. None of the City, the Department or the Underwriters takes responsibility for the accuracy of such CUSIP numbers now or at any time in the future. The CUSIP number for any maturity of the Series 2017A-B Bonds may be changed after the issuance of the Series 2017A-B Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2017A-B Bonds.

ZB, National Association dba Zions Bank, Denver, Colorado, as escrow agent, and utilized to redeem and pay all of the Refunded Bonds on December 21, 2017 in accordance with such escrow agreement.

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 2017A-B Bonds.

Sources:	Series 2017A Bonds	Series 2017B Bonds	Total
Principal Amount	$254,225,000.00	$21,280,000.00	$275,505,000.00
Original issue premium[1]	36,024,955.80	3,774,008.00	39,798,963.80
Transfer from Bond Reserve Fund	12,103,502.62	1,044,758.99	13,148,261.61
Transfer from Bond Fund	1,532,243.75	129,750.00	1,661,993.75
Total	$303,885,702.17	$26,228,516.99	$330,114,219.16
Uses:			
Deposit to the Escrow Accounts[2]	$302,357,243.75	$26,079,750.00	$328,436,993.75
Costs of Issuance[3]	1,528,458.42	148,766.99	1,677,225.41
Total	$303,885,702.17	$26,228,516.99	$330,114,219.16

[1] See "UNDERWRITING" and "TAX MATTERS."
[2] To be used to refund, redeem and defease the Refunded Bonds.
[3] Includes Underwriters' discount, rating agencies' fees, legal fees and other costs of issuance for the Series 2017A-B Bonds. See also "UNDERWRITING."

THE SERIES 2017A-B BONDS

The following is a summary of certain provisions of the Series 2017A-B Bonds during such time as the Series 2017A-B Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2017A-B Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX B — GLOSSARY OF TERMS," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE," and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2017A-B Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance, and procedures for defeasance of the Series 2017A-B Bonds.

Authorization

Pursuant to the home rule article of the State constitution, the State's Supplemental Public Securities Act and the City Charter, the City, for and on behalf of the Department, may issue bonds payable solely from and secured by a senior 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 2017A-B Bonds will be issued pursuant to the Senior Bond Ordinance, including the Series 2017 Supplemental Ordinance to be approved by the City Council prior to the issuance of the Series 2017A-B Bonds and any Proposed Amendments that may be adopted after issuance of the Series 2017A-B Bonds. See "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR 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 2017A-B Bonds.

DTC Book-Entry System

The Series 2017A-B 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 2017A-B Bonds. Beneficial Ownership Interests in the Series 2017A-B Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2017A-B 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 E — DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2017A-B Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2017A-B Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2017A-B 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 2017A-B 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 2017A-B Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2017A-B Bonds or (5) any other related matter.

General Provisions

The Series 2017A-B 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 2017A-B Bonds are subject to optional and mandatory redemption prior to maturity as described below in "— Redemption

Prior to Maturity." Interest on the Series 2017A-B Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on May 15, 2018, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2017A-B Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2017A-B Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Redemption Prior to Maturity

Optional Redemption. The Series 2017A Bonds maturing on and after November 15, 2028, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2027, 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 2017A Bonds to be redeemed plus accrued interest to the date of redemption (the "Redemption Date").

The Series 2017B Bonds are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2027, 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 2017B Bonds to be redeemed plus accrued interest to the Redemption Date.

Partial Redemption of the Series 2017A-B Bonds. If fewer than all of the Series 2017A-B Bonds of a particular Series are to be redeemed on any Redemption Date, the Series 2017A-B Bonds to be redeemed are to be selected on a pro rata basis in accordance with arrangements between the City and DTC. See "DTC Book-Entry System" above and "APPENDIX E — 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 2017A-B Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2017A-B Bonds Registrar, or in the event that the Series 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B Bonds called for redemption.

Redemption of Beneficial Ownership Interests. The Registrar will be required to send notice of redemption of the Series 2017A-B 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 E — 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 2017A-B Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Pledge of Net Revenues

The Series 2017A-B Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a senior pledge of the Net Revenues on a parity with all other outstanding Senior Bonds (including Senior Obligations). The Series 2017A-B Bonds are also payable under certain circumstances from the Bond Reserve Fund as discussed in "— Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Series 2017A-B Bonds and other Senior Bonds. The Series 2017A-B 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 2017A-B Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2017A-B Bonds.

Upon the issuance of the Series 2017A-B Bonds and the refunding and defeasance of the Refunded Bonds, the aggregate principal amount of all outstanding Senior Bonds and Subordinate Bonds will be $2,795,495,000 and $870,085,000, respectively. The City, for and on behalf of the Department, also has entered into a Subordinate Credit Facility Obligation and various Subordinate Hedge Facility Obligations and is expected to issue Subordinate Bonds or incur Subordinate Contract Obligations that have a lien on the Net Revenues on a parity with the lien of the Subordinate Bonds. In addition, the City, for and on behalf of the Department, has incurred the Hotel Junior Lien Obligation and has authorized the Great Hall Junior Lien Obligation. See "FINANCIAL INFORMATION — Outstanding Senior Bonds, — Outstanding Subordinate Bonds, — Other 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. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Under the Series 2009A-B Supplemental Ordinance and under the Series 2012A-B Supplemental Ordinance, the City has included certain revenue derived from the PFCs in the Gross Revenues as further described under "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges*." "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see "APPENDIX B — GLOSSARY OF TERMS."

Flow of Funds; Revenue Fund

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance and the Subordinate Bond Ordinance. 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 — 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. The flow of funds under these ordinances is illustrated in the following diagram. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues" for a further description of the application of Gross Revenues.

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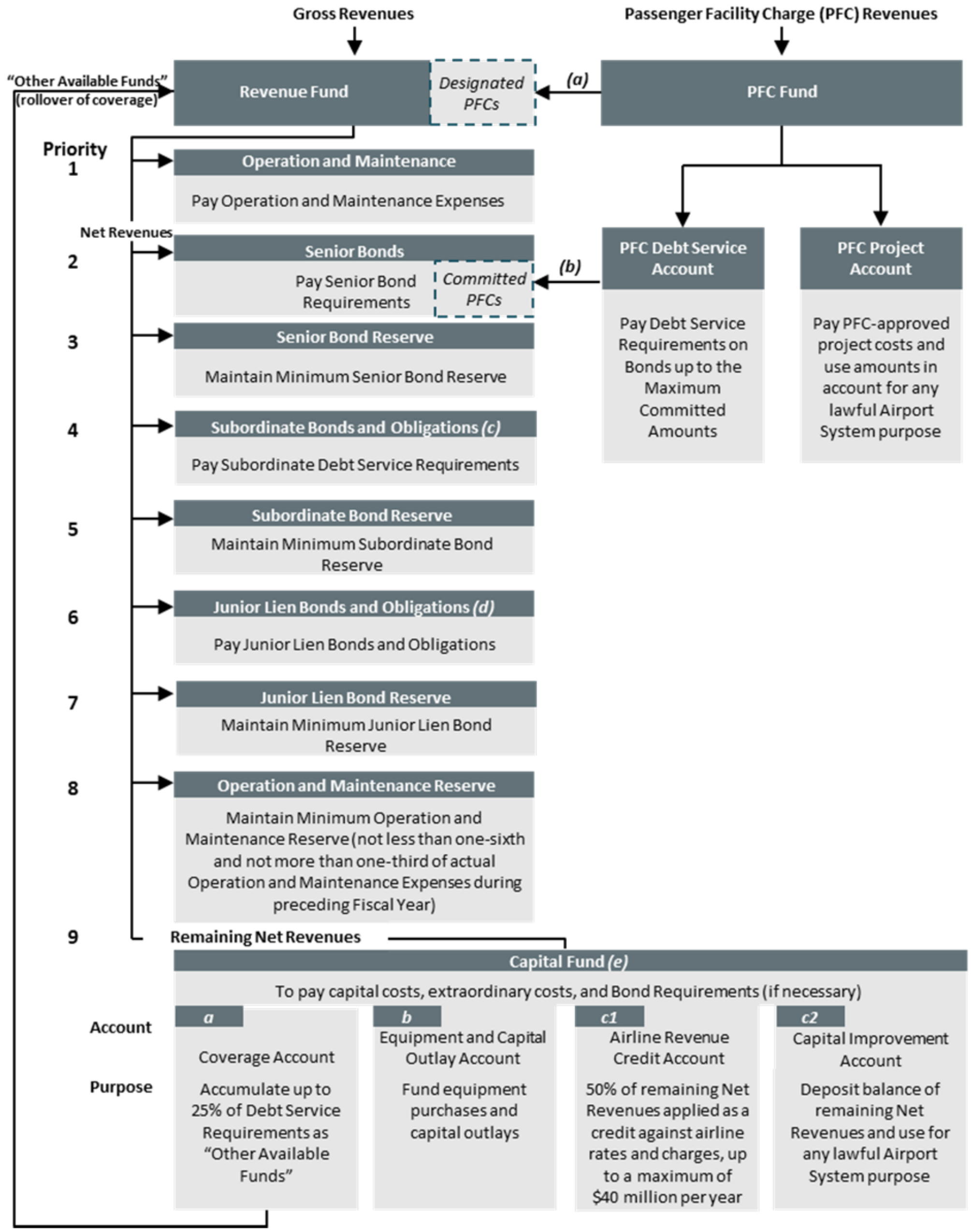
Flow of Funds Under the Senior Bond Ordinance, Subordinate Bond Ordinance and Junior Lien Bond Ordinance



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City pursuant to the Second PFC Application (currently $1.50 of the $4.50 PFC) that will be considered Gross Revenues under the Senior Bond Ordinance through 2018, and will continue to be included in Gross Revenues until the City determines that such PFCs shall no longer be included in Gross Revenues for purposes of the Senior Bond Ordinance. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges.*"

(b) Committed Passenger Facility Charges: Represents two-thirds of the PFCs received by the City pursuant to the First PFC Application and the Second PFC Application (the $3.00 portion of the $4.50 PFC) that are irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds, and may continue to be committed thereafter if so determined by the City. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds.*"

[Footnotes continue on next page]

(c) The City has issued Subordinate Bonds and incurred Subordinate Obligations under the Subordinate Bond Ordinance. On or about the issuance of the Series 2017A-B Bonds, the City expects to issue certain Subordinate Bonds or incur certain Subordinate Contract Obligations intended to be used for interim financing of project costs related to the 2018-2022 Capital Program. See " — Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations" below and "FINANCIAL INFORMATION — Outstanding Subordinate Bonds" and " — Other 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 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 " — Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations" below, "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.

Bond Reserve Fund

The Senior Bond Ordinance creates the Bond Reserve Fund within the Airport System Fund. Amounts on deposit in the Bond Reserve Fund are available to pay debt service on all the Senior Bonds. Pursuant to the Senior Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account of the Bond Fund, to credit Net Revenues to the Bond Reserve Fund in substantially equal monthly installments so as to accumulate the Minimum Bond Reserve, being the maximum annual Debt Service Requirements on outstanding Senior Bonds, within 60 months from the first day of the month next succeeding each date on which any series of Senior Bonds is issued or on which the amounts credited to the Bond Reserve Fund are less than the Minimum Bond Reserve. The Proposed Amendments would amend the definition of "Minimum Bond Reserve" in certain respects. See "APPENDIX B — GLOSSARY OF TERMS" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." Amounts on deposit in the Bond Reserve Fund are not available to pay debt service on any obligations other than Senior Bonds.

Upon the issuance of the Series 2017A-B Bonds, the amount on deposit in the Bond Reserve Fund will be at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period of as long as 60 months. Subject to certain limitations described in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues", any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys.

PFC Fund and PFC Debt Service Account

The Senior Bond Ordinance creates within the Airport System Fund the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund" (the "PFC Fund"), including therein the PFC Debt Service Account and the PFC Project Account. Under the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund (collectively, the "PFC Supplemental Ordinances"), the City has agreed to deposit in the PFC Debt Service Account two-thirds of the PFC revenues received by the City from time to time pursuant to the First PFC Application and the Second PFC Application, and has irrevocably committed such PFCs (up to a maximum amount), to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2018 (and may determine to continue to commit such PFC revenues thereafter), as further discussed in " — Rate Maintenance Covenants" below in this section and "FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*." See also "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — PFC Fund."

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, 2016, was approximately $638.6 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); (2) $62.5 million to cover existing obligations and contingencies; and (3) $510.3 million for any lawful Airport System purpose. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues, — Insurance, and — Disposal of Airport Property." The City expects to fund approximately $21 million of its obligations under the Great Hall Agreement for Fiscal Year 2017 from draws on the Capital Fund. 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 "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") the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the 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 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 "Flow of Funds; Revenue Fund" and "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 specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

If the City anticipates that it will not be able to meet the Rate Maintenance Covenant, the Senior Bond Ordinance also gives the City the option, in addition to or in lieu of the foregoing, to reduce Operation and Maintenance Expenses or Debt Service Requirements, including irrevocably committing additional amounts to pay Debt Service Requirements. Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operating and Maintenance Expenses would be subject to contractual, statutory and regulatory restrictions as discussed in "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 Rate Maintenance Covenant of the General Bond Ordinance, and the Airlines agree to pay such rentals, rates, fees and charges. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements."

The term "Debt Service Requirements" in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See "APPENDIX B — GLOSSARY OF TERMS." As described in "— PFC Fund and PFC Debt Service Account" above, the City has irrevocably committed two-thirds of the PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (the $3.00 portion of the $4.50 PFC) to the payment of Debt Service Requirements on the Senior Bonds through Fiscal Year 2018. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is treated as a reduction in the Debt Service Requirements of Senior Bonds in each Fiscal Year through 2018. See also "CERTAIN INVESTMENT CONSIDERATIONS," "FINANCIAL INFORMATION — Outstanding Senior Bonds, — Passenger Facility Charges," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

In addition, the City has covenanted in the Subordinate 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 the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the 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 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.

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 the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the 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 Parity Bonds

The City may issue additional Senior Bonds under the Senior Bond Ordinance ("Additional Parity Bonds") to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds (being bonds or other securities or obligations relating to the Airport System payable from Net Revenues and having a lien thereon subordinate and junior to the lien thereon of Senior Bonds) or other securities or obligations. As described more fully in "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Additional Parity Bonds," in order to issue Additional Parity Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the "Additional Bonds Test"), including obtaining, among other things, a report of an Airport Consultant estimating the ability of the Airport System to meet the requirements of the 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) the Net Revenues, together with any Other Available Funds, for such period and (2) the aggregate Debt Service Requirements for the Outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued, 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 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 and the Additional Senior Bonds proposed to be issued 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 Parity Bonds. For purposes of the Additional Bonds Test, the Committed Passenger Facility Charges are considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See "— PFC Fund and PFC Debt Service Account," "— Rate Maintenance Covenants," and "—

Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" and "FINANCIAL INFORMATION — Outstanding Senior Bonds" and "— Passenger Facility Charges."

The Series 2017A-B Bonds are being issued to refund certain outstanding Senior Bonds, and therefore the Additional Bonds Test is not applicable to their issuance. See "REFUNDING PLAN."

Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations

The City has issued or incurred, as applicable, Subordinate Bonds, Subordinate Obligations and Junior Lien Obligations. For a description of such obligations, see "FINANCIAL INFORMATION — Outstanding Subordinate Bonds;" "—Other Subordinate Obligations," — 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 2012 through 2016. 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.

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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				
	2012	**2013**	**2014**	**2015**	**2016**
Gross Revenues, not including Designated Passenger Facility Charges[1,]	$679,008	$708,846	$751,428	$754,688[7]	$808,110[7]
Designated Passenger Facility Charges [2]	34,271	34,255	34,977	35,328	35,133
Gross Revenues [1,]	713,279	743,101	786,405[7]	790,016[7]	843,243[7]
Operation and Maintenance Expenses [1]	(318,394)	(349,987)	(355,769)	(377,199)	(417,140)
Net Revenues	394,885	393,114	430,636	412,817	426,103
Other Available Funds [3]	51,685	50,409	54,833	50,320	51,574
Total Amount Available for Debt Service	$446,570	$443,524	$485,469	$463,137	$477,677
Senior Bond Debt Service [4]	$278,063	$271,268	$289,287	$271,935	$276,562
Committed Passenger Facility Charges [5]	(68,543)	(68,510)	(69,953)	(70,656)	(70,267)
Debt Service Requirements for the Senior Bonds	$209,520	$202,758	$219,334	$201,279	$206,295
Debt Service Coverage for the Senior Bonds	213%	219%	221%	230%	232%
Subordinate Debt Service Requirements [6]	$ 38,043	$40,059	$49,088	$61,233	$88,619
Debt Service Requirements for the Senior Bonds	209,520	$202,758	$219,334	$201,279	206,295
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	$247,562	$242,817	$268,422	$262,512	$294,914
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	180%	183%	181%	176%	162%

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 "— 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 2012 through 2016. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges*."

3 Other Available Funds is defined in the Senior Bond Ordinance to mean for any Fiscal Year the amount determined by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See "APPENDIX B — GLOSSARY OF TERMS."

4 Senior Bond debt service is not reduced by the irrevocably Committed Passenger Facility Charges but is reduced by capitalized interest and certain other available funds 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, 2016, the total projected subsidy to maturity of such bonds is approximately $1.37 million which amount is subject to change.

5 Reflects that portion of PFC revenues which is irrevocably committed to the payment of Senior Bonds Debt Service Requirements through 2018. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Charges*."

6 Includes amounts required to pay any Subordinate Bonds and any Subordinate Obligations, as defined in the Subordinate Bond Ordinance, including Subordinate Hedge Facility Obligations. See "FINANCIAL INFORMATION — Other Subordinate Obligations."

7 These amounts exclude $17,214,474, $18,597,856 and $19,883,456 of rental car customer facility charges ("CFCs") received in 2014, 2015 and 2016, 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 2016 they were included as gross revenues in the Airport's audited financial statements attached hereto as "APPENDIX F", 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 General Bond Ordinance) by a Supplemental Ordinance.

Sources: Audited financial statements of the Airport System for Fiscal Years 2012-2016, and Department of Aviation management records.

Proposed Amendments to the Senior Bond Ordinance

Certain amendments to the Senior Bond Ordinance have been proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2017A-B Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in "APPENDIX D," and to the appointment of UMB Bank, n.a. as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

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 Manager of Finance, appointed by the Mayor, currently is the Chief Financial Officer and *ex-officio* Treasurer of the City and is responsible for the issuance of Airport System debt and for the investment of Airport System funds. The following section describes the senior management of the Airport.

Kim Day was appointed Manager 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 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.

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, Colo. 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.

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.

Ken Greene became Chief Operating Officer and Executive Vice President of the Airport in January 2015. Mr. Greene 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. Mr. Greene joined the Airport in April 2009 as the Senior Advisor to Kim Day, and assumed the role of Deputy Manager for Maintenance at the end of that same year. In November 2011, he became the Deputy Manager for Airport Operations, and his responsibilities included managing Jeppesen terminal and three concourses, the airfield and ramp tower, security, customer service, the Denver Police, Denver Fire, and the Denver Health paramedics. He also served as the Airport's senior liaison with the FAA, TSA, FBI, and Customs and Border Protection. Mr. Greene's previous government experience included 17 years with the Port Authority of New York and New Jersey. His last position with the agency was Assistant Director, Operations for the airport system that included LaGuardia, Kennedy, Newark Liberty, and Teterboro Airports. He has a business degree from Boston University and a Master of Business Administration from Pace University in New York City.

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.

Xavier S. L. DuRán, Esq., became Director of the Airport Legal Services section of the City Attorney's Office in July 2009. He is also an Executive Vice President of the Airport. 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.

Chief of Staff. The former Chief of Staff of the Department of Aviation recently was appointed the executive director of the City's Office of Economic Development. The Department is conducting a search for a chief of staff to fill the current vacancy.

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. See "DENVER INTERNATIONAL AIRPORT" and "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 32 ground loading positions (ground loading positions decreased by 10 from 2016 due to the construction of the ground loading facility in 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. Concourse A, nearest to the Jeppesen Terminal, encompasses approximately one 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 1.7 million square feet and includes 54 full-service contact gates plus facilities dedicated for commuter airline operations. Concourse C encompasses approximately 765,000 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. 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 — *Terminal Complex Concessions*."

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 2013-2018 Capital Program included the addition of the Hotel and Transit Center (previously known as the South Terminal Redevelopment Program) to Jeppesen Terminal. 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 opened in November 2015 and 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 for fifteen years following the opening date of the Airport Hotel 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 to any other bond ordinances that amend, supplement, or replace the Senior Bond Ordinance. 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 agrees 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 last station 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.

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 (which has since merged with 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.

Airport management developed a new capital program for the Airport for the years 2018 through 2022 (the "2018-2022 Capital Program"). The City's last adopted 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.

2018-2022 Capital Program

The 2018-2022 Capital Program includes a preliminary list of 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 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 Program. The City plans to expand its 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 on each concourse. Airport management currently 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 would 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 would add four new mainline gates on the west side of the concourse and a net of seven new 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.

Jeppesen Terminal. Major projects include the Great Hall project, 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 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 is expected to begin in the summer of 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 $479.2 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. The Supplemental Payments are estimated to range between approximately $27.5 million annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) to approximately $53.2 million (adjusted for inflation using CPI) annually in 2050 (the last full year of the Great Hall Agreement being in effect).

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. Of the City's $479 million, approximately $21 million is expected to be paid in Fiscal Year 2017 from amounts on deposit in the Capital Fund and the remaining $458 million is expected to be included as part of the 2018-2022 Capital Program. See "SECURITY AND SOURCES OF PAYMENT — Capital Fund." Progress Payments are expected to be funded from balances available in the Airport's Capital Fund and/or additional Airport revenue bonds, which may be issued on parity with the Series 2017A-B 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 — Great Hall Project Risks."

Baggage System Improvements. 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.

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 the Y split 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. The Airport is near completion of the DEN Strategic Development Plan, which will provide guidance on land opportunities available for commercial development. The plan focuses on development districts and infrastructure based on "Smart City" concepts. DEN Real Estate 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, pursuant to the IGA Amendment (as defined below), 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.

Plan of Funding for the 2018-2022 Capital Program

Airport management currently expects that the 2018-2022 Capital Program will be funded with (i) approximately \$3.9 billion of additional Airport revenue bonds to fund approximately \$3.2 billion in project costs, which additional Airport revenue bonds are expected to consist of approximately \$1.9 billion of Senior Bonds and \$2.0 billion of Subordinate Bonds; (ii) amounts on deposit in the Capital Fund in the amount of approximately \$180 million; (iii) Subordinate Contract Obligations (described under "FINANCIAL INFORMATION — Other Subordinate Obligations"); and (iv) grants-in-aid from the FAA and/or the Transportation Security Administration ("TSA") in the amount of approximately \$120 million. See "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT — AIRPORT FACILITIES AND CAPITAL PROGRAM — Funding the Airport Capital Program." The Airport Consultant assumes that the Airport System revenue bonds issued to finance a portion of the costs of the 2018-2022 Capital Program are issued as bonds the interest on which is exempt from federal income taxes and that if such exemption is eliminated for private activity bonds such as the Airport System revenue bonds, it would not result in a material increase in debt service requirements related to future revenue bonds. However, there is no assurance that federal laws will not be amended in the future to eliminate the exemption of interest on private activity bonds from federal income taxes. See "CERTAIN INVESTMENT CONSIDERATIONS — Access to Credit Markets; Availability of Funding for the 2018-2022 Capital Program;" "— Potential Tax Law Changes."

AVIATION ACTIVITY AND AIRLINES

Denver Air Service Region

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Salt Lake City (530 miles to the northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Albuquerque (440 miles to the south), Phoenix (810 miles to the southwest) and Las Vegas (760 miles to the southwest). 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

The following airlines currently provide scheduled passenger service at the Airport:

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

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

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the table above, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, Atlas Air, Bemidji Aviation, Federal Express Corporation, 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.

On October 1, 2010, United Continental Holdings (formerly known as UAL Corporation), the parent company of United, completed the merger of United and Continental, and integrated the two airlines under the United brand to operate under a single FAA operating certificate as of November 30, 2011. The United Group (United and United Express) accounted for approximately 42.3% and 42.0% of passenger enplanements at the Airport in 2015 and in 2016, respectively. In addition, the Airport ranked as the 4th busiest airport in the United route network based on enplaned passenger data for 2016.

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; Industry Consolidation, — Risk of Airline Bankruptcies."

Southwest. Southwest had the second largest market share at the Airport in 2015 and 2016. 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 63 cities to which it currently provides nonstop service from the Airport. In 2016, the Airport was the 4th busiest airport in the Southwest system based on scheduled seats. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest integrated AirTran Airways into the Southwest brand in March 2012 and operates Southwest and AirTran Airways under a single FAA operating certificate.

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.

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; Industry Consolidation, — Risk of Airline Bankruptcies."

The Frontier Group. Frontier and its affiliates had the third largest market share at the Airport in 2015 and 2016. The Airport is Frontier's only hub and was the busiest airport in the Frontier system in 2016. 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 8 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.

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; Industry Consolidation, — 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 5.6% of passenger enplanements at the Airport in 2016.

Delta. Delta had the fifth largest market share at the Airport in 2016. Delta does not use the Airport as a hub, accounting for 5.1% of passenger enplanements at the Airport in 2016.

Other Airlines. Other than the United Group, the Frontier Group, Southwest, 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 may be inspected in the Public Reference Room of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington DC, 20549, and at the SEC's regional offices at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661-25 11 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "DOT"). Information collected from these reports is available from the DOT's Bureau of Information Statistics on its website at https://www.transtats.bts.gov. The contents of this website are not incorporated into this Official Statement.

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. 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. There are 25 passenger airlines currently providing scheduled service at the Airport, including eleven major/national passenger airlines, seven foreign flag passenger airlines and seven regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including Federal Express Corporation and United Parcel Service, provide service at the Airport. See "— Airlines Serving the Airport" above.

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 2016, the Airport served approximately 29.1 million enplaned passengers (a 7.9% increase over 2015), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 63.6% of passengers enplaned in 2016 originated their travel at the Airport and 36.4% of passengers made connecting flights at the Airport.

The following table sets forth the ten year history of enplaned passengers for the Airport and the first nine months of 2016 and 2017.

Table 3
History of Enplaned Passengers at the Airport

Year	Enplaned Passengers (millions)	Percent Change
2007	24.941	5.4[1]
2008	25.650	2.8
2009	25.128	(2.0)
2010	26.025	3.6
2011	26.456	1.7
2012	26.597	0.5
2013	26.285	(1.2)
2014	26.737	1.7
2015	27.019	1.1
2016	29.140	7.9
2016[2]	21.771	8.2[3]
2017[2]	23.134	6.3

1 Compared to 23.665 million enplaned passengers in 2006.

2 Enplaned passengers through September 30, 2016 and September 30, 2017, respectively.

3 Percentage changes are from the same period in 2015.

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 nine months of 2016 and 2017.

Table 4
Enplaned Passengers by Airline Type [1]

	Major/National Airlines[2]		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**
2012	21,692,404	1.5%	291,729	(12.5)%	4,323,837	(2.6)%	289,021	(5.7)%	26,596,991	0.5%
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
Jan-Sept										
2016[2]	18,324,039	10.4%	308,023	16.6%	3,135,802	(3.8%)	2,799	(49.9%)	21,770,663	8.2%
2017	19,818,178	8.2	377,719	22.6	2,937,465	(6.3)	1,102	(60.6)	23,134,464	6.3

[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 2015.

Source: Department of Aviation management records.

The following table sets forth the percentage of enplaned passengers at the Airport by traffic type for the past five years and for the first nine months of 2016 and 2017.

Table 5
Percentage of Enplaned Passengers by Traffic Type

	Calendar Year					January-September	
	2012	2013	2014	2015	2016	2016	2017
Domestic	96.7%	96.3%	95.8%	95.9%	96.1%	96.0%	95.8%
International	3.3	3.7	4.2	4.1	3.9	4.0	4.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Department of Aviation management records.

The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and for the first nine months of 2016 and 2017. Totals may not add due to rounding.

Table 6
Percentage of Enplaned Passengers by Airline

	Calendar Year					January-September	
Airline	2012	2013	2014	2015	2016	2016	2017
United	25.3%	24.5%	24.3%	27.7%	29.3%	29.0%	30.8%
United Express	15.2	16.0	16.3	14.6	12.7	12.9	11.4
Total United Group	40.5	40.6	40.6	42.3	42.0	41.9	42.2
Southwest[1]	23.7	25.6	26.4	29.3	29.4	29.3	29.4
Frontier[2]	21.9	19.1	18.4	12.4	12.2	12.2	11.7
American[3]	5.5	5.6	5.8	6.1	5.6	5.8	5.5
Delta	4.6	4.6	4.4	4.9	5.1	5.1	5.3
Other[4]	3.8	4.6	4.4	4.9	5.6	5.7	5.9
Total Non-United Group	59.5	59.4	59.4	57.7	58.0	58.1	57.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1 Southwest and AirTran Airways merged in March 2012. See also "— Airline Information — *Southwest*" above.
2 Includes Frontier, Lynx, and Republic Holdings. Lynx commenced service at the Airport in December 2007. In March 2011, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. 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.
3 American Airlines and US Airways merged in December 2013. See also "— Airline Information — *American*" above.
4 Includes other airlines with scheduled flights at the Airport.

Source: Department of Aviation management records.

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 nine months of 2016 and 2017. Totals may not add due to rounding.

Table 7

	Calendar Year					January-September	
	2012	2013	2014	2015	2016	2016	2017
Originating Passengers (millions):	14.785	15.328	16.214	17.353	18.527	13.867	14.771
Percent of Total Enplaned	55.6%	58.3%	60.6%	64.2%	63.6%	63.7%	63.8%
Connecting Passengers (millions):	11.812	10.957	10.523	9.666	10.613	7.904	8.364
Percent Connecting of Total Enplaned	44.4%	41.7%	39.4%	35.8%	36.4%	36.3%	36.2%
United Group Passengers:							
Percent Originating	40.0%	41.1%	40.4%	40.4%	40.9%	41.0%	42.8%
Percent Connecting	60.0%	58.9%	59.6%	59.6%	59.1%	59.0%	57.2%
Southwest[1] Passengers:							
Percent Originating	68.3%	69.0%	72.1%	75.6%	73.5%	73.9%	72.3%
Percent Connecting	31.7%	31.0%	27.9%	24.4%	26.5%	26.1%	27.7%
Frontier[2] Passengers:							
Percent Originating	48.4%	55.0%	62.6%	78.9%	76.0%	74.9%	74.4%
Percent Connecting	51.6%	45.0%	37.4%	21.1%	24.0%	25.1%	25.6%
American[3] 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	95.8%	95.7%	95.7%	95.8%	95.8%	95.8%	95.8%
Percent Connecting	4.2%	4.3%	4.3%	4.2%	4.2%	4.2%	4.2%
Average Daily Departures[5]:							
Passenger Airlines:							
United	133	125	124	146	167	166	173
United Express	239	246	252	219	201	206	194
Southwest[1]	159	159	158	168	180	180	191
Frontier[2]	137	105	100	66	63	64	62
American[3]	33	33	33	33	34	35	33
Delta	28	27	26	30	35	35	38
Other	77	72	49	47	60	58	66
Total Passenger Airlines	806	767	742	709	740	743	756
All-Cargo Airlines	25	25	26	26	26	25	26
Total	831	792	768	735	766	768	783
Percent Change from Prior Year	*(3.0%)*	*(4.6%)*	*(3.0%)*	*(4.3%)*	*4.2%*	*4.4%*	*3.5%*
Landed Weight (billion pounds):							
Passenger Airlines:							
United	7.974	7.432	7.292	8.214	9.452	6.982	7.609
United Express	4.675	4.779	4.881	4.427	4.148	3.166	3.029
Southwest[1]	7.244	7.353	7.423	7.922	8.610	6.397	6.857
Frontier[2]	6.338	5.182	5.018	3.339	3.306	2.466	2.465
American Airlines[3]	1.630[4]	1.582[4]	1.609	1.678	1.742	1.325	1.345
Delta	1.334	1.334	1.242	1.390	1.590	1.172	1.293
Other	1.490	1.683	1.571	1.722	2.149	1.587	1.693
Total Passenger Airlines	30.685	29.343	29.036	28.692	30.996	23.096	24.290
All-Cargo Airlines	1.204	1.260	1.315	1.363	1.425	1.036	0.994
Total	31.889	30.603	30.351	30.055	32.421	24.131	25.284
Percent Change from Prior Year	*(1.9%)*	*(4.0%)*	*(0.8%)*	*(1.0%)*	*7.9%*	*7.9%*	*4.8%*
Enplaned Cargo (million pounds)[6]	227.734	222.771	229.458	238.664	229.410	168.492	173.877
Percent Change from Prior Year	*(6.1%)*	*(2.2%)*	*3.0%*	*4.0%*	*(3.9%)*	*(5.5%)*	*3.2%*
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	443,389	420,073	422,178	424,930	445,019	332,457	349,858
Commuter/Military/Taxi/General Aviation	174,868	166,787	152,983	122,718	127,501	96,059	90,378
Total	618,257	586,860	575,161	547,648	572,520	428,516	440,236
Percent Change from Prior Year	*(2.6%)*	*(5.1%)*	*(2.0%)*	*(4.8%)*	*4.5%*	*4.5%*	*2.7%*

[Footnotes on next page]

1 Southwest and AirTran Airways merged in March 2012. See also "— Airline Information — *Southwest*" above.
2 Includes Frontier, Lynx, and Republic Holdings. Lynx commenced service at the Airport in December 2007. In March 2011, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. 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.
3 American Airlines and US Airways merged in December 2013. See also "— Airline Information — *American*" above.
4 2012 and 2013 data includes US Airways data previously categorized under "Other."
5 Years 2012 and 2016 were leap years, and reflect daily usage based on 366 calendar days.
6 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.

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. In 2016, approximately 18.5 million passengers (63.6%) of the approximately 29.1 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 27.0%, 34.0%, and 14.6% of originating passengers at the Airport in 2016, respectively. For first nine months of 2017, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 28.2%, 33.3%, and 13.6% of originating passengers at the Airport, respectively.

In addition, approximately 10.6 million passengers (36.4% of total enplaned passengers) connected from one flight to another in 2016. 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 68.2%, 21.4%, and 8.0% of the connecting passengers at the Airport in 2016, respectively. For first nine months of 2017, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 66.7%, 22.6%, and 8.3% 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. The airlines listed in the following table have executed Use and Lease Agreements with the City that include leased gates. In addition to the current 101 leased gates, ten gates are controlled by the Airport and used on a non-preferential use basis by various airlines.

All Use and Lease Agreements 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.

Passenger Airlines Use and Lease Agreements with Leased Contact Gates as of September 30, 2017

Airline	Number of Gates	Concourse	Lease Expiration
Frontier	8	A	December 2018
Delta	6	A	December 2018
American	5	A	December 2018
United	54	B	February 2035
Southwest	25	C	December 2018
Spirit Airlines	2	C	December 2018
Alaska Airlines[1]	1	C	December 2018
Total leased gates	101		

[1] Includes operations of Virgin America.

Source: Department of Aviation management records.

The following airlines have executed Use and Lease Agreements with the City, and use gates pursuant to their affiliation with other airlines that lease gates at the Airport, use gates or parking positions managed by the City, or use cargo facilities: AeroMéxico, Air Canada, Atlas Air, Bemidji Aviation, Boutique Air, British Airways, Compass Airlines, ExpressJet, Federal Express, GoJet Airlines, Great Lakes Aviation, Icelandair, Jazz Aviation, JetBlue Airways Corporation, Key Lime Air Corporation, Lufthansa, Norwegian Air shuttle ASA, Peninsula Airways, Pinnacle Airlines (now Endeavor Air), Republic Airline, Shuttle America Corporation, Sky Regional Airlines, Inc., SkyWest Airlines, Southern Air, Trans States Airlines, United Parcel Service, Virgin America, and Volaris. These airlines use gates pursuant to their affiliation with other airlines that lease gates at the Airport, use gates managed by the City, or use common use international or commuter gates in Concourse A. See "AVIATION ACTIVITY AND AIRLINES — Airlines Serving the Airport."

In the Use and Lease Agreements with each of the passenger airlines (as previously defined, the "Signatory Airlines") operating at the Airport (1) each 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 Bonds 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 2012 through 2016 is set forth in the following table.

Table 8
Cost per Enplaned Passenger

Year	Cost Per Enplaned Passenger	Percent Change
2012	$11.53	(0.3)%[1]
2013	11.81	2.4
2014	12.22	3.5
2015	11.82	(3.3)
2016	10.92	(7.6)

1 Compared to the cost per enplaned passenger of $11.57 for 2011.

Sources: Department of Aviation management records.

Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of the 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 an airline 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 Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the 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 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 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 $40.80 in 2016 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 in 2005, 2006, 2007, 2009, 2012, 2014 and 2015, 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 from the Designated Passenger Facility Charges (defined herein) 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 certain levels of 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 met the ASMs requirements for 2016.

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., DHL Express (USA), Inc., Federal Express Corporation, Key Lime Air Corporation and United Parcel Service. 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. 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 income, parking income and rental car 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 the Rate Maintenance Covenant.

Revenues from concessions, advertising, and other services constituted approximately 9% of Airport operating revenues in each of 2015 and 2016 and approximately 8% of Gross Revenues in each of 2015 and 2016. 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 Jeppensen Terminal will be retained by the City. In 2016, 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 25% and 23% of Airport operating revenues in 2015 and 2016, respectively, and approximately 22% and 20% of Gross Revenues in 2015 and 2016, respectively. Effective January 1, 2013, the Airport increased maximum daily parking rates in an effort to optimize revenue from public parking facilities at the Airport. Additional parking rate increases occurred in August 2014.

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 2015 and 2016, and approximately 8% of Gross Revenues in each of 2015 and 2016.

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 2012 through 2016 and for the first nine months of 2016 and 2017. See also "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015" and "— Management's Discussion and Analysis of Financial Performance" below.

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Table 9
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]					Nine Months Ended September 31 (unaudited)	
	2012[2]	2013	2014[3]	2015[3]	2016[3]	2016[3]	2017
Operating Revenues:							
Facility Rentals	$211,411	$214,251	$235,774	$194,004[4]	$198,407	$149,209	$144,749
Concession income	49,592	52,022	55,863	59,677	67,408	48,907	53,572
Parking income	137,912	159,465	167,851	178,478	176,949	134,105	131,578
Car rentals[5]	47,222	50,002	59,655	65,309	66,727	52,763	57,123
Landing fees	127,347	137,550	147,841	147,379	150,850	108,793	119,505
Aviation fuel tax	32,783	28,101	26,298	19,458	18,892	12,171	15,611
Hotel	--	--	--	3,205[5]	43,262	32,835	36,533
Ground Transportation	5,481	6,423	7,427	9,669	10,594	7,447	9,635
Other sales and charges	12,925	13,823	10,783	10,357	9,440	7,035	9,944
Total operating revenues	624,673	661,637	711,492	687,536	742,529	553,265	578,250
Operating Expenses:							
Personnel services	120,334	125,608	134,699	148,518	165,114	109,989	118,284
Contractual services	175,420	194,666	194,712	197,459	212,699	149,960	157,354
Repair and maintenance projects	68,047	81,234	57,049	55,358	37,514	29,739	8,918
Maintenance, supplies and materials	24,370	30,427	27,103	32,911	27,547	18,990	16,474
Hotel	--	--	--	2,557[5]	26,936	20,232	20,607
Total operating expenses before depreciation, amortization and asset impairment	388,171	431,935	413,563	436,803	469,810	328,910	321,637
Operating income before depreciation, amortization and asset impairment	236,502	229,702	297,928	250,733	272,719	224,355	256,613
Depreciation and amortization	178,567	184,721	183,560	163,714	179,692	126,984	132,290
Operating income	57,935	44,981	114,368	87,019	93,027	97,371	124,323
Nonoperating revenues (expenses)							
Passenger facility charges[6]	105,472	103,032	103,959	106,006	114,230	85,287	90,589
Customer Facility Fees[7]			17,215	18,598	19,884	14,921	15,254
Investment income	46,899	25,205	44,030	40,648	39,274	22,522	21,980
Interest expense	(190,347)	(183,359)	(176,177)	(169,413)	(156,481)	164,261)	(122,096)
Grants	675	481	516	622	686	--	155
Other revenue (expense)[8]	(8,958)	(1,265)	1,444	12,645	(5,485)	7,634	1,325
Net nonoperating revenues (expenses)	(46,259)	(55,906)	(9,013)	9,106	12,108	(33,897)	7,207
Change in net assets before capital contributions	11,676	(10,925)	105,355	96,125	105,135	63,474	131,530
Capital grants[9]	22,996	31,413	20,533	20,483	3,553	2,994	25,101
Capital contributions	--	--	--	--	--	--	--
Change in net assets	$34,672	$20,488	$125,888	$116,608	$108,688	$66,468	$156,631

[Footnotes are on next page]

1 See "— Management's Discussion and Analysis of Financial Performance" below.
2 2012 has been restated for adoption of GASB 65.
3 2015 and 2016 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 the revenues derived from the entire $4.50 PFC net of the PFC collection fee retained by the airlines. During this period all PFC revenue has 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 the table 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 2012-2016 and Department of Aviation for unaudited figures for nine months ended September 30, 2016 and September 30, 2017.

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 2016 as well as nine months ended on September 30, 2017 and 2016. All figures presented below are approximate unless otherwise stated.

Nine Months Ended September 30, 2017 vs. Nine Months Ended September 30, 2016. For the nine month period ended September 30, 2017, as compared to nine months ended September 30, 2016, operating revenues at the Airport were $578.3 million, an increase of $25.0 million, or 4.5%. Airline revenue totaled $264.3 million, up $6.3 million, or 2.4% driven by an increase in landing fees due to an increase to the budgeted signatory landing fee rate. Additionally, non‑airline revenue totaled $314.0 million, up $18.7 million, or 6.3%, in 2017, driven by a 6.2% increase in total passengers. Non‑airline revenue represented 55% of total operating revenue.

For the nine month period ended September 30, 2017, as compared to the nine month period ended September 30, 2016, operating expenses at the Airport, exclusive of depreciation and amortization, were $321.6 million, a decrease of ($7.3) million, or (2.2%). The decrease over the prior year was driven by a decrease of ($20.8) million, or (70.0%), in repairs and maintenance projects due to fewer projects being expensed in 2017. This was partially offset by an increase in personnel expenses of $8.3 million, or 7.5%, as well as an increase in contractual services of $7.4 million, or 4.9%. These increases were primarily driven by a reduction in personnel vacancy rates, merit increases, as well as increases in key professional services contracts year-over-year.

Total non-operating revenues, net of expenses, increased by $41.1 million, or 121.3%, for the nine month period ended September 30, 2017, as compared to nine months ended September 30, 2016. The variance is primarily due to a decrease in interest expense of ($42.2) million, or (25.7%) as well as a decrease in other revenues, net of expenses, of ($6.3) million, or (82.6%). The primary offset to these decreases is a $5.3 million, or 6.2% increase in passenger facility charges attributable to the 6.3% increase in passenger traffic.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first nine months of 2017 compared to the same period in 2016 is included as part of the financial statements of the Airport System appearing as "APPENDIX H —

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED SEPTEMBER 30, 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.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2016 compared to 2015 is included as part of the financial statements of the Airport System appearing as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015."

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 $9,176,176 for Fiscal Year 2016 and $9,109,429 for Fiscal Year 2015. As of December 31, 2016 and 2015, the Airport reported a liability of $158,033,046 and $115,000,000, 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 F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015."

Outstanding Senior Bonds

The following table sets forth the Senior Bonds that will be outstanding upon the issuance of the Series 2017A-B Bonds and the refunding of the Refunded Bonds.

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Table 10
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	232,275,000
Series 2016B Bonds	104,820,000
Series 2017A Bonds	254,225,000
Series 2017B Bonds	21,280,000
Total	$2,795,495,000

* Reflects the issuance of the Series 2017A-B Bonds and the refunding of the Series 2007A Bonds, Series 2007C Bonds and Series 2007D Bonds as part of the Refunding Plan. See "REFUNDING PLAN" herein.

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 constitute Credit Facility Obligations owned by certain financial institutions as described in "— Senior Credit Facility Obligations" 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 2016 appended to this Official Statement as "APPENDIX F," 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.

Senior Credit Facility Obligations. 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 the 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 Bond Owners."

Table 11

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	08/29/2019
Series 2009C	104,655,000	Indexed Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	04/28/2020
Total	$644,155,000				

1 As of November 16, 2017.
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 Series 2013A-B Subordinate Bonds and the Series 2015A Subordinate Bonds are currently outstanding in the aggregate principal amounts of $695,215,000 and $174,870,000, respectively. No other Subordinate Bonds are currently outstanding. As described below under "— Other 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, the Subordinate Debt Service Requirements, and the outstanding Subordinate Hedge Facility Obligations upon the issuance of the Series 2017A-B 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. The refunding of the Refunded Bonds is reflected in this table. For purposes of this table, Debt Service Requirements for series of Senior Bonds with respect to which there are interest rate swap agreements, were calculated using the related swap rates and assuming the swap cash flows occur on the same lien level with such Senior Bonds. See "— Outstanding Subordinate Hedge Facility Obligations" below.

Table 12
Estimated Senior Bonds Debt Service Requirements
and Subordinate Debt Service Requirements

Fiscal Year Ending December 31	Outstanding Senior Bond Debt Service Requirement [1, 2, 3]	Series 2017A-B Bonds Principal	Series 2017A-B Bonds Interest	Total Outstanding Senior Bond Debt Service Requirement [1, 2, 3]	Subordinate Bond Debt Service Requirements[4]	Total Senior Bond and Subordinate Bond Debt Service Requirements [1, 2, 3]
2018	$251,318,616	$21,245,000	$12,593,129	$285,156,745	$77,476,289	$362,633,034
2019	267,031,733	22,870,000	12,563,000	302,464,733	65,262,598	367,727,331
2020	274,688,706	24,015,000	11,419,500	310,123,206	62,782,044	372,905,250
2021	271,589,467	13,310,000	10,218,750	295,118,217	66,378,054	361,496,271
2022	270,616,939	13,980,000	9,553,250	294,150,189	47,860,651	342,010,840
2023	239,679,779	14,675,000	8,854,250	263,209,029	79,882,401	343,091,430
2024	265,753,875	14,745,000	8,120,500	288,619,375	81,219,657	369,839,032
2025	293,651,539	–	7,533,250	301,184,789	76,725,761	377,910,550
2026	151,097,185	18,720,000	7,533,250	177,350,435	70,487,313	247,837,748
2027	146,023,186	19,655,000	6,597,250	172,275,436	70,500,575	242,776,011
2028	146,200,005	29,150,000	5,614,500	180,964,505	70,494,675	251,459,180
2029	146,777,426	30,610,000	4,157,000	181,544,426	66,324,475	247,868,901
2030	144,242,533	31,250,000	2,626,500	178,119,033	59,125,600	237,244,633
2031	164,460,759	–	1,064,000	165,524,759	59,063,950	224,588,709
2032	122,653,466	–	1,064,000	123,717,466	59,065,000	182,782,466
2033	60,712,904	21,280,000	1,064,000	83,056,904	56,408,338	139,465,242
2034	44,898,191	–	–	44,898,191	44,838,338	89,736,529
2035	45,033,666	–	–	45,033,666	43,403,788	88,437,454
2036	45,181,066	–	–	45,181,066	36,093,163	81,274,229
2037	45,408,707	–	–	45,408,707	35,431,300	80,840,007
2038	45,954,838	–	–	45,954,838	35,430,200	81,385,038
2039	46,505,748	–	–	46,505,748	34,193,750	80,699,498
2040	24,244,500	–	–	24,244,500	34,132,113	58,376,613
2041	24,376,700	–	–	24,376,700	34,129,738	58,506,438
2042	23,303,650	–	–	23,303,650	34,135,188	57,438,838
2043	22,444,700	–	–	22,444,700	34,109,375	56,554,075
Total	$3,583,849,884	$275,505,000	$110,576,129	$3,969,931,013	$1,434,954,304	$5,404,885,347

1 Includes Debt Service Requirements for the economically defeased Senior Bonds and Subordinate Hedge Facility Obligations. See "— *Outstanding Senior Bonds*" above. Debt service reflects the planned redemption of certain Series 2007F1-F2 Bonds between 2019 and 2025 prior to their stated mandatory redemption dates between 2021 and 2025. Does not include Debt Service Requirements on the outstanding Series 2007A Bonds, Series 2007C Bonds and Series 2007D Bonds, all of which are being refunded as part of the Refunding Plan. See "REFUNDING PLAN" herein.

2 Variable rate interest and interest rate swap payments are computed assuming one-month LIBOR equals 2.71%, three-month LIBOR equals 2.81%, SIFMA equals 1.85% and Series 2007F1-F2 auction rate bonds interest equals 2.20%.

3 Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.

4 Does not include debt service on planned Subordinate Bonds or Subordinate Contract Obligations expected to consist of direct purchase or other credit facilities of up to $300 million with Bank of America, N.A. and up to $150 million with U.S. Bank National Association, to be issued or incurred subsequent to the issuance of the Series 2017A-B Bonds.

Source: Municipal Advisor.

Other 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 General Bond Ordinance and the Subordinate Bond Ordinance, as applicable. Such obligations are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior Bonds 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 the Net Revenues on a basis subordinate to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles, and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses).

Subsequent to the issuance of the Series 2017A-B Bonds, the City expects to issue certain Subordinate Bonds or incur certain Subordinate Contract Obligations intended to be used for interim financing of project costs related to the Airport's 2018-2022 Capital Program, including the Great Hall Project. These Subordinate Bonds or Subordinate Contract Obligations are expected to consist of direct purchase or other credit facilities of up to $300 million with Bank of America, N.A. and up to $150 million with U.S. Bank National Association. The issuance or incurrence of the Subordinate Bonds or Subordinate Contract Obligations is subject to the satisfaction of certain tests set forth in the Subordinate Bond Ordinance that are substantially similar to the tests set forth in the Senior Bond Ordinance (except that debt service requirements relating to the Subordinate Bonds and Subordinate Obligations are required to be included in coverage calculations set forth in such test) with respect to the issuance of Additional Parity Bonds and described in APPENDIX C hereto. The City expects that it will meet such tests prior to the issuance of such Subordinate Bonds or incurrence of such Subordinate Contract Obligations.

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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 2016 appended to this Official Statement. The following table is a summary of the interest rate swap agreements outstanding as of November 16, 2017 that are Subordinate Hedge Facility Obligations. See also "— Master Derivatives Policy" below and "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015."

Table 13

Year of the Swap Agreement	Counterparty	Notional Amount (in million)[1]	Termination Date	Payable Swap Rate	Receivable Swap Rate	Fair Value to the City as of 11/16/2017 (in millions)
1998	Goldman Sachs Capital Markets, L.P.	$100.00	11-15-2025	4.7600%	70% 1M LIBOR+0.1%	$ (14.68)
1998	Societe Generale, New York Branch	100.00	11-15-2025	4.7190%	70% 1M LIBOR+0.1%	(14.49)
1999	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	5.6179%	SIFMA	(12.97)
1999	Merrill Lynch Capital Services, Inc.	50.00	11-01-2022	5.5529%	SIFMA	(6.38)
2002	Goldman Sachs Capital Markets, L.P.	100.00	11-01-2022	SIFMA	76.33% 1M LIBOR	0.09
2005	Royal Bank of Canada	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(5.32)
2005	JP Morgan Chase Bank	44.25	11-15-2025	3.6874%	70% 1M LIBOR	(5.39)
2005	Jackson Financial Products	88.51	11-15-2025	3.6560%	70% 1M LIBOR	(10.63)
2005	Piper Jaffray Financial Products	44.25	11-15-2025	3.6560%	70% 1M LIBOR	(5.32)
2006A	JP Morgan Chase Bank	139.45	11-15-2025	4.0085%	70% 1M LIBOR	(14.97)
2006A	Societe Generale, New York Branch	46.48	11-15-2025	4.0085%	70% 1M LIBOR	(4.99)
2006B	Royal Bank of Canada	44.25	11-15-2025	SIFMA	4.0855%	5.83
2006B	JP Morgan Chase Bank	44.25	11-15-2025	SIFMA	4.0855%	5.83
2006B	Jackson Financial Products	88.51	11-15-2025	SIFMA	4.0855%	11.65
2006B	Piper Jaffray Financial Products	44.25	11-15-2025	SIFMA	4.0855%	5.83
2008A	Royal Bank of Canada	84.9	11-15-2025	4.0085%	70% 1M LIBOR	(9.98)
2008B	Loop Financial Products	100.00	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	(16.61)
2009A	Loop Financial Products	50.00	11-01-2022	5.6229%	SIFMA	(6.49)
		$1,297,230				$(99.00)

1 Reflects mid-market valuations, including accrued, but unpaid interest as provided to the City by BLX Group, the City's swap monitoring service provider.

2 Totals may not add due to rounding.

Source: The Department of Aviation and the Municipal Advisor.

Subordinate Credit Facility Obligations. Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds. The City, for and on behalf of the Department, has entered into a Subordinate Credit Facility to secure the Series 2015A Subordinate Bonds. The City's obligation to the financial institution providing such Subordinate Credit Facility constitutes a Subordinate Credit Facility Obligation 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 other Subordinate Obligations.

As permitted under the Subordinate Bond Ordinance and in connection with the Airport Hotel, the City 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. 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 the Net Revenues subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds, and other 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*."

On September 26, 2017, the City adopted the Airport System General Junior Bond Ordinance (as previously defined, the "Junior Lien Bond Ordinance") permitting the issuance of Junior Lien Bonds having a lien on the 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 the 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 incurrence of the Great Hall Junior Lien Obligation is subject to the satisfaction of certain tests set forth in the Junior Lien Bond Ordinance that are substantially similar to the tests set forth in the General Senior Bond Ordinance (except that debt service requirements relating to the Subordinate Bonds, Subordinate Obligations, Junior Lien Bonds and Junior Lien Obligations are required to be included in coverage calculations set forth in such test) with respect to the issuance of Additional Parity Bonds and described in APPENDIX C hereto. The City expects that it will meet such tests prior to the incurrence of the Great Hall Junior Lien Obligation currently anticipated to occur in December 2017. The monthly Supplemental Payments are expected to range between approximately $27.5 million (adjusted for inflation using CPI) annually in 2022 (the first full year after the anticipated completion of the Great Hall Project) and approximately $53.2 million (adjusted for inflation using CPI) annually in 2050 (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*."

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 not 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, 2016, \$14.7 million of principal note payments were outstanding under these Installment Purchase Agreements, compared to \$21.2 million at December 31, 2015.

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 those airlines that are not signatories to Airport Use and Lease Agreements, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, nonsignatory airlines do not share in the year-end airline revenue credit. See generally "AGREEMENTS FOR USE OF AIRPORT FACILITIES."

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. Effective May 1, 2004, the collection fee was increased from $0.08 of each PFC collected to $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 2012 through 2016 and the first nine months of 2016 and 2017 are set forth in the following table. See also "APPENDIX B — GLOSSARY OF TERMS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Table 14
PFC Revenues

Year	PFC Revenues (thousands)[1]	Percent Change
2012	$105,472	2.2%[2]
2013	103,032	(2.3)
2014	103,959	0.1
2015	106,007	2.0
2016	114,230	7.8
2016[3]	$85,287	--
2017[3]	90,589	6.2%

1 These amounts constitute the revenues derived from the entire $4.50 PFC net of the collection fee retained by the airlines.

2 Compared to the PFC revenue of $103,210,000 for 2011.

3 PFC Revenues collected through September 30, 2016 and September 30, 2017, respectively.

Sources: Audited financial statements of the Airport System for Fiscal Years 2012-2016.

The City's authorization to impose the PFC 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, 2016, the City collected approximately $1.9 billion in PFC revenues, constituting approximately 58% 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 Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and similar covenants contained in the Subordinate Bond Ordinance and Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants." See also "— Federal Grants and Other Funding; Financial and Performance Audits" below for a discussion of pending legislation affecting the maximum permissible PFC. Additionally, legislation has been introduced in the House of Representatives 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. See "CERTAIN INVESTMENT CONSIDERATIONS — Availability of PFCs."

Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds. The definition of Gross Revenues in the Senior Bond Ordinance does not include PFC revenues unless, and then only to the extent, included as Gross Revenues by the terms of a Supplemental Ordinance. Prior to the adoption of the Series 2009A-B Supplemental Ordinance, no Supplemental Ordinance had included PFC revenues in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City included amounts received by the City from the PFCs pursuant to the Second PFC Application (as defined in "APPENDIX B — GLOSSARY OF TERMS"), excluding the Committed Passenger Facility Charges and 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 in each of the Fiscal Years 2009 through 2013, inclusive, and under the 2012A-B Supplemental Ordinance, the City included the Designated Passenger Facility Charges in Gross Revenues in each of the Fiscal Years 2014 through 2018, inclusive, as further described below under "— *Designated Passenger Facility Charges*." Currently, the Designated Passenger Facility Charges constitute the $1.50 portion of the $4.50 PFC. The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Senior Bonds Rate Maintenance Covenant and for the issuance of Additional Parity 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."

Pursuant to the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined "Committed Passenger Facility Charges" to mean generally two-thirds of the PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (the $3.00 portion of the $4.50 PFC). Pursuant to the PFC Supplemental Ordinances, the City has agreed to deposit all PFC revenues upon receipt in the following order of priority:

(1) to the PFC Debt Service Account in each Fiscal Year through 2018, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinances (the "Maximum Committed Amounts"); and

(2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied as described in clause (1).

The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through Fiscal Year 2018. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2018. The Committed Passenger Facility Charges expected to be deposited by the City in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of Fiscal Years 2017 through 2018. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — PFC Fund" for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2018.

The irrevocable commitment of the Committed Passenger Facility Charges up to the Maximum Committed Amounts in the PFC Debt Service Account applies only with respect to the two-thirds portion of the PFC received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (the $3.00 portion of the current $4.50 PFC) and not with respect to any PFC that might be imposed as a result of future PFC approvals by the FAA or any PFCs which may be collected at a rate higher than $4.50 (if approved by Congress and authorized by the FAA to be collected at such higher rate by the City), and is only for the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2018. See "CERTAIN INVESTMENT CONSIDERATIONS — Availability of PFCs."

All PFCs deposited to the PFC Project Account may be used for any lawful PFC eligible Airport System purpose as directed by the Manager, including Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements.

If the City does not extend the irrevocable commitment of the Committed Passenger Facility Charges after Fiscal Year 2018, under the 2012A-B Supplemental Ordinance, all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues) will be treated as Designated Passenger Facility Charges. See "*Designated Passenger Facility Charges*" below.

Designated Passenger Facility Charges. Under the Series 2009A-B Supplemental Ordinance and the 2012A-B Supplemental Ordinance, the City has included the Designated Passenger Facility Charges (currently, the $1.50 portion of the $4.50 PFC) in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2014 through 2018, inclusive, and 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 thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in (1) are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts will be irrevocably committed to pay Debt Service Requirements on such identified Bonds and would be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance. In the Series 2009A-B Supplemental Ordinance Designated Passenger Facility Charges is defined to also include such additional charges as provided for in any written notice from the Manager to the Treasurer. See "APPENDIX B — GLOSSARY OF TERMS."

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 $12.1 million in 2015 and $11.5 million in 2016.

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 $7.4 million in 2015 and $9.6 million in 2016.

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 extends the authority of the FAA and provides funding for the AIP at current levels through September 30, 2017. The 2016 Reauthorization Act does not change the $4.50 PFC rate and does not provide for any increases in such rate. See "—Passenger Facility Charges" above.

Congress has held hearings on a long-term FAA reauthorization act, and, as of the date of this Official Statement, both the House of Representatives and the Senate have introduced separate legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding through 2023 and 2021, respectively. 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. On September 29, 2017 the 2017 Disaster Tax Relief and Airport and Airway Extension Act (the "Extension Act") was enacted, which continues the FAA's authority for six months. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the Extension Act expires on March 31, 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 airport 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 543 acres of developable land and 62 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 General 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, 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, 2016 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 noise reports for calendar years 2015 and 2016 and for the first nine months of 2017 reported no potential Class II violations, including no noise contour violations. The City expects that noise levels, determined using ARTSMAP, will likely not exceed the Noise Standards during the next two years.

Current Claims of Violations. The City has received a Notice of Default letter dated November 15, 2017 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) asserts 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) demands 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 has also received Notices of Violation from the Claimants dated November 15, 2017 which (i) assert that calculations made by the Claimants using an alternative, non-ARTSMAP noise analysis system revealed a significant number of Class I violations by the City in each of the years 2014 through 2016, and over 140 Class II violations during such period and (ii) request that the City determine and immediately implement procedures set forth in the Adams County IGA to remedy such violations. Adams County has also asked the City to provide the City's noise monitoring data for years 2012 and 2013.

The City is preparing a response to the Claimants and intends to vigorously oppose their claims. In particular, the City disagrees with the Claimants' assertion that the alternative noise analysis system used by the Claimants to measure compliance with the Noise Standards is more appropriate and accurate than ARTSMAP. If the City is unable to resolve the matter with the Claimants, the dispute could eventually result in litigation and in potential claims that the City is in violation of the Noise Standards and noise contour requirements in 2017 and future years. Should the Claimants prevail on their claims, the City may be required to make changes to the operations of the Airport and flight procedures that could materially adversely affect the Net Revenues, and may be required to make noise mitigation payments to the Claimants, which payments could be substantial. No assurance can be given as to the outcome of any proceedings with respect to the claims and demands made by the Claimants or whether the Claimants will file additional claims alleging new violations.

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 Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; 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 — Other 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 self-insures 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 the 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 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B Bonds are payable solely from and secured by a senior pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior 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, 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.

Aside from reduced passenger traffic, revenues from parking may decline due to the increased use of transportation network companies like Lyft and Uber, increased use of the commuter rail service from downtown Denver to the Airport and other changes in technology making travel modes other than driving more attractive.

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 2016 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 2016. United, Southwest, Frontier, American and Delta have also completed mergers and consolidations that could affect their future market shares at the Airport to an extent that cannot currently be predicted. 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. However, if United, Southwest, Frontier, American or Delta ceased or significantly cut back operations at the Airport, Net 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, Frontier, American or Delta 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; Industry Consolidation

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. While fuel prices have declined significantly in the past few years due to strong global supply, increased U.S. oil production and other factors, an increase 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, an 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 discussed in "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants," the City has covenanted in the Senior 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 the Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the 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 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.

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the Airport Consultant to make recommendations as to the revision of the schedule of rentals, rates, fees and charges. Upon receiving these recommendations or giving reasonable opportunity for them to be made, the Manager, on the basis of the recommendations and other available information, is to revise the schedule of rentals, rates, fees and charges for the use of the Airport as may be necessary to produce the required Gross Revenues. The Senior Bond Ordinance provides that if the Manager complies with this requirement, no Event of Default under the Senior Bond Ordinance will be deemed to have occurred even though the Gross Revenues, together with Other Available Funds, are not actually sufficient to provide funds in the amount required for such Fiscal Year.

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 rate covenant under the Senior Bond Indenture 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 (such as the recent outbreak of the Zika virus) 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 2017A-B 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") 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 retained the federal cap on PFCs at $4.50 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 2016 Reauthorization Act extends the authority of the FAA and provides funding for the AIP at current levels through September 30, 2017. The 2016 Reauthorization Act does not change the $4.50 PFC rate and does not provide for any increases in such rate. 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 long-term FAA reauthorization act, and, as of the date of this Official Statement, both the House of Representatives and the Senate have introduced separate legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding through 2023 and 2021, respectively. 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. On September 29, 2017 the 2017 Disaster Tax Relief and Airport and Airway Extension Act (the "Extension Act") was enacted, which continues the FAA's authority for six months. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or provide for an additional extension of the FAA's authority before the Extension Act expires on March 31, 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. 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. For example, Republic Airways Holdings Inc. filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in February 2016. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay outstanding Senior Bonds, including the Series 2017A-B 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.

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. 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 airline bankruptcy proceedings obtain an order in the United States to recognize the foreign proceedings and stay the actions of creditors in the United States.

Prepetition Obligations. During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline may not make any payments to the City on account of goods and services provided prior to the bankruptcy. Thus, the City's stream of payments from a debtor airline would be interrupted to the extent of prepetition goods and services, including accrued rent and landing fees. If the use and lease agreement of an airline in bankruptcy is rejected, the airline (or a successor trustee) may 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 beneficial interest of the eligible agency (*i.e*., the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act provides certain statutory protections for the City of PFC collections. However, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City or whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline.

Enforcement of Remedies

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. However, an event of default under the Subordinate Bond Ordinance or the Junior Lien Bond Ordinance is not an event of default under the Senior Ordinance, and upon the occurrence of an acceleration event under the Subordinate Bond Ordinance or Junior Lien Bond Ordinance, the Senior Bonds requirements would continue to be paid in the same priority from Net Revenues as set forth in the Senior Bond Ordinance and as generally described above under "SECURITY AND SOURCES OF PAYMENT — Flow of Funds; Revenue Fund."

The rights and remedies available to the Owners of the Series 2017A-B 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 2017A-B 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 2017A-B Bonds as preferential payments; assignments of certain obligations, including those in favor of the Owners of the Series 2017A-B Bonds; significant delays, reductions in payments and other losses to the Owners of the Series 2017A-B Bonds; an adverse effect on the liquidity and values of the Series 2017A-B 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 Senior Bond Ordinance or the Series 2017A-B Bonds.

Legal opinions to be delivered concurrently with the delivery of the Series 2017A-B Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2017A-B 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.

Availability of PFCs

As described herein, one-third of the PFCs received by the Airport pursuant to the Second PFC Application, as defined in APPENDIX C (the $1.50 portion of the $4.50 PFC) are considered Gross Revenues under the Senior Bond Ordinance through 2018, and will continue to be defined as part of Gross Revenues until the City determines that such PFCs shall no longer be included in Gross Revenues for purposes of the Senior Bond Ordinance. In addition, two-thirds of the PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application (the $3.00 portion of the $4.50 PFC) are irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds and may continue to be committed thereafter if so determined by the City. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges* and — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds.*" PFCs that are designated as Gross Revenues are taken into account in determining whether the rate covenant has 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 has been introduced in the House of Representatives 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 Senior Bond Ordinance. 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.

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, Subordinate Contract Obligations, 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. Further, the Report of the Airport Consultant assumes that the Airport System revenue bonds issued to finance a portion of the costs of the 2018-2022 Capital Program are issued as bonds the interest on which is exempt from the federal income taxes and that if such exemption is eliminated for private activity bonds such as the Airport System revenue bonds, it would not result in a material increase in debt service requirements related to the future revenue bonds.

The ability of the City to complete its capital projects 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, (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, (x) unanticipated levels of inflation, (xi) inability of concessionaires, airlines, developers or other transaction participants to obtain or maintain financing, (xii) environmental issues, (xiii) litigation, (xiv) delays due to airline operational needs, and (xv) bidding conditions through the Department's procurement process.

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, including the risk of elimination of exemption from federal income taxes of the Airport System revenue bonds, 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. See also "— Potential Tax Law Changes" below.

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. There is no assurance that operating revenues of the Airport Hotel will be sufficient to pay its operating and maintenance expenses.

Great Hall Project Risks

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 in 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, including the Series 2017A-B Bonds.

There can be no assurances that the construction of the Great Hall 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 the Great Hall Project 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 Great Hall Project; or that the remedies available to the City as a result of any failure to perform by Great Hall Developer and/or 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.

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 — *Senior Credit Facility Obligations*."

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 Senior 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. 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. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Events of Default; — Remedies of Owners of Bonds."

Credit Risk of Swap Counterparties

The City has entered into interest rate swap agreements with various financial institutions. See "FINANCIAL INFORMATION — Other 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 — Other 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 2017A-B 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 2017A-B Bonds. It will not be revised to reflect the actual principal amounts and Debt Service Requirements of the Series 2017A-B 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 2017A-B 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 2017A-B Bonds for federal and state tax purposes or adversely affect the market value or marketability of the Series 2017A-B 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 2017A-B 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 2017A-B Bonds or the market value or marketability thereof would be affected thereby. Prospective purchasers of the Series 2017A-B 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 2017A-B 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 November 21, 2017, 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, 2017 through December 31, 2025 (as previously defined, the “Forecast Period”), 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 and a forecast of debt service coverage for the Senior Bonds and Subordinate Bonds.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, Department management, and in the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts. The Report of the Airport Consultant should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein.

The forecasts of airline traffic at the Airport were developed taking into account analyses of the economic basis for airline traffic, historical airline traffic and the key factors that may affect future airline traffic as discussed in the Report of the Airport Consultant. Generally, it was assumed that, in the long term, changes in airline traffic at the Airport will occur largely as a function of growth in the population and economy of the Airport service region and changes in airline network strategy including the role of the Airport as a connecting hub for United, Southwest, and, to a lesser extent, Frontier. 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 fleet capacity, limitations in the capacity of the air traffic control system or the Airport or government policies or actions that restrict growth. The Airport Consultant also considered recent and potential developments in the national economy and in the air transportation industry and their effect on air traffic at the Airport. The near term and longer term underlying assumptions made in the Report of the Airport Consultant are set forth in "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT."

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, the Series 2017A-B Bonds, outstanding Subordinate Bonds, outstanding Junior Lien Obligations and other additional Senior Bonds and Subordinate Bonds that may be issued during the Forecast Period to fund planned projects in the Airport's 2018-2022 Capital Program. Net Revenues, together with Other Available Funds, are forecast to be sufficient to exceed the rate maintenance covenant contained in the Senior Bond Ordinance in each year of the Forecast Period. See "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenants." The estimated Debt Service Requirements on Senior Bonds for the Airport are net of certain Committed Passenger Facility Charge revenues that are forecasted to be received during the Forecast Period as described herein. The Report states that if the irrevocable commitment of the Committed Passenger Facility Charges is not extended from 2019 through 2025, all annual PFC revenues would be considered Designated Passenger Facility Charges and, without the irrevocable commitment, debt service coverage on Senior Bonds is projected to be lower (224% with the irrevocable commitment compared to 204% without the irrevocable commitment in 2024, which is the year during the Forecast Period with the largest projected decline). See "CAPITAL PROGRAM," "FINANCIAL INFORMATION — Passenger Facility Charges" and "APPENDIX A — REPORT OF THE AIRPORT CONSULTANT — FINANCIAL PERFORMANCE."

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of the Series 2017A-B Bonds, and consequently makes various assumptions as to the principal amounts and Debt Service Requirements of the Series 2017A-B Bonds. The Report of the Airport Consultant will not be revised to reflect the actual principal amounts and Debt Service Requirements of the Series 2017A-B 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 — Additional 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. In addition, the City received notices from Adams County and several cities claiming certain violations of the Adams County IGA, as more particularly described under "FINANCIAL INFORMATION — Intergovernmental Agreement with Adams County." Except as described in the above-referenced section, 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.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch, Inc. have published ratings of "A1" (stable outlook), "A+" (stable outlook) and "A+" (positive outlook), respectively, with respect to the Series 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B Bonds.

UNDERWRITING

The Series 2017A-B Bonds are being purchased from the City by Raymond James & Associates, Inc. (the "Representative"), as representative of the underwriters set forth on the cover page hereof (the "Underwriters"). The Series 2017A Bonds are being purchased at a price equal to $289,445,364.74, being the aggregate principal amount of the Series 2017A Bonds, plus original issue premium of $36,024,955.80 and less an underwriting discount of $804,591.06. The Series 2017B Bonds are being purchased at a price equal to $24,970,834.59, being the aggregate principal amount of the Series 2017B Bonds, plus original issue premium of $3,774,008.00 and less an underwriting discount of $83,173.41. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Representative (the "Series 2017A-B Bond Purchase Agreement"), the Underwriters agree to accept delivery of and pay for all of the Series 2017A-B Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2017A-B Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

RELATIONSHIP OF CERTAIN PARTIES

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. ("USBII"), one of the Underwriters for the Series 2017A-B Bonds. USBII is an affiliate of U.S. Bank National Association, which is expected to provide a credit facility to the City subsequent to the issuance of the Series 2017A-B Bonds. See "FINANCIAL INFORMATION — Other Subordinate Obligations."

EXPERTS

Frasca & Associates, LLC, is serving as Municipal Advisor to the City with respect to the Series 2017A-B Bonds. It is also a "Financial Consultant" as defined in the Senior Bond Ordinance. WJ Advisors LLC is serving as the Airport Consultant to the City with respect to the Series 2017A-B Bonds.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2017A-B Bonds in accordance with Rule 15c2-12, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2017A-B 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 H — 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 2017A-B 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 Sherman & Howard L.L.C., 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 2017A-B Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2017A-B 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 2017A-B 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 2017A Bonds is excluded from gross income for federal income tax purposes, except for any period during which the Series 2017A Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2017B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation's adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings includes interest on the Series 2017A-B Bonds. An increase in a corporation's alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2017A-B 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 2017A-B Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2017A-B 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 2017A-B Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2017A-B Bonds for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2017A-B 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 2017A-B Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2017A-B 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 2017A-B Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2017A-B Bond. Purchasers of Series 2017A-B Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2017A-B 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 2017A-B Bonds. Prospective purchasers of the Series 2017A-B Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2017A-B 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 2017A-B Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2017A-B 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 2017A-B Bonds; (3) interest on the Series 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2017A-B Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2017A-B 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 2017A-B Bonds, the exclusion of interest on the Series 2017A-B Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2017A-B Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2017A-B 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 2017A-B 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, 2016 and 2015 are attached to this Official Statement as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015." 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 F" 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 F" was not sought or obtained.

The unaudited financial statements of the Airport System for nine months ended September 30, 2016 and September 30, 2017 (the most recent quarterly unaudited financials available) are attached to this Official Statement as "APPENDIX H — UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2017"

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.

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 2017A-B 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*
Manager of Finance/Chief Financial Officer

* * *

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS



Appendix A

Report of the Airport Consultant

on the proposed issuance of

City and County of Denver, Colorado
Airport System Senior Revenue Bonds
Series 2017A and Series 2017B

November 21, 2017

Prepared for
The City and County of Denver, Colorado

Prepared by
WJ Advisors LLC
Denver, Colorado

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November 21, 2017

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 Revenue Bonds, Series 2017A, Alternative Minimum Tax, and Series 2017B, 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 Revenue Bonds, Series 2017A, Alternative Minimum Tax (AMT) and Series 2017B, Non-AMT (together, the 2017 Bonds), by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department). The proposed 2017 Bonds are to be issued pursuant to the 1984 General Bond Ordinance (GBO), as amended and supplemented, with a first lien on the Net Revenues of the Airport System. 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 2017[1] through 2025 (referred to in this Report as the Forecast Period) are sufficient to meet the requirements of the GBO taking into account additional bonds that may be issued by the City during the Forecast Period (Future Planned Bonds). The City expects to adopt supplemental bond ordinances providing for the issuance of the 2017 Bonds following the date of this Report and prior to the issuance of the 2017 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," "Airport Facilities and Capital Program," and "Financial Performance." The Report should be

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

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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 GBO, the Amended and Restated 1997 Subordinate Bond Ordinance (SBO), the General Junior Lien Bond Ordinance (JBO), the Passenger Facility Charge (PFC) Supplemental Bond Ordinance, and/or 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" and "Financial Information" for additional information.

AIRLINE TRAFFIC

Denver International Airport has an important role in the national, State, and local air transportation systems and, in 2016, it was the sixth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned). The Airport's top-10 ranking reflects its (1) central geographic location, (2) large origin and destination (O&D) passenger base, (3) role as a connecting hub for United, Southwest, and to a lesser extent, Frontier airlines, and (4) role as the primary commercial service airport in Colorado. O&D passengers begin and end their journey at the Airport, while connecting passengers connect with flights to another destination. In 2016, approximately 29.1 million passengers were enplaned at the Airport, including 18.5 million originating passengers and 10.6 million connecting passengers.

From 2012 through 2016, the number of enplaned passengers at the Airport increased at an average annual rate of 2.3%. In comparison, the number of enplaned passengers in the United States increased at an average of 2.7% from 2012 through 2016, 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 included local and national economic growth, and continued airfare competition among the three airlines with the largest market shares of enplaned passengers at the Airport (i.e., United, Southwest, and Frontier). The Airport's lower rate of growth in numbers of enplaned passengers relative to the United States as a whole was likely the result of the relative difference in rates of growth in numbers of originating and connecting passengers. The number of originating passengers at the Airport increased at an average annual rate of 5.8%, while the number of connecting passengers decreased at an average annual rate of 2.6%, primarily because Frontier Airlines decentralized its network and decreased its operations at the Airport.

As shown on Figures 1 and 2, in 2016, the United Airlines Group (which includes United Airlines' mainline operation and the regional airlines operating as United Express), Southwest Airlines, and Frontier Airlines collectively enplaned approximately 83.6% of the total number of enplaned passengers at the Airport, including approximately 75.6% of originating passengers, and enplaned approximately 97.7% of connecting passengers. Each airline has a different

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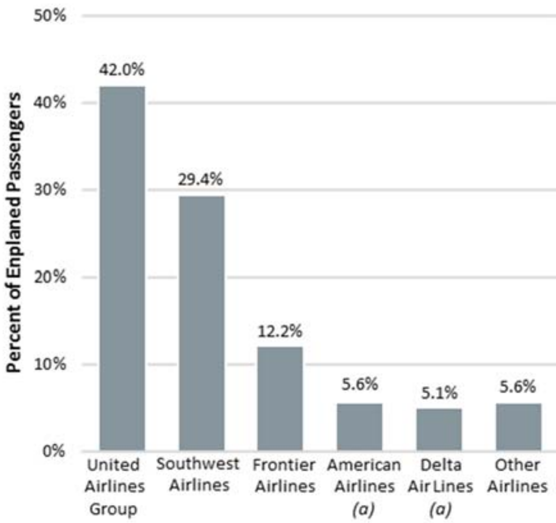
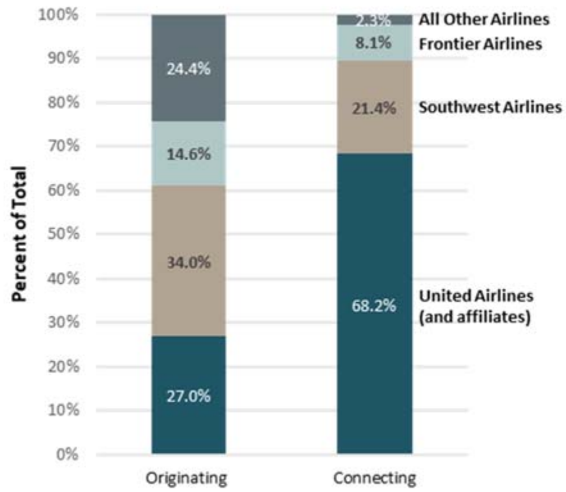
strategy for serving the Airport, which is influenced by broader national and international route strategies and focus.

Figure 1
ENPLANED PASSENGER MARKET SHARES IN 2016
Denver International Airport



Note: Totals may not add to 100% because of rounding.
(a) Includes airline affiliates.
Source: Department management records.

Figure 2
ORIGINATING AND CONNECTING PASSENGER MARKET SHARES IN 2016
Denver International Airport



Source: Department management records.

In terms of the number of enplaned passengers in 2016, the Airport was the fourth busiest airport in United's route system, the fourth busiest airport in Southwest's route system, and the busiest airport in Frontier's route system. For all of 2017, United Airlines is scheduled to increase scheduled seat capacity at the Airport by 4.8%, compared with a 3.1% increase in its system-wide seat capacity. For all of 2017, Southwest is scheduled to increase seat capacity at the Airport by 4.7%, compared with a 3.8% increase in its system-wide seat capacity, emphasizing the important role of the Airport in its route system.

The annual financial performance of the Airport is influenced by, among other factors, 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. O&D passengers typically patronize, among other Airport facilities, public parking facilities, food and beverage concessions, retail shops, and rental car facilities, while connecting passengers typically patronize food and beverage concessions and retail shops.

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From 2016 through 2025, the number of enplaned passengers at the Airport is forecast to increase an average of 2.6% per year, based on the following key assumptions:

- The Denver Metropolitan Area will realize sustained Gross Domestic Product (GDP) growth between 2.3% and 2.5% 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 be used as a connecting hub for United Airlines and Southwest Airlines, and the Airport will continue to be the busiest airport in Frontier's 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.

The 2018-2022 Capital Program includes the largest expansion in the number of gates since the Airport was opened in 1995. The proposed expansion will include the addition of gates, airline and nonairline space, and 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). The total cost of the Concourse Expansion Projects is estimated to be approximately $1.5 billion.

In addition to the Concourse Expansion Projects, Department management is planning the redevelopment of levels five and six of the Landside Terminal Building, which redevelopment is referred to as 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. After the Great Hall Project is ready and available for its intended use, expected in 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 4 years of construction and 30 years of operation.

The total design and construction costs of the Great Hall Project are estimated to be $650 million, of which $479 million is to be funded by the City through progress payments paid to the Developer during construction. Approximately $458 million of the $479 million is included in the 2018-2022 Capital Program, as reflected on Exhibit A presented later in this Report. The remaining $21 million is to be paid to the Developer in 2017 from the Airport's Capital Fund and is not part of the 2018-2022 Capital Program. The Developer is to finance $171 million of the $650 million in project costs not paid for by the City.

Exhibit A, provided at the end of this Report along with all financial exhibits, presents the anticipated funding sources for the 2018-2022 Capital Program, including approximately $3.2 billion of project costs funded from the net proceeds of Future Planned Bonds, which will consist of approximately $1.6 billion in project costs funded by Senior Bonds, and approximately $1.6 billion in project costs funded by Subordinate Bonds. Other sources of funds for the 2018-2022 Capital Program include, but are not limited to, federal grants and Airport cash.

On November 2, 2017, the "Tax Cuts and Jobs Act" bill (the Tax Act) was introduced into the House of Representatives, which, if signed into law in its current form, would, among other things, repeal the authority for state and local governments to issue tax-exempt private activity bonds and tax-exempt advance refunding bonds starting January 1, 2018. The proposed issuance of approximately $3.2 billion in net proceeds of Future Planned Bonds by the City are tax-exempt private activity bonds. For purposes of this Report, it was assumed that any repeal of the authority to issue tax-exempt private activity bonds would not result in a material increase in Debt Service Requirements related to Future Planned Bonds.

PROPOSED 2017 BONDS

The City expects to fully refund the Series 2007A (AMT) Revenue Bonds and the Series 2007D (AMT) Revenue Bonds with the issuance of the Series 2017A (AMT) Revenue Bonds, and to fully refund the Series 2007C (non-AMT) Revenue Bonds with the issuance of the Series 2017B (non-AMT) Revenue Bonds. The City expects to issue the 2017 Bonds prior to January 1, 2018.

The City expects that the debt service structure of the 2017 Bonds will be similar to that of the refunded bonds, except during 2021 through 2027 when debt service on the 2017 Bonds are expected to be lower. Estimated changes in debt service related to the 2017 Bonds are included in the financial forecasts presented in this Report, as provided by the City's Financial Consultant.

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.

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FINANCIAL PERFORMANCE

The City accounts for Airport System financial performance according to generally accepted accounting principles for governmental entities and the requirements of the GBO, SBO, and the JBO (collectively, the Bond Ordinances). Department management's business and financial decisions are 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 GBO 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
- 125% of the Debt Service Requirements on Senior Bonds.

In the GBO, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to 25% of the Debt Service Requirements on Senior 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 GBO.

GROSS REVENUES

Major sources of Airport Gross Revenues in 2016 are shown on Figure 3. Revenues from airline rentals, rates, fees, and charges accounted for 43.5% of total Gross Revenues in 2016; 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.

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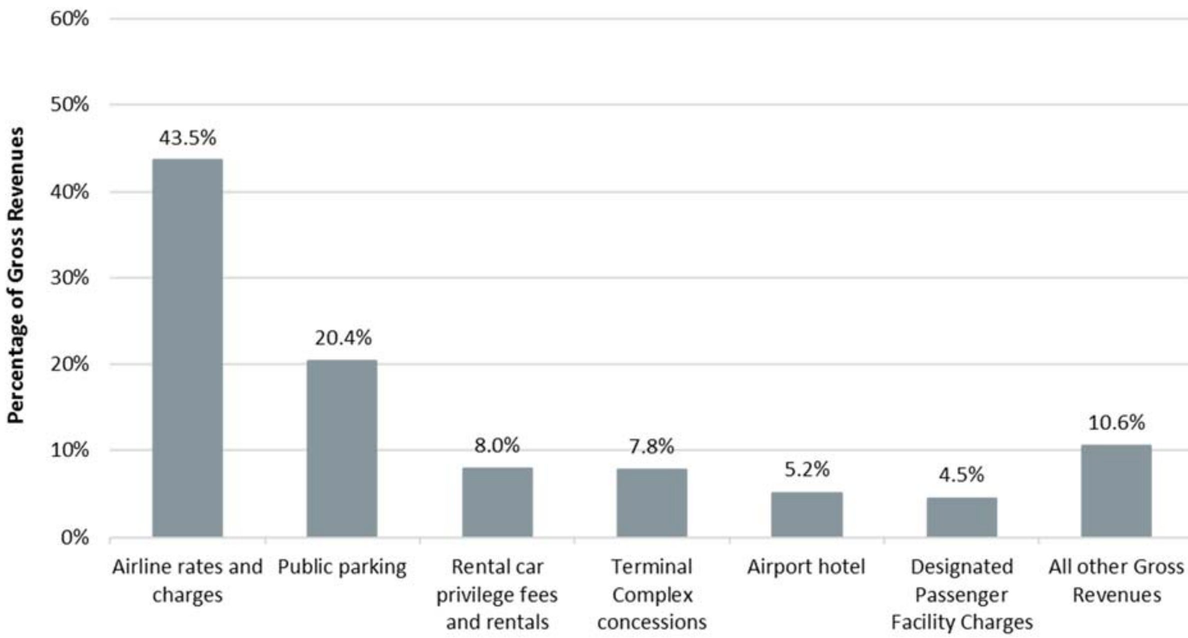
The City has an Airline Agreement with United Airlines that expires in 2035. Other airlines at the Airport are operating under a similar Airline Agreement that expires in 2018, with two, 1-year extension options. As of the date of this Report, it is Department management's expectation that when the Airline Agreement expires during the Forecast Period (either in 2018 or after the 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 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 2016
Denver International Airport



Note: Excludes customer facility charge 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: Department management records.

Revenues from non-airline sources, such as public parking, rental car privilege fees, 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 conditions of agreements with the companies providing those services, and the number of passengers enplaned at the Airport each year.

In 2016, approximately 89.3% 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

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collect up to $3.3 billion in PFC revenues. Based on actual 2016 results, $1.9 billion had been collected and used. Since the Airport opened in 1995, the City has primarily used PFC revenues to pay Debt Service Requirements of the Airport.

Through 2018, Designated Passenger Facility Charges are defined as Gross Revenues under a PFC Supplemental Bond Ordinance to the GBO and are equal to the $1.50 portion of the $4.50 PFC. From 2019 through 2025 (the end of the Forecast Period) the Department intends to continue defining revenues from Designated Passenger Facility Charges as Gross Revenues. Designated Passenger Facility Charges revenues can be used to pay, among other things, PFC-eligible Debt Service Requirements.

Revenues from the $3.00 portion of the $4.50 PFC are defined as Committed Passenger Facility Charges under a PFC Supplemental Bond Ordinance; these revenues are irrevocably committed to pay PFC-eligible Debt Service Requirements of the Airport through 2018, which effectively lowers the Debt Service Requirements that would otherwise be paid from Net Revenues. Unlike Designated Passenger Facility Charges, Committed Passenger Facility Charges are not defined as Gross Revenues of the Airport.

The City currently intends to irrevocably commit Committed Passenger Facility Charges to pay PFC-eligible Debt Service Requirements of the Airport from 2019 through 2025. If the irrevocable commitment is not extended from 2019 through 2025, all annual PFC revenues would be considered Designated Passenger Facility Charges and, without the irrevocable commitment, debt service coverage on Senior Bonds is projected to be lower as compared to the forecast debt service coverage results shown on Exhibit I in this Report (224% with the irrevocable commitment compared to 204% without the irrevocable commitment in 2024, which is the year during the Forecast Period with the largest projected decline).

All of the forecast revenue from Committed and Designated PFC revenues were assumed to be used to pay existing FAA approved PFC-eligible Debt Service Requirements or to pay Debt Service Requirements on Future Planned Bonds in the 2018-2022 Capital Program that are assumed to be PFC-eligible under a new PFC application that would have to be approved by the FAA.

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 $837.4 million in 2016, and are forecast to increase an average of approximately 5.7% per year from $866.0 million in 2017 to $1.35 billion in 2025. Key assumptions used to forecast Gross Revenues include the following:

- Increases in total enplaned passengers averaging 2.6% per year.

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- 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 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 non-airline 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.
- The continued inclusion of Designated Passenger Facility Charges as Gross Revenues in the remaining years of the Forecast Period after 2018.

O&M EXPENSES

Major categories of O&M Expenses reflecting actual 2016 results are shown on Figure 4. The City owns, operates, and maintains a majority of Airport facilities, equipment, and systems. Approximately 65.0% of actual 2016 O&M Expenses were in the following three categories: personnel services, including salaries, wages and benefits; professional services; and repairs and maintenance of Airport facilities. The Airport hotel accounted for 6.5% of O&M Expenses in 2016. The remaining 28.4% of O&M Expenses consists of utilities and other expenses.

O&M Expenses totaled $409.7 million in 2016, and are forecast to increase an average of approximately 4.0% per year from $449.3 million in 2017 to $612.6 million in 2025. Department management has established a targeted average annual rate of growth in O&M Expenses of 4.2%, which annual increase 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.

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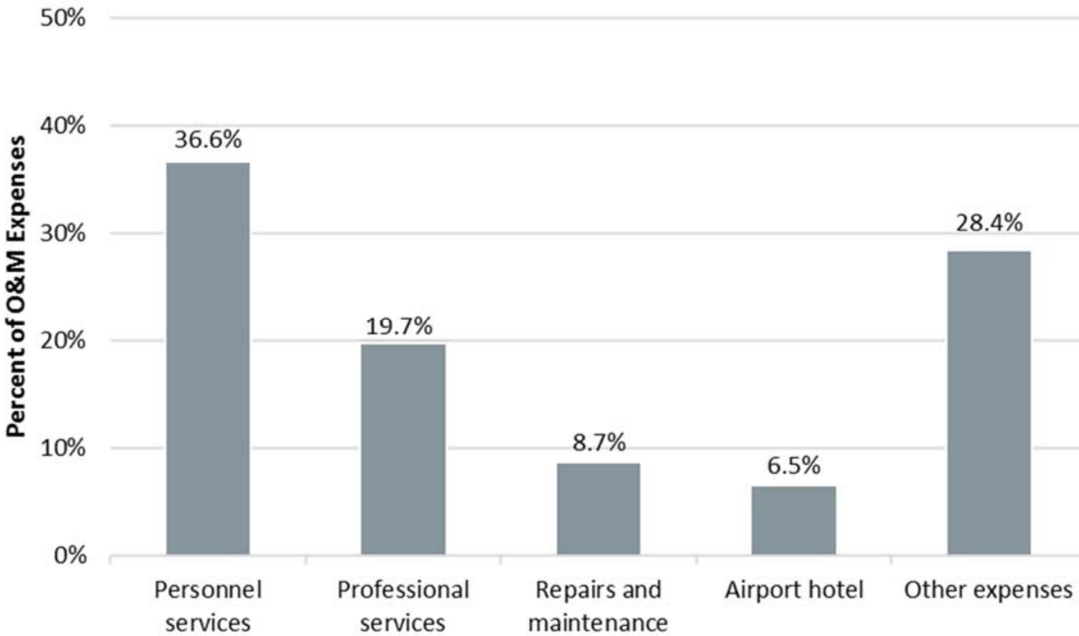
Figure 4
MAJOR CATEGORIES OF O&M EXPENSES IN 2016
Denver International Airport



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

DEBT SERVICE REQUIREMENTS

In 2016, Debt Service Requirements on Senior Bonds payable from the Net Revenues of the Airport System totaled approximately $233.5 million, which is net of irrevocably committed funds by the City under the GBO to pay Debt Service Requirements. This use of Airport System revenues reduces Debt Service Requirements that would otherwise have to be paid from Net Revenues of the Airport System.

In 2016, the City's irrevocable commitment consisted of approximately $76.3 million of Committed Passenger Facility Charges, reducing Debt Service Requirements for all Senior Bonds and Subordinate Bonds payable from Net Revenues from approximately $364.5 million to $288.2 million. Under the GBO, Committed Passenger Facility Charges equal the $3.00 portion of the $4.50 PFC that is imposed, collected, and used by the City for FAA-approved PFC-eligible costs, including Debt Service Requirements. Estimated Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations were provided by the City's Financial Consultant and are estimated to increase from $279.6 million in 2017 to $604.2 million in 2025, which is net of forecast Committed Passenger Facility Charges. Increases in Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations are attributable

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to (1) the overall structure of Outstanding Bonds and (2) the proposed issuance of Future Planned Bonds.

As previously mentioned, the Great Hall Agreement for the Great Hall Project 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 estimate of debt service included in the financial forecasts presented in this Report.

The 2018-2022 Capital Program does not include approximately $190 million in 2017 costs for projects that include, but are not limited to: baggage system improvements, a new airline passenger ground loading facility, and certain apron and runway improvements. Department management is planning to use an interim source of financing to fund the $190 million in costs, which interim financing will then be replaced by the issuance of Future Planned Bonds, the debt service of which has been 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 considered Junior Lien Obligations of the Airport System.

DEBT SERVICE COVERAGE

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

As shown on Figure 5, debt service coverage in each year of the Forecast Period indicates compliance with the Rate Maintenance Covenant of 125% of Debt Service Requirements on Senior Bonds, including Future Planned Bonds that may be issued by the City as Senior Bonds.

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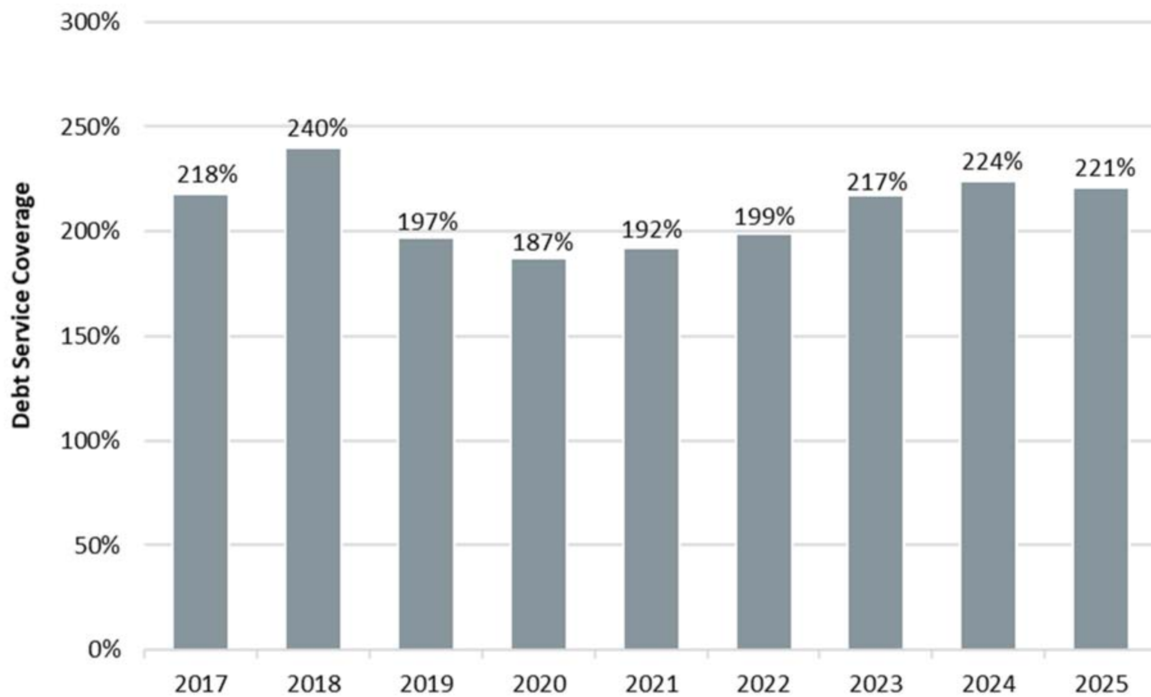
Figure 5
FORECAST DEBT SERVICE COVERAGE ON SENIOR BONDS
Denver International Airport



Note: Includes estimated Debt Service Requirements on the proposed issuance (and resulting savings) of the 2017 Bonds, and on that portion of Senior Bonds included in Future Planned Bonds that are assumed to be issued as Senior Bonds. Changes in debt service, including any savings, from outstanding revenue bonds that the City may refund during the Forecast Period have not been included in the financial forecasts included in this Report. Excludes customer facility charge 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 management's expected course of action during the Forecast Period and, in management's judgment, present fairly the expected financial results of the Airport System. 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.

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

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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 is the sixth busiest airport in the United States in terms of total passengers (enplaned plus deplaned), according to statistics compiled by Airports Council International, North American (ACI-NA). The top ten ranking of the Airport reflects its (1) central geographic location, (2) large O&D passenger base, (3) role as a connecting passenger hub for United, Southwest, and Frontier airlines, and (4) role as the primary commercial service airport in Colorado.

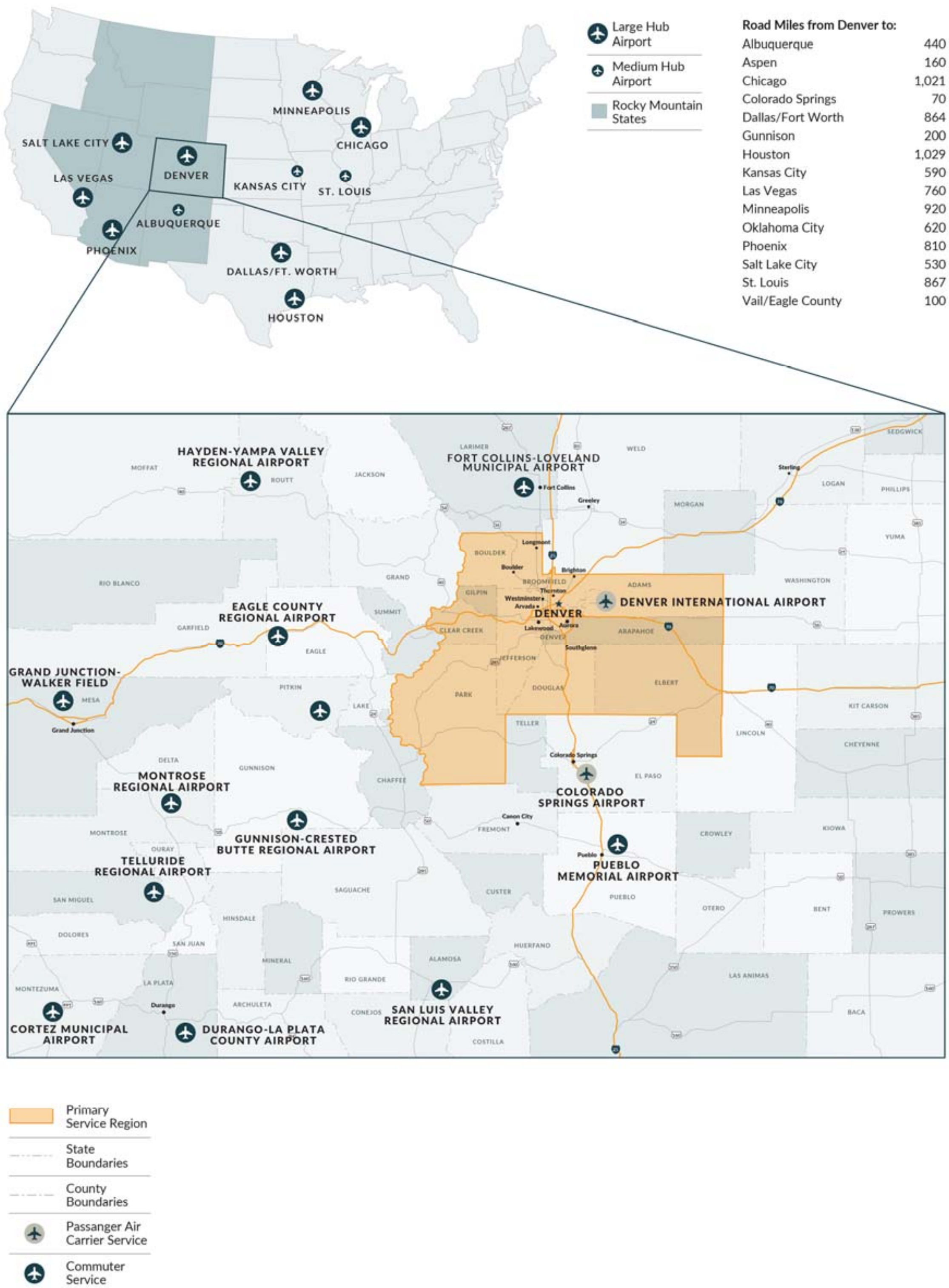
Central Geographic Location

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, including Continental Airlines in the past (prior to its acquisition by United Airlines) and more recently, Southwest Airlines and Frontier Airlines. This fact underscores the importance of Denver as a strategic asset within the U.S. air transportation system. For United and Southwest, 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 capability 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.

Sixth Busiest U.S. Airport

Table 1 shows the 2016 rankings of the top 10 airports in the United States, as measured by total passengers. In 2016, the number of total passengers at the Airport increased 7.9% compared to the previous year—the third highest rate of growth among the 10 busiest airports in the United States during this period.

Figure 6
DENVER AIRPORT SERVICE REGION



Road Miles from Denver to:	
Albuquerque	440
Aspen	160
Chicago	1,021
Colorado Springs	70
Dallas/Fort Worth	864
Gunnison	200
Houston	1,029
Kansas City	590
Las Vegas	760
Minneapolis	920
Oklahoma City	620
Phoenix	810
Salt Lake City	530
St. Louis	867
Vail/Eagle County	100

Table 1

TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS IN 2016

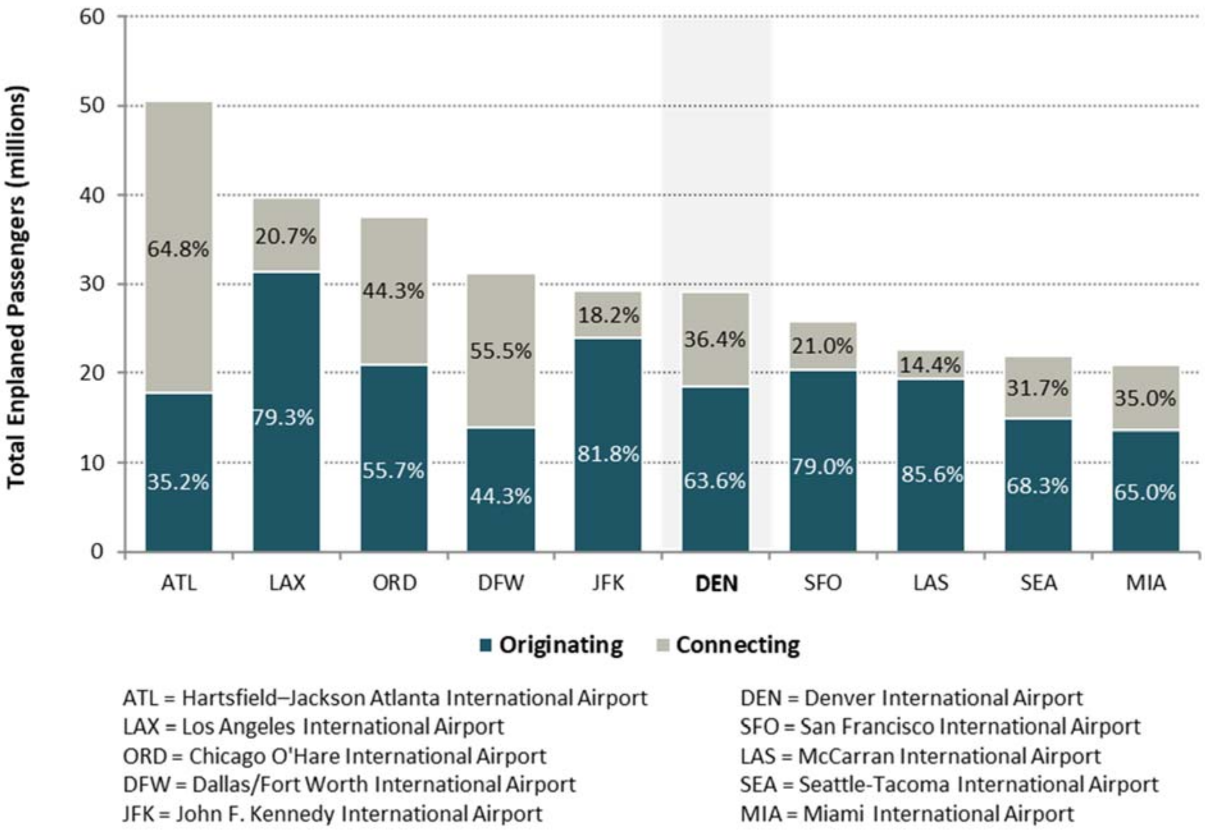
Rank		Total passengers (millions) *(a)*					Average annual percent increase (decrease)	
2016	City (airport)	2012	2013	2014	2015	2016	2012-2016	2015-2016
1	Atlanta	95.5	94.4	96.2	101.5	104.2	2.2%	2.6%
2	Los Angeles (International)	63.7	66.7	70.7	74.9	80.9	6.2	8.0
3	Chicago (O'Hare)	66.6	66.8	70.0	76.9	78.3	4.1	1.8
4	Dallas-Fort Worth	58.6	60.5	63.6	65.5	65.7	2.9	0.2
5	New York (Kennedy)	49.3	50.4	53.3	56.8	58.9	4.5	3.6
6	**Denver**	**53.2**	**52.6**	**53.5**	**54.0**	**58.3**	**2.3**	**7.9**
7	San Francisco	44.4	44.9	47.1	50.1	53.1	4.6	6.1
8	Las Vegas	40.8	40.9	42.9	45.4	47.5	3.9	4.5
9	Seattle	33.2	34.8	37.5	42.3	45.7	8.3	8.0
10	Miami	39.5	40.6	40.9	44.4	44.6	3.1	0.5
	Average for airports listed	54.5	55.3	57.6	61.2	63.7	4.0	4.1

(a) Enplaned plus deplaned passengers.

Sources: Airports Council International-North America, *Worldwide Airport Traffic Report* and *North American Airport Rankings,* for years noted.

As shown on Figure 7, 36.4% of the 29.1 million passengers enplaned at the Airport in 2016 connected from one flight to another. All of the three busiest airlines serving the Airport, measured by numbers of enplaned passengers in 2016—United, Southwest, and Frontier—use the Airport as a connecting hub. In 2016, 59.1% of passengers enplaned by United Airlines connected at the Airport with flights to other destinations, followed by 26.5% on Southwest Airlines and 24.0% on Frontier Airlines.

Figure 7
ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS
2016



Note: 2016 ranking based on Airports Council International-North America, *North American Airport Rankings*, August 2017.

Sources: Denver—Department management records. All other airports—Total passengers: U.S. Department of Transportation, T-100, accessed August 2017. Originating passengers: U.S. Department of Transportation, O&D Survey and T-100, accessed August 2017.

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, Southwest, and Frontier airlines. In 2016, approximately 37.0 million O&D passengers used the Airport, making Denver the ninth busiest O&D passenger market in the United States.

Connecting Hub for United, Southwest, 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 September 2017 and is an important connecting hub in the route networks of United, Southwest, and Frontier airlines.

Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 6), Denver International Airport is the busiest airport in terms of the number of enplaned passengers in 2016. Colorado Springs Airport, a small-hub airport 70-miles south of the Airport, principally serves local demand and ranks second in the State of Colorado after Denver International Airport in terms of numbers of enplaned passengers. In 2016, approximately 822,000 passengers were enplaned at Colorado Springs Airport, compared with approximately 29.1 million passengers enplaned at Denver International Airport.

Airport Service Region

As shown on Figure 6, the primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. 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.

Table 2
SCHEDULED AIRLINE SERVICE AT TOP U.S. CONNECTING HUB AIRPORTS
September 2017

	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	135,649	17,509	153,157	Delta	119,376	77.9%
				Southwest	16,754	10.9
Los Angeles International	88,192	42,811	131,004	American	22,611	17.3
				Delta	18,472	14.1
				United	16,628	12.7
Chicago (O'Hare)	106,523	22,914	129,438	United	55,986	43.3
				American	46,439	35.9
New York (Kennedy)	41,893	60,588	102,480	Delta	24,618	24.0
				jetBlue	23,210	22.6
				American	22,661	22.1
Dallas	84,887	13,816	98,704	American	81,809	82.9
Denver	**88,428**	**3,613**	**92,041**	**United**	**36,552**	**39.7**
				Southwest	**28,365**	**30.8**
				Frontier	**11,633**	**12.6**
San Francisco	67,742	23,876	91,618	United	39,235	42.8
				Alaska *(b)*	12,563	13.7
				Southwest	7,112	7.8
Seattle	66,909	9,038	75,947	Alaska *(b)*	37,464	49.3
				Delta	15,915	21.0
Las Vegas	69,674	5,619	75,293	Southwest	30,098	40.0
Charlotte	69,103	4,272	73,376	American	66,640	90.8

(a) Includes regional airline affiliates.
(b) Alaska Airlines includes Virgin America.
Source: Innovata Schedules, accessed August 2017.

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, Southwest, 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

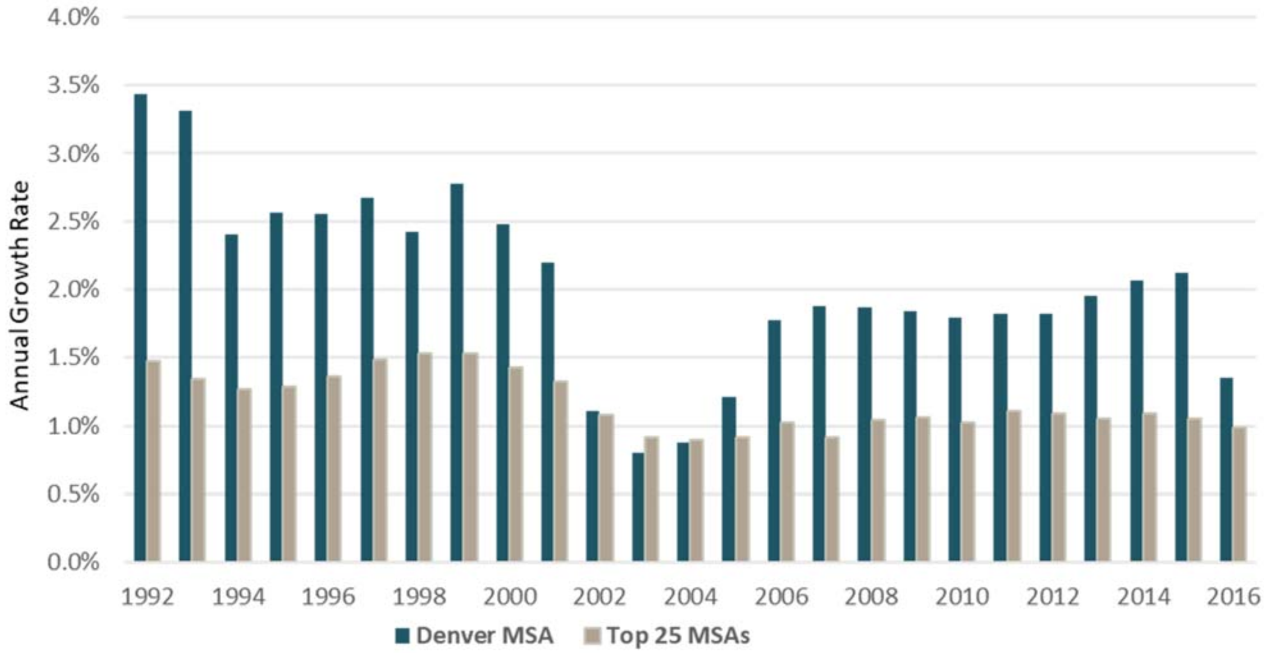
The Denver Metropolitan Area is a major business center in the State of Colorado and the multistate Rocky Mountain region, which consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2016, the Denver Metropolitan Area accounted for 57.3% of Colorado's population and more than 62.3% of its nonagricultural employment. Denver's location just east of the mineral-rich Rocky Mountain range encouraged mining and energy companies to locate in the area, making the energy industry another important part of Denver's economy[2].

Denver ranked first among U.S. metropolitan areas in Forbes' 2016 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]. 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 2016, 2020, and 2025.

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 2016, 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 much faster rate than the average of the Top 25 Metropolitan Areas in the United States over the past two decades, even when accounting for a recent decrease in the rate of change. This growth in population has contributed to the underlying growth in aviation demand from the local market (i.e., originating passengers).

[2] "The Best Places for Business and Careers," Forbes, 2016.
[3] "Dear Amazon, We Picked your New Headquarters for You," The New York Times, September 2017.

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 2016, nonagricultural employment in the Denver Metropolitan Area increased at a greater rate than the State and the nation.

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	$35,597	$31,807	$31,769
2000	2,647	4,327	282,162	1,375	2,214	131,881	48,241	42,342	37,773
2010	2,851	5,049	309,348	1,353	2,222	130,361	42,814	39,281	39,627
2011	2,901	5,118	311,663	1,378	2,259	131,932	45,012	40,969	40,497
2012	2,953	5,190	313,998	1,418	2,313	134,175	46,546	42,132	41,378
2013	3,008	5,268	316,205	1,468	2,382	136,381	47,876	43,121	40,975
2014	3,066	5,350	318,563	1,523	2,465	138,958	50,154	45,151	42,107
2015	3,128	5,449	320,897	1,578	2,542	141,843	51,057	46,137	43,619
2016	3,175	5,541	323,128	1,618	2,598	144,306	n/a	46,534	44,310
Projected									
2020	3,364	5,830	336,383	1,719	2,770	152,278	55,037	50,021	47,378
2025	3,612	6,232	352,315	1,866	3,004	162,781	58,747	53,511	50,953
	Annual percent increase (decrease)								
2010-2011	1.8%	1.4%	0.7%	1.8%	1.6%	1.2%	5.1%	4.3%	2.2%
2011-2012	1.8	1.4	0.7	2.9	2.4	1.7	3.4	2.8	2.2
2012-2013	1.9	1.5	0.7	3.6	3.0	1.6	2.9	2.3	(1.0)
2013-2014	1.9	1.6	0.7	3.7	3.5	1.9	4.8	4.7	2.8
2014-2015	2.0	1.9	0.7	3.6	3.1	2.1	1.8	2.2	3.6
2015-2016	1.5	1.7	0.7	2.5	2.2	1.7	n/a	0.9	1.6
	Average annual percent increase (decrease)								
Historical									
1990-2000	2.8%	2.8%	1.3%	3.6%	3.8%	1.9%	3.1%	2.9%	1.7%
2000-2016	1.1	1.6	0.9	1.0	1.0	0.6	n/a	0.6	1.0
1990-2016	1.8	2.0	1.0	2.0	2.1	1.1	n/a	1.5	1.3
Projected									
2016-2020	1.5	1.3	1.0	1.5	1.6	1.4	n/a	1.8	1.7
2020-2025	1.4	1.3	0.9	1.6	1.6	1.3	1.3	1.4	1.5

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.

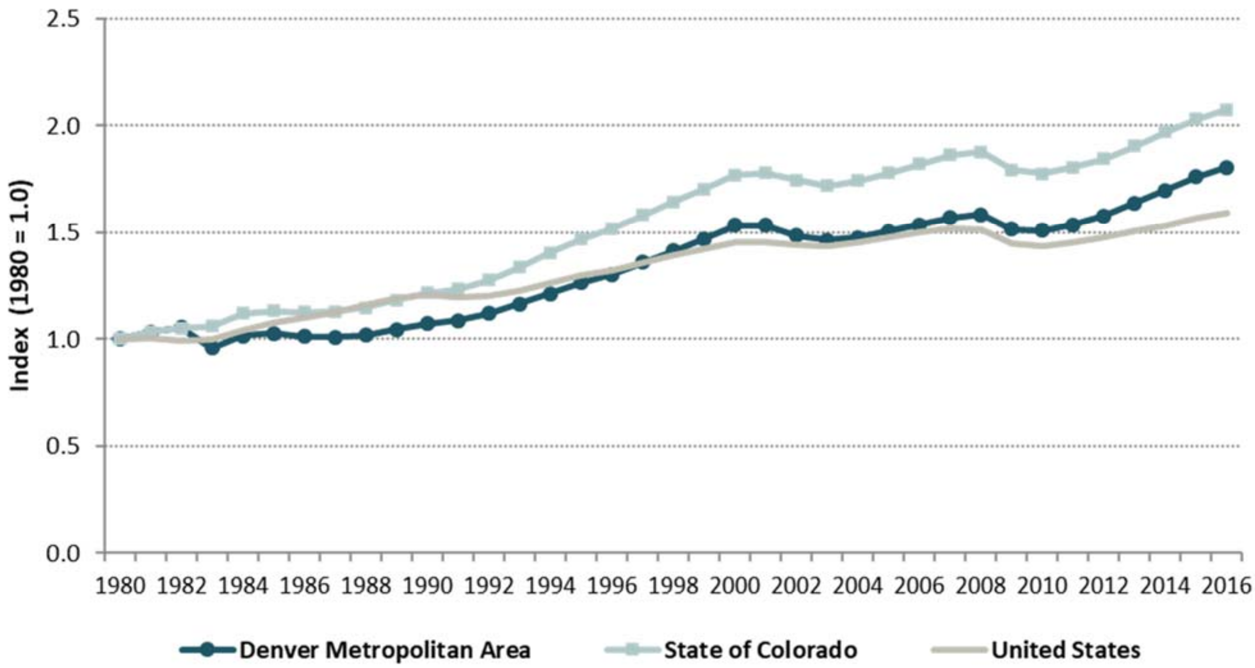
(a) U.S. Department of Commerce, Bureau of the Census, www.census.gov, access August 2017.

(b) U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed August 2017.

(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 2015 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*, May 2017.

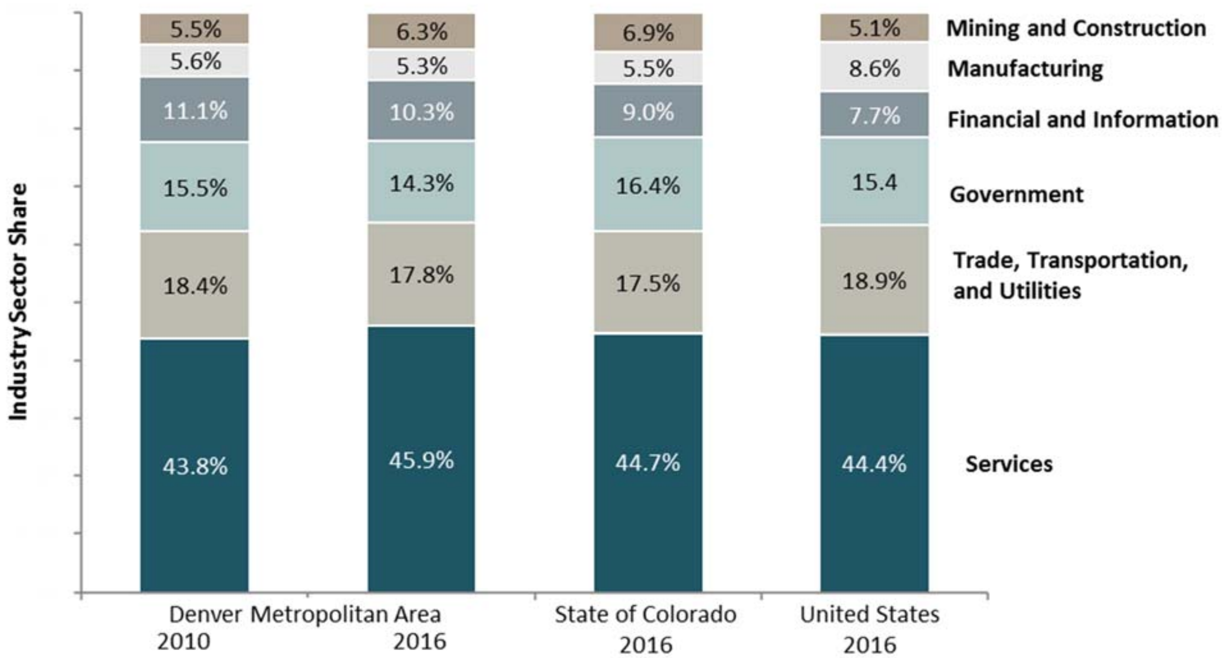
Figure 9
TRENDS IN NONAGRICULTURAL EMPLOYMENT



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 2016 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 (17.8%) accounted for a combined 63.7% of total nonagricultural employment in the Denver Metropolitan Area in 2016.

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 August 2017.

Major Employers. Table 4 lists the 25 largest private employers in the Denver Metropolitan Area as of May 2017. 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 the 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 10.7% and 17.1%, 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 country in terms of per capita income among the country'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

25 LARGEST PRIVATE EMPLOYERS

Denver Metropolitan Area

Rank	Company	Description	Number of employees *(a)*
1	HealthONE Corporation	Healthcare	10,800
2	Centura Health	Healthcare	9,200
3	SCL Health System	Healthcare	8,700
4	Lockheed Martin Corporation	Aerospace and Defense Related Systems	7,500
5	UCHealth	Healthcare, Research	7,300
6	Comcast Corporation	Telecommunications	7,000
7	Kaiser Permanente	Healthcare	7,000
8	Children's Hospital Colorado	Healthcare	6,600
9	United Airlines	Airline	5,700
10	CenturyLink	Telecommunications	5,100
11	DISH Network	Satellite TV and Equipment	4,300
12	Wells Fargo	Financial Services	4,300
13	University of Denver	University	4,100
14	AT&T Inc.	Telecommunications	3,800
15	Charles Schwab	Financial Services	3,700
16	Level 3 Communications	Communication and Internet Systems	3,700
17	United Parcel Service	Parcel Delivery	3,600
18	Ball Corporation	Aerospace, Containers	3,500
19	Frontier Airlines	Airline	3,400
20	Southwest Airlines	Airline	3,100
21	Oracle	Software and Network Computer Systems	3,000
22	Xcel Energy	Utilities	2,800
23	IBM Corporation	Computer Systems and Services	2,800
24	Great-West Financial	Insurance and Retirement Savings Services	2,700
25	Raytheon Company	Aerospace Systems and Software	2,400

Note: Largest private employers do not include retail companies or public/governmental companies or organizations.

(a) Rounded to the nearest hundred.

Source: Compiled from various business lists and resources by Development Research Partners Inc., revised May 2017.

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 2016 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 5.5%, from 16.4 million in 2015 to 17.3 million in 2016, and over the past five years has increased an average of 5.6% annually.

- Denver visitor spending reached $4.2 billion in 2016, increasing 7.0% between 2015 and 2016. 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 in 2016 remained flat, totaling 2.6 million, while dropping one percent nationally.

Table 5 summarizes the trends in visitor activity in the Denver Metropolitan Area in 2000, 2005, and 2010 through 2016 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 85.0% in 2016) 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 2016, the number of leisure visitors to Denver increased an average of 4.8% per year. Colorado remained the country's top ski destination in 2016, accounting for approximately 19.0% of national overnight ski trips.

Business Travel. In 2016, visitors traveling to Denver on business accounted for approximately 15.0% of all overnight trips, according to the Longwoods International study. Business travelers spent an average of $145 per person per day, compared with $142 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 continued to grow in 2016, with 858 conventions held at the Colorado Convention Center and area hotels with 368,459 delegates. In 2014, Denver and the Colorado Convention Center were ranked as one of the top 10 convention center destinations in the nation by the Watkins Research Group. According to the same study, Visit Denver was ranked the top Convention and Visitors Bureau (CVB) by meeting planners surveyed across the country.[5]

[5] Watkins Research Group 2014 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
	Average annual percent increase (decrease)				
2000-2005	2.7%	(1.5)%	1.6%	4.2%	1.8%
2010-2016	5.1	6.3	5.3	9.5	(0.1)
2000-2016	4.8	(0.2)	3.7	5.9	2.8

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 that have emerging economies such as Asia, Africa, and Latin America, with strong growth in GDP combined with a growing middle class, growth in numbers 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

World region	Average annual percentage increase in GDP (in billions of 2010 U.S. dollars) Historical 2000-2016	Forecast 2016-2037
Asia *(a)*	4.6%	3.9%
Atlantic *(b)*	1.6	2.1
Canada	2.0	2.0
Latin America *(c)*	1.6	3.0
United States *(d)*	2.0	2.1
World	2.6	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 2017-2037*, accessed August 2017.

National Economy. The national economy continues to expand and mature in 2017 and is projected to do the same in 2018. Urban areas around the country have low unemployment rates and signal that labor markets around the country are at full employment.[6] In terms of recovery from the 2008-2009 recession, the University of Colorado states that consumers feel they are on a more stable footing, citing modest wage growth and higher personal income.[7]

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 2016 (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 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 2016, 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 2.9% at the Airport.

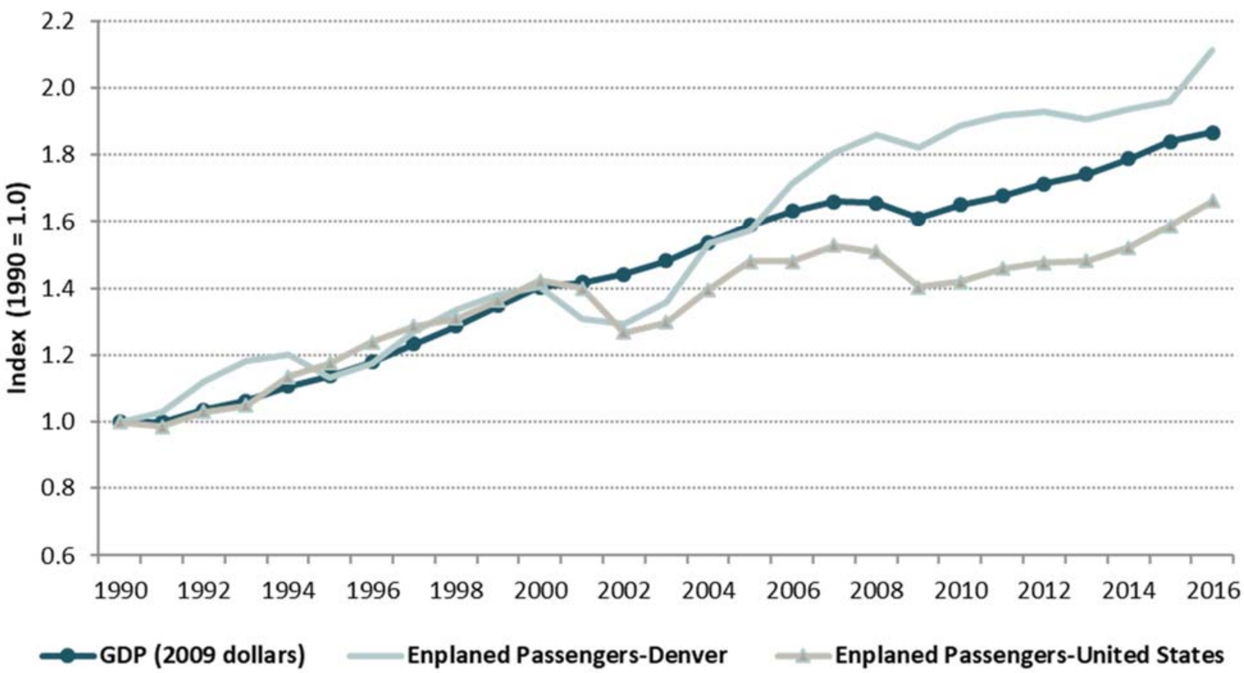
During the most recent national economic recession from 2008 to 2009, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased 2.0% in 2009. In comparison, the number of enplaned passengers in the United States decreased 1.2% in 2008 and 7.0% in 2009, based on U.S. DOT data. 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*, June 20, 2017, www.colorado.gov, accessed August 2017.

[7] Leeds School of Business, University of Colorado, Boulder, *Business Economic Outlook 2017*, December 2016, accessed August 2017.

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 2.1% from the fourth quarter of 2016 to the fourth quarter of 2018 due to increased consumer spending, business investment, and residential construction. The CBO predicts that the current rate of economic expansion will "virtually eliminate slack in the economy," but as a result will produce upward pressure on inflationary forces and interest rates. However, the CBO predicts that the U.S. economy will expand at a slower annual growth rate of 1.7% from 2017-2020 and 1.9% from 2021-2027. The CBO also predicts that the unemployment rate will decrease from 4.7% in the fourth quarter of 2016 to 4.4% in the fourth quarter of 2018, falling below the CBO's calculated natural rate of unemployment.[8]

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 2017. Denver enplaned passengers—Department management records. U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, www.faa.gov, accessed August 2017.

Colorado Economy. Colorado's economy continues to register faster economic growth than the nation as noted by the Leeds School of Business at the University of Colorado. The Colorado Legislative Council (CLC) notes that consistent improvement in the labor and real estate markets, growth in consumer spending, a rebound in manufacturing activity, and

[8] Congressional Budget Office, *Budget and Economic Outlook: Fiscal Years 2017 to 2027*, February 2017; accessed August 2017.

increasing strength in the business and financial sectors point to a gradually maturing recovery in the private sector.

- **Population**—The CLC and the Colorado Department of Local Affairs forecast a 1.7% increase in Colorado's population between 2016 and 2017, a 1.7% population growth rate for 2017-2018, and a 1.6% population growth rate for 2018-2019.

- **Nonagricultural employment**—The Colorado Department of Local Affairs, Division of Local Government forecasts a 1.8% growth in Colorado's nonagricultural employment in 2017 and a 1.7% growth in 2018, noting that Colorado's unemployment rate is "the lowest rate in the nation and the lowest rate for Colorado since record keeping began in January 1976."

- **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 home permits issued in Colorado will increase 14.9% in 2017, 2.8% in 2018, and 4.8% in 2019. The CLC attributes the slower increase in new home permits in 2018 and 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 "2017 Economic Forecast for Metro Denver," dated January 2017, 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**—Metro Denver is consistently ranked as one of the fastest-growing metropolitan areas in the nation. According to the MDEDC, population growth in the Denver Metropolitan Area increased an average of 1.8% between 2006 and 2016. Looking forward, the MDEDC anticipates that the population will increase 1.8% in 2017, which is higher than the projected national growth of 0.8%.

- **Nonagricultural employment**—The Colorado Department of Local Affairs, Division of Local Government projects that nonagricultural employment increased an average of 3.4% per year between 2013 and 2016. Similarly, the MDEDC forecasts that nonagricultural employment in the Denver Metropolitan Area in 2017 will increase 2.4%, citing Denver's ability to attract new companies, draw in talented workers, and the Metro Denver's ability to promote entrepreneurship.

- **Retail trade**—The MDEDC forecasts that retail trade sales (an indicator of consumer spending) in the Denver Metropolitan Area will increase 5.4% in 2017 (unadjusted for inflation), following a 5.0% increase between 2015 and 2016.

- **Residential construction**—The MDEDC estimated that construction of new residential units in the Denver Metropolitan Area increased 21.2% in 2016, while for 2017 the MDEDC forecasts a slight drop in the number of new residential units being built. The slight drop in the Denver Metropolitan forecast for 2017 is in contrast to the 14.9% 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 to such achievement 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.

- The recent decline in fuel prices could be reversed. Increases in fuel prices related to increasing global demand and political instability in oil producing countries would present a risk to continued economic recovery and 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 recovery and 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, Southwest, and Frontier airlines.

Airlines Serving the Airport

Table 7 lists the passenger airlines that served the Airport as of September 2017. In addition, several all-cargo airlines, including ABX Air, Alpine Air Express, Bemidji Aviation Services, DHL Express (USA), FedEx Corporation, Kalitta Air, Southern Air, and UPS Air Cargo provided service at the Airport.

Table 7
PASSENGER AIRLINES SERVING DENVER
September 2017

Mainline/National	***Regional/Commuter***
Alaska Airlines	American Eagle
Allegiant Air	Boutique Air
American Airlines	Delta Connection
Delta Air Lines	Denver Air Connection
Frontier Airlines	Great Lakes
jetBlue Airways	United Express
Southwest Airlines	Via Air
Spirit Airlines	
Sun Country Airlines	
United Airlines	
Virgin America	
Foreign-flag	
AeroMéxico	
Air Canada	
British Airways	
Icelandair	
Jazz Aviation (Air Canada Express)	
Lufthansa German Airlines	
Norwegian Air	
Sky Regional Airline (Air Canada Express)	
Volaris	

Sources: Innovata, online database, accessed August 2017; 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 nine months of 2017, organized by originating, connecting, and total enplaned passengers.

The total number of enplaned passengers at the Airport increased an average of 2.6% per year between 2000 and 2016, with the number of originating and connecting passengers increasing an average of 3.3% and 1.5% per year, respectively. In 2016, the number of enplaned passengers at the Airport increased 7.9%, reflecting a 6.8% increase in the number of originating passengers and a 9.8% increase in the number of connecting passengers.

In the first nine months of 2017, the number of enplaned passengers at the Airport increased 6.3% compared with the number of enplaned passengers in the first nine months of 2016. In the first nine months of 2017, the number of originating passengers increased 6.5% and the number of connecting passengers increased 5.8%, compared with the number of originating passengers in the first nine months of 2016.

Domestic seat capacity increased by 5.3% in the first nine months of 2017, compared to the first nine months of 2016. Domestic growth was mostly due to increased seat capacity from United and Southwest airlines, which increased their departing seats by 5.8% and 5.6%, respectively, over the same period in 2016. During the first nine months of 2017, international seat capacity increased by 13.1% as compared to the same period in 2016, driven by Air Canada commencing service to Montreal and Vancouver, Lufthansa German Airlines commencing service to Munich, and Volaris commencing service to Monterrey.

Table 8
HISTORICAL ENPLANED PASSENGERS
Denver International Airport

	Enplaned passengers				
Year	Originating	Connecting	Total	Total annual percent increase (decrease)	Percent 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	26,024,922	--	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
January-September					
2016	13,867,036	7,903,627	21,770,663	--%	63.7%
2017	14,770,934	8,363,530	23,134,464	6.3	63.8
	Average annual percent increase (decrease)				
2000-2005	1.8%	2.9%	2.3%		
2005-2010	3.3	4.2	3.7		
2010-2016	4.7	(1.9)	1.9		
2000-2016	3.3	1.5	2.6		

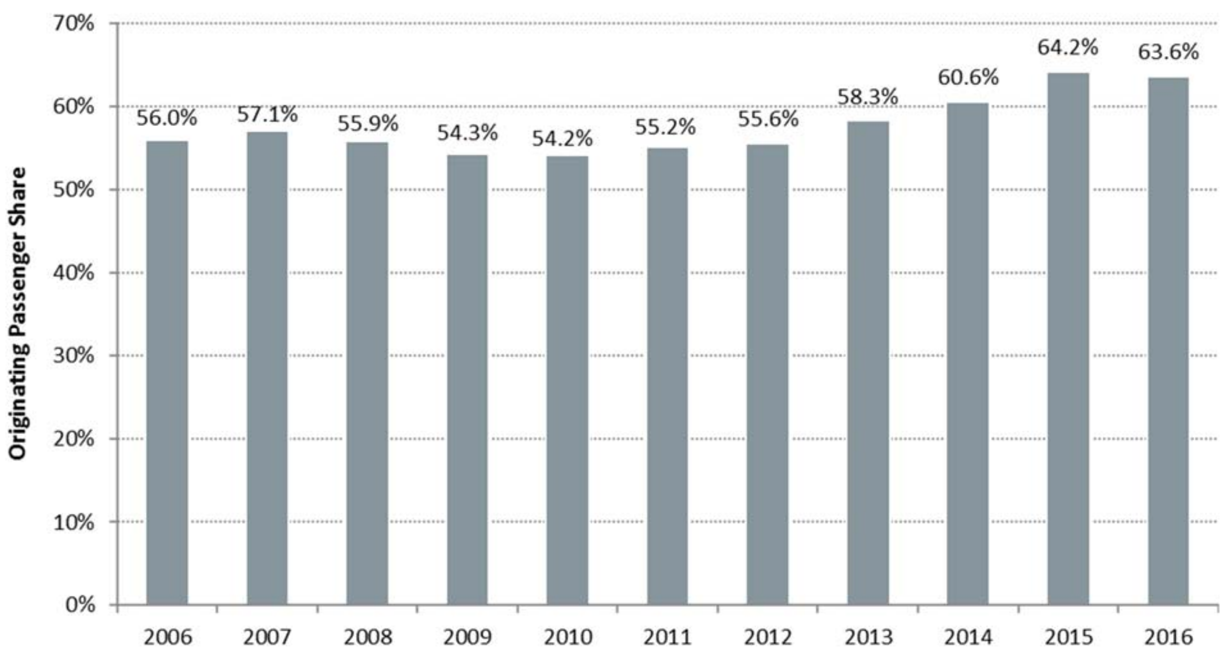
Source: Department management records.

Table 8 also presents trends in the numbers of connecting passengers at the Airport from 2000 through the first nine months of 2017. Connecting passengers decreased every year from 2011 to 2015, due primarily to Frontier Airlines decentralizing its network and decreasing its operations out of the Airport. Later sections of this Report discuss the changing importance and role of the Airport as a connecting hub for United, Southwest, and to a lesser extent Frontier Airlines.

Between 2000 and 2016, the number of originating passengers at the Airport decreased in three of the 16 years—decreases of 6.6% in 2001 and 6.0% in 2002, related to the effects of the national economic recession and the 2001 terrorist attacks, and a decrease of 4.7% in 2009, related to the effects of the national economic recession and financial crisis.

The growth in numbers of originating passengers at the Airport since 2000 reflects the continued population and economic growth in the Denver Metropolitan Area and the State, 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 has increased steadily in recent years, from 54.2% in 2010 to 63.6% in 2016.

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



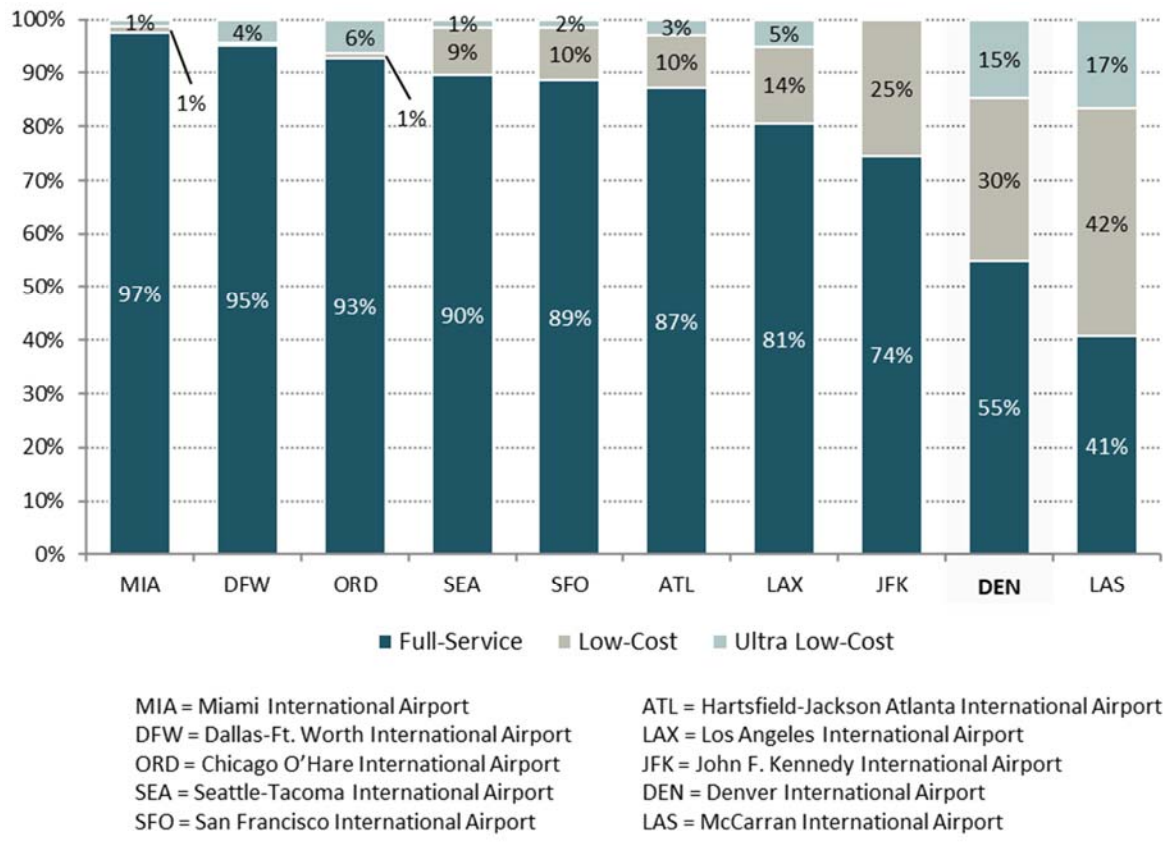
Source: Department management records.

Denver International 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. Denver is one of the few airports in the U.S. that supports multiple carrier connecting operations, representing distinct airline business models.

In 2016, full-service carriers accounted for 55.0% of enplanements at the Airport, low-cost carriers accounted for 30.3% of enplanements, and ultra-low-cost carriers accounted for 14.7% of enplanements. 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 14.0% share of enplaned passengers by full service, low-cost, and ultra-low-cost airlines.

Figure 13
SHARE OF ENPLANED PASSENGERS BY CARRIER TYPE, TOP 10 U.S. AIRPORTS
2016

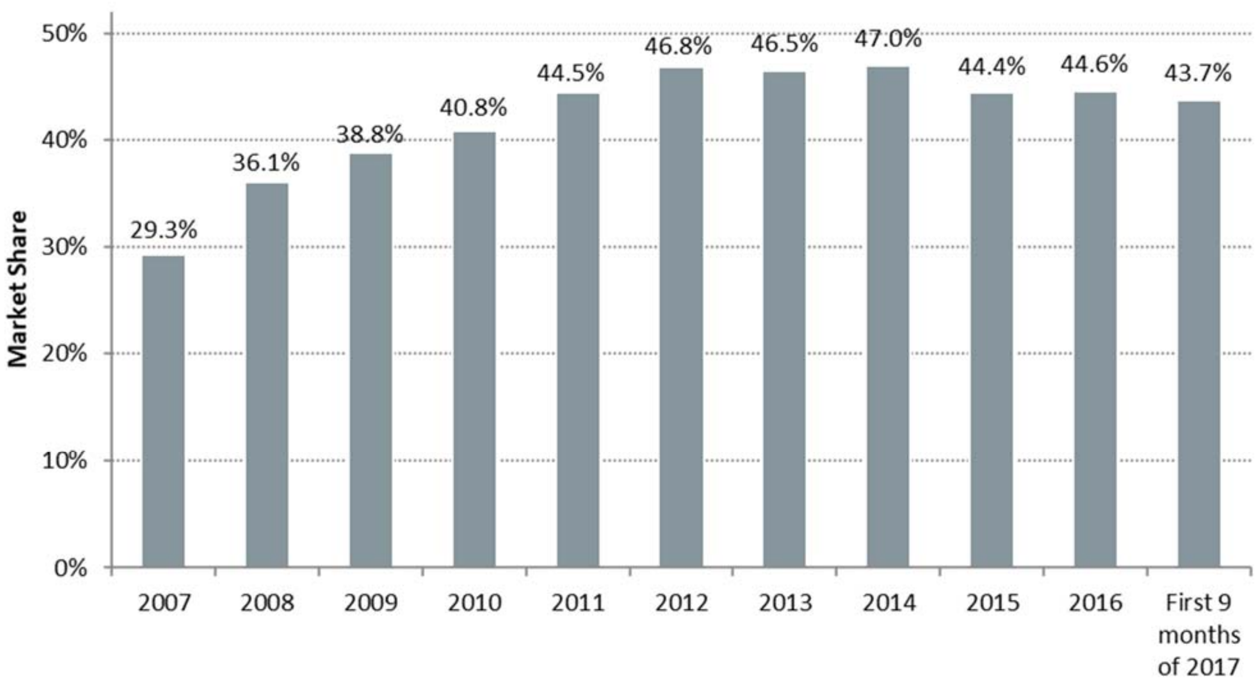


Notes: Top 10 U.S. airports by 2016 enplanements. Airports ordered by share of full service carrier enplaned passengers. U.S. Full-Service carriers include Delta Air Lines, American Airlines, United Airlines, Alaska Airlines, Virgin America, Hawaiian Airlines, and Sun Country, U.S. Low-Cost carriers include Southwest Airlines and jetBlue Airways, and 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 August 2017.

Figure 14 presents the shares of passengers enplaned by the low-cost and ultra-low-cost carriers[9] at the Airport over the last 10 years, which increased from 29.3% in 2007 to 44.6% in 2016, exceeding the national market share of passengers enplaned by the low-cost and ultra-low-cost carriers—23.4% in 2007 and 28.8% in 2016, according to U.S. DOT data. For the first nine months of 2017, the share of passengers enplaned by the low-cost and ultra-low-cost carriers is equal to 43.7%, lower than the full-year 2016 share. A significant portion of the increase in low-cost carrier market share at the Airport is attributable to Southwest Airlines, which was the second busiest airline at the Airport in terms of numbers of enplaned passengers in 2016. The decrease in 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



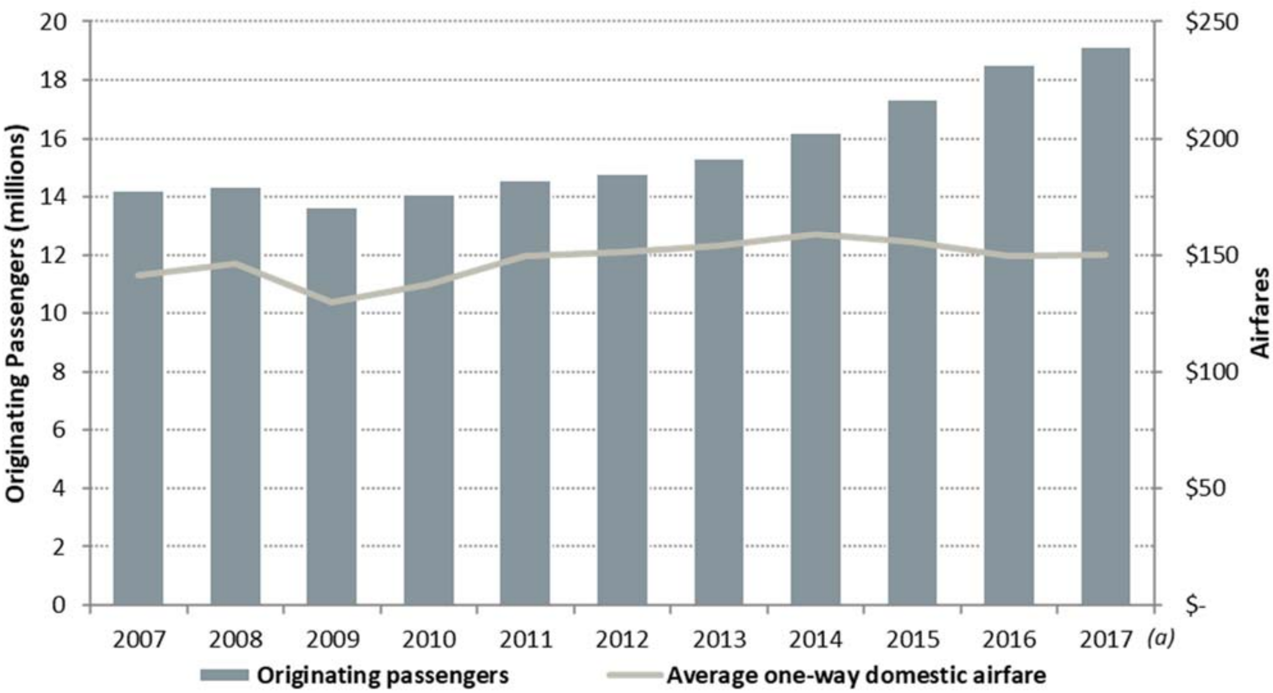
Notes: Low-cost and ultra-low-cost carriers include AirTran Airways, Allegiant Air, ATA Airlines (ceased service in April 2008), Frontier Airlines (including subsidiaries), jetBlue Airways, Midwest Airlines (no longer in service), Spirit Airlines, Southwest Airlines, Volaris, and Norwegian Air.
Source: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

[9] 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.

Average airfares at the Airport have been relatively constant since 2007 as the result of increasing competition between United, Southwest, 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 in Figure 15.

As Frontier launches another phase of expansion at the Airport, average airfares may decline due to increased competition from United Airlines and other airlines. In response to Frontier's expansion plans at the Airport, United Airlines' President recently stated that the airline expects pricing pressure that could result in lower average fares in the short to medium term[10].

Figure 15
AIRFARES AND ORIGINATING PASSENGERS
Denver International Airport



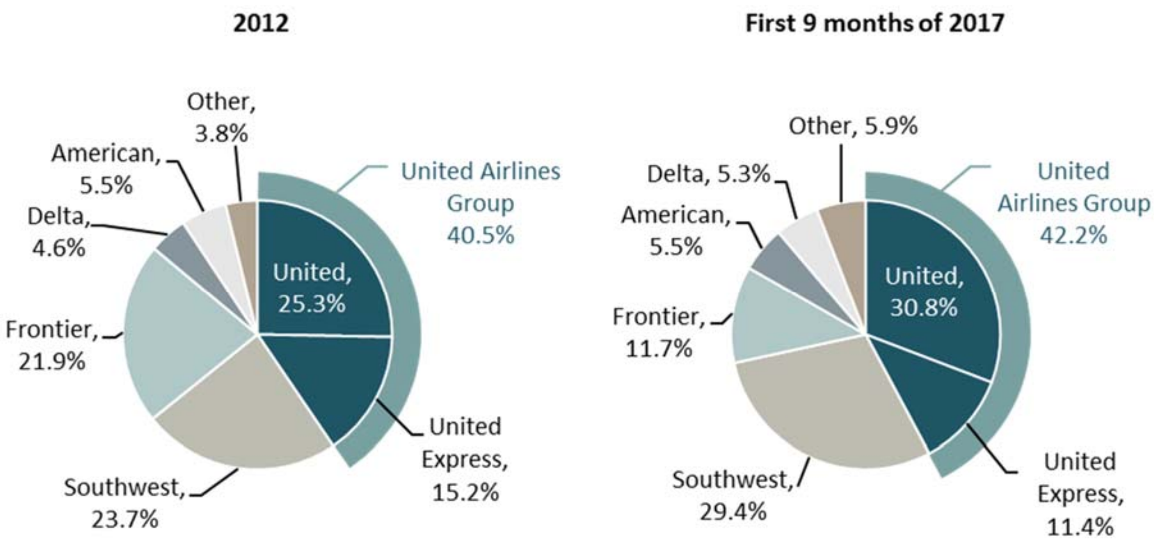
(*a*) The average one-way domestic airfare is for 12 months ended March 31, 2017.
Sources: Airfare data—U.S. Department of Transportation, O&D database, accessed August 2017.
Originating passenger data—Department management records.

[10] "It's War: United Airlines president slams Frontier after $39 ticket announcement and vows 'United will win.'" Business Insider, July 19, 2017.

Passenger Market Shares

Enplaned Passengers. Enplaned passenger market shares for the airlines serving the Airport are shown on Figure 16 and in Table 9. During the first nine months of 2017, the United Airlines Group enplaned the largest share of passengers (42.2%) at the Airport, followed by Southwest Airlines (29.4%) and Frontier Airlines (11.7%).

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.

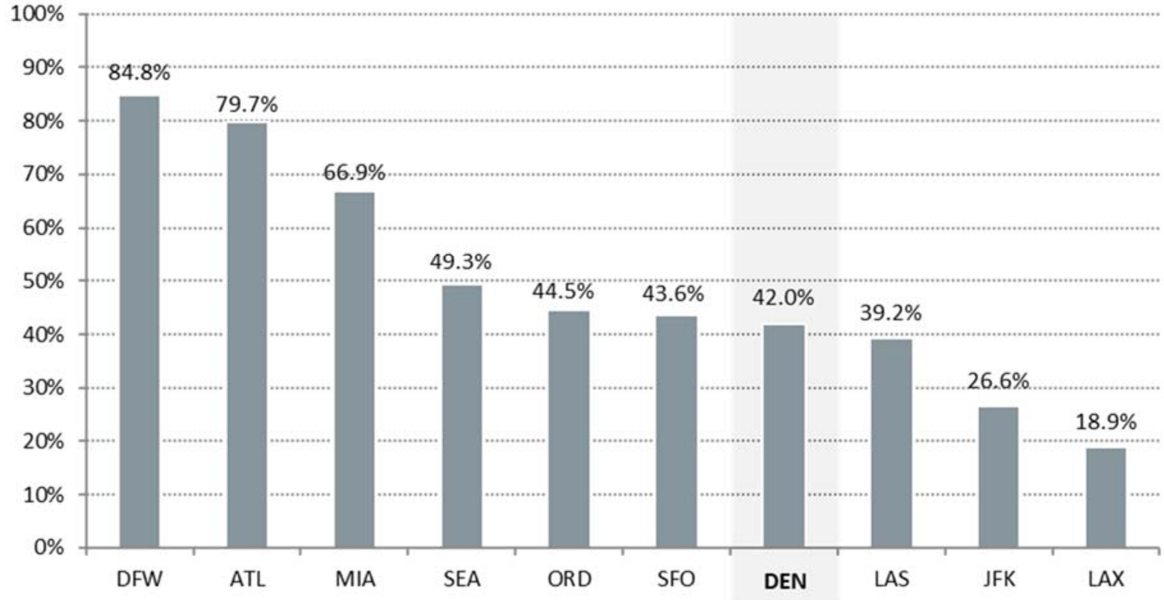
Beginning in 2012, Southwest became the second busiest airline serving the Airport in terms of numbers of enplaned passengers. As shown in Table 9, Southwest increased its market share of enplaned passengers at the Airport from 23.7% in 2012 to 29.4% in the first nine months of 2017. During that same period, Frontier's enplaned passenger market share decreased from 21.9% to 11.7%.

Importantly, the Airport is served by a diverse carrier base, with no single carrier accounting for more than 43.0% of enplaned passengers. Among the top 10 U.S. airports by enplaned passengers in 2016, Denver International Airport had the fourth lowest concentration of service in a single carrier, as shown on Figure 17.

Figure 17

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

2016



DFW = Dallas/Fort Worth International Airport
ATL = Hartsfield–Jackson Atlanta International Airport
MIA = Miami International Airport
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, O&D database, accessed August 2017.

Table 9
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Denver International Airport

	2012	2013	2014	2015	2016	First nine months 2017
United Airlines Group *(a)*						
Mainline	6,720,604	6,446,117	6,490,795	7,493,209	8,548,734	7,122,336
United Express *(b)*	4,039,472	4,213,069	4,369,613	3,927,764	3,697,343	2,629,518
	10,760,076	10,659,186	10,860,408	11,420,973	12,246,077	9,751,854
Southwest	6,301,166	6,721,126	7,064,833	7,929,104	8,565,381	6,809,975
Frontier	5,825,717	5,015,687	4,932,132	3,360,325	3,567,393	2,703,625
American *(c)*	1,473,501	1,476,796	1,537,392	1,642,359	1,642,277	1,270,961
Delta	1,215,718	1,200,920	1,179,878	1,333,693	1,489,659	1,230,623
Other	1,020,813	1,211,593	1,162,041	1,332,475	1,629,417	1,367,426
	15,836,915	15,626,121	15,876,276	15,597,956	16,894,127	13,382,610
Total	26,596,991	26,285,307	26,736,684	27,018,929	29,140,204	23,134,464
	Percent of total					
United Airlines Group *(a)*						
Mainline	25.3%	24.5%	24.3%	27.7%	29.3%	30.8%
United Express *(b)*	15.2	16.0	16.3	14.5	12.7	11.4
	40.5%	40.6%	40.6%	42.3%	42.0%	42.2%
Southwest	23.7%	25.6%	26.4%	29.3%	29.4%	29.4%
Frontier	21.9	19.1	18.4	12.4	12.2	11.7
American *(c)*	5.5	5.6	5.8	6.1	5.6	5.5
Delta	4.6	4.6	4.4	4.9	5.1	5.3
Other	3.8	4.6	4.4	4.9	5.6	5.9
	59.5%	59.4%	59.4%	57.7%	58.0%	57.8%
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 371,301 enplaned passengers of Continental Airlines in 2012, which merged with United Airlines in October 2010.
(b) Includes SkyWest Airlines, ExpressJet, GoJet, Shuttle America, and Republic in 2012-2017; Trans States Airlines in 2015-2017; and Mesa in 2014-2015.
(c) Includes US Airways, which merged with American in 2015.
Source: Department management records.

Originating Passengers. Table 10 presents numbers of originating passengers and airline market shares at the Airport for 2012 through the first nine months of 2017. Between 2012 and 2016, the number of originating passengers at the Airport increased an average of 5.8% per year.

In 2012, Southwest Airlines and the United Airlines Group both enplaned 29.1% of originating passengers at the Airport. Since that time, Southwest Airlines has held the largest share of originating passengers at the Airport, increasing its share from 29.1% in 2012 to 33.3% in the first nine months of 2017. Between 2012 and 2016, Southwest Airlines' growth at the Airport was the third fastest among its top 10 airports by seat capacity.

Table 10

HISTORICAL ORIGINATING PASSENGERS BY AIRLINE

Denver International Airport

	2012	2013	2014	2015	2016	First nine months 2017
United Airlines Group *(a)*						
Mainline	3,178,768	3,158,850	3,171,520	3,560,192	3,998,450	3,440,300
United Express *(b)*	1,124,392	1,217,539	1,212,419	1,048,894	1,004,988	729,335
	4,303,160	4,376,389	4,383,939	4,609,086	5,003,438	4,169,635
Southwest	4,302,165	4,635,891	5,092,923	5,993,365	6,293,540	4,922,149
Frontier	2,818,547	2,760,383	3,087,655	2,651,044	2,709,707	2,010,702
American *(c)*	1,473,383	1,476,796	1,537,392	1,642,359	1,640,911	1,270,961
Delta	1,165,176	1,148,792	1,128,786	1,277,100	1,428,266	1,179,101
Other	722,808	930,118	983,136	1180454	1,451,462	1,216,905
	10,482,079	10,951,980	11,829,892	12,744,322	13,523,886	10,599,818
Total	14,785,239	15,328,369	16,213,831	17,353,408	18,527,324	14,770,934
	Percent of total					
United Airlines Group *(a)*						
Mainline	21.5%	20.6%	19.6%	20.5%	21.6%	23.3%
United Express *(b)*	7.6	7.9	7.5	6.0	5.4	4.9
	29.1%	28.6%	27.0%	26.6%	27.0%	28.2%
Southwest	29.1%	30.2%	31.4%	34.5%	34.0%	33.3%
Frontier	19.1	18.0	19.0	15.3	14.6	13.6
American *(c)*	10.0	9.6	9.5	9.5	8.9	8.6
Delta	7.9	7.5	7.0	7.4	7.7	8.0
Other	4.9	6.1	6.1	6.8	7.8	8.2
	70.9%	71.4%	73.0%	73.4%	73.0%	71.8%
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 205,638 enplaned passengers of Continental Airlines in 2012, which merged with United Airlines in October 2010.

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

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

Source: Department management records.

Frontier Airline's numbers and shares of total originating passengers at the Airport have decreased since 2012, as a result of its steady decrease in operations at the Airport.

Table 11 presents the Airport's top 20 domestic O&D passenger markets for the 12 months ended March 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 September 2017. Of the scheduled daily nonstop seats from the Airport in September 2017, 66.2% were to the top 20 markets listed in the table. The low-cost carriers accounted for 46.7% 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, Seattle, and Atlanta accounted for the smallest shares of low-cost carrier seats in September 2017, with 27.0%, 35.7%, and 36.1%, 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 September 2017	
				Average daily seats	Percent of low-cost carrier seats
1	Los Angeles *(a)*	846	7.6%	6,360	53.6%
2	San Francisco *(b)*	957	5.1	5,157	49.5
3	Chicago *(c)*	892	5.1	4,396	41.1
4	New York *(d)*	1,617	4.8	3,888	27.0
5	Phoenix	602	4.7	2,777	56.1
6	Dallas/Ft. Worth *(e)*	646	4.6	3,048	45.2
7	Washington, DC *(f)*	1,473	3.8	3,553	55.3
8	Las Vegas	629	3.7	3,343	75.8
9	Houston *(g)*	872	3.1	2,835	48.9
10	Minneapolis-St. Paul	680	2.9	2,634	47.6
11	Atlanta	1,199	2.7	2,573	36.1
12	Seattle	1,024	2.6	2,952	35.7
13	Miami *(h)*	1,706	2.3	1,040	58.8
14	San Diego	853	2.2	1,834	71.2
15	Boston	1,754	2.1	1,353	54.7
16	Orlando	1,545	2.1	1,564	69.9
17	Philadelphia	1,566	1.8	1,412	43.4
18	Austin	768	1.7	1,386	61.0
19	Detroit	1,123	1.7	1,547	46.3
20	Salt Lake City	391	1.6	2,724	52.5
	Cities listed		66.2%	56,376	
	Other cities		33.8	35,525	
	All cities		100.0%	91,901	46.7%

(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.

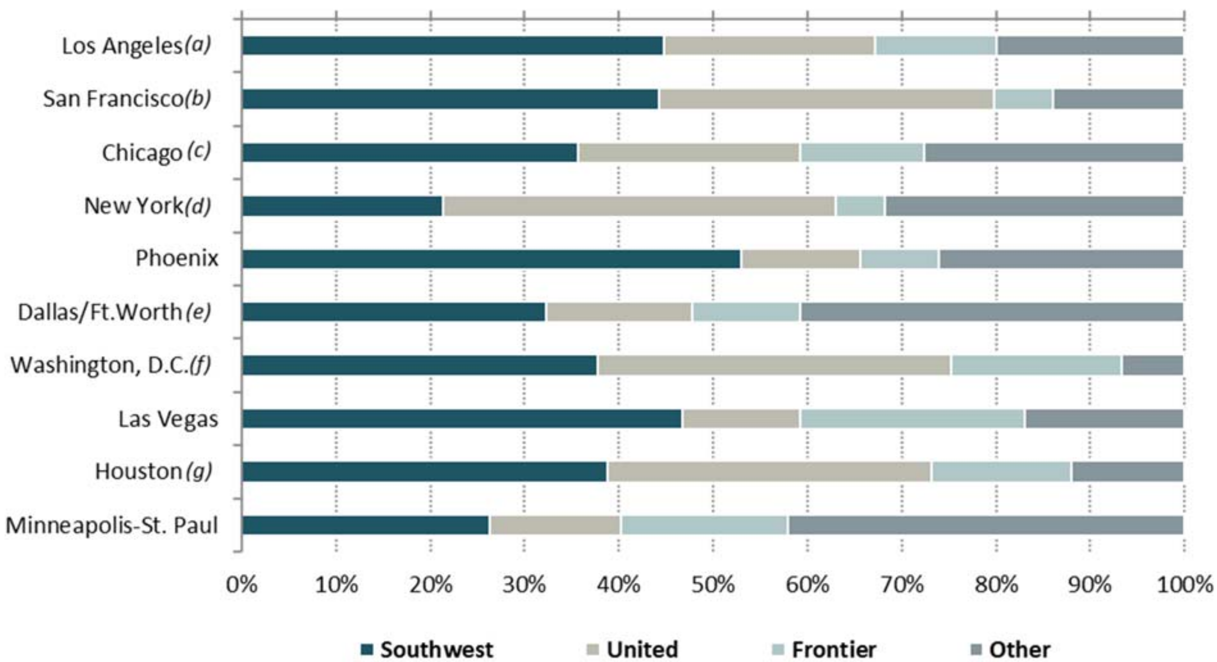
(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating passenger percentages—U.S. Department of Transportation, O&D survey, accessed August 2017. Departures and seats—Innovata, online database, accessed August 2017.

Figure 18 presents the airline shares of originating passengers to the Airport's top 10 O&D markets for the 12 months ended March 31, 2017.

Southwest accounted for the largest share of originating passengers to eight of the Airport's top 10 markets—Los Angeles, San Francisco, Chicago, Phoenix, Dallas-Ft. Worth, Washington, Las Vegas, and Houston—all of which are among Southwest's 10 busiest markets. United accounted for the largest share of originating passengers to one of the Airport's top 10 markets—New York—which is a United connecting hub. Delta accounted for the largest share of originating passengers to one of the Airport's top 10 markets—Minneapolis-St. Paul—which is a Delta connecting hub.

Figure 18
AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS FROM DENVER
For the 12 Months Ended March 31, 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 August 2017.

New International Markets

As shown in Table 12, over the last few years, international service has been started at the Airport by both existing airlines and new airlines. United and Southwest both added new international service from the Airport, as well as foreign flag carriers, such as Air Canada and Volaris. International seat capacity has increased 8.9% per year between 2015 and 2017.

International passengers, while still a relatively small share of the total Airport traffic (3.9% of total enplaned passengers in 2016), are growing faster than domestic passengers and becoming an increasingly important passenger segment of the market. Between 2011 and 2016, international enplaned passengers at the Airport grew by 6.1% per year, compared to 1.8% average annual growth for domestic passengers over the same period. Continued growth in the number of international enplaned passengers should continue as new aircraft technology makes smaller markets such as Denver economically viable for airlines.

Norwegian recently introduced nonstop service from the Airport to London Gatwick, and plans to introduce nonstop service from the Airport to Paris Charles de Gaulle in April 2018, which would make Norwegian the only carrier offering nonstop service to France from the Airport. Copa Airlines will commence service from the Airport to its hub in Panama City in December 2017, and Edelweiss, a Swiss leisure airline, plans to commence service to Switzerland in 2018.

Table 12
NEW INTERNATIONAL SERVICES AT DENVER INTERNATIONAL AIRPORT
2015 through June 30, 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
	Liberia	December 2015	Norwegian	London Gatwick	September 2017
Southwest	Belize City	March 2017		Paris	April 2018
	Puerto Vallarta	November 2015	Lufthansa	Munich	May 2016
			Volaris	Monterrey	December 2016
			Edelweiss	Zurich	June 2018
			WestJet	Calgary	March 2018

Note: Advance Innovata Schedules used for January 1, 2018 through June 30, 2018.
Source: Innovata, online database, accessed August 2017.

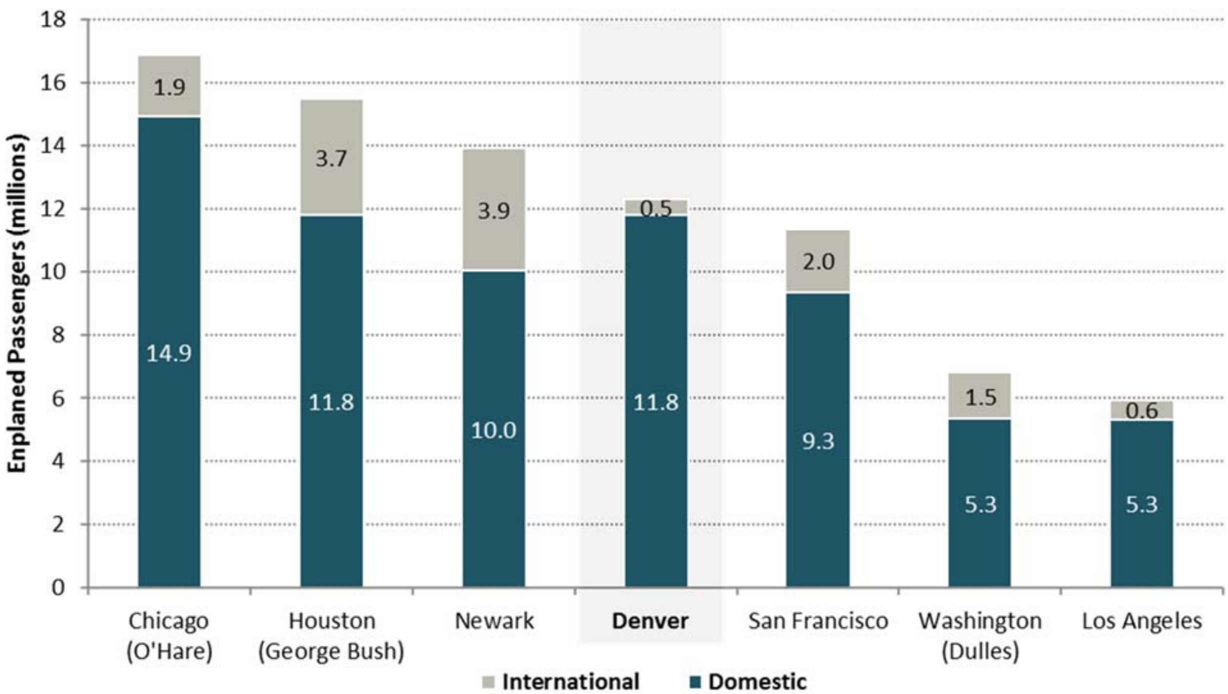
The Airport's Role in United's System

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's 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.

As shown on Figure 19, the Airport is the fourth largest airport in United's system based on total enplaned passengers, even though it serves a smaller metropolitan area population than any of the other United connecting hub airports. Chicago O'Hare accounts for the largest share of enplaned passengers in the route system of United, 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's system. The number of passengers enplaned by United at its hub airports is a function of many factors, including local population and travel demand, geographic location, competitive factors, and airline strategy.

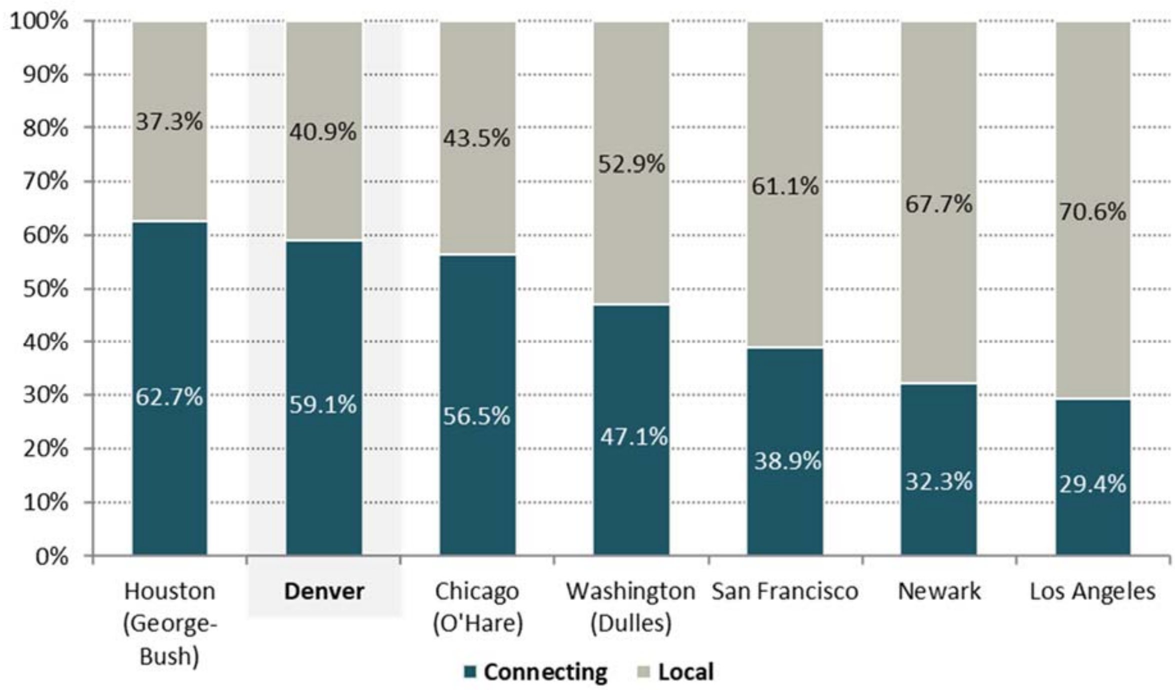
Figure 19
UNITED AIRLINES GROUP ENPLANED PASSENGERS BY AIRPORT
For the 12 Months Ended February 28, 2017



Sources: Denver—Department management records. Other airports—U.S. Department of Transportation, T-100, accessed August 2017.

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

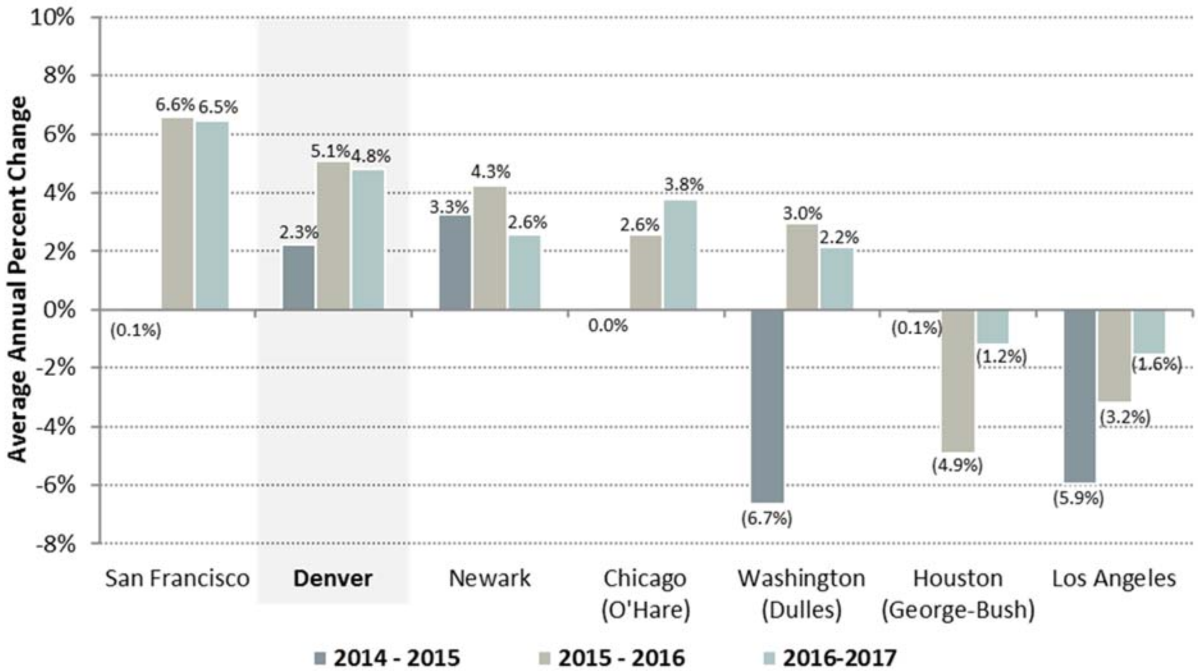
Figure 20
ORIGIN-DESTINATION AND CONNECTING PASSENGERS AT UNITED'S HUBS
Ranked by Enplaned Passengers for the 12 Months Ended December 31, 2016



Sources: U.S. Department of Transportation, OD1B database and T-100 onflight report, accessed August 2017.

As shown on Figure 21, the Airport was one of only two connecting hub airports used by United Airlines that had an increase in seat capacity in each of the past three years. At the Airport, the United Airlines Group's number of scheduled departing seats increased approximately 2.3% between 2014 and 2015, and a further 5.1% between 2015 and 2016. Based on scheduled flight data, the number of United Airlines Group's scheduled departing seats at the Airport is estimated to increase 4.8% between 2016 and 2017, the second largest increase among United's major connecting hub airports.

Figure 21
UNITED AIRLINES GROUP CHANGE IN SCHEDULED DEPARTING SEATS
Ranked by total change between 2014-2017



Source: Innovata, online database, accessed August 2017.

Table 13 presents the numbers of passengers enplaned by the United Airlines Group at the Airport in 2000, 2005, 2010-2016, and the first nine months of 2017. Between 2000 and 2010, United's number of enplaned passengers at the Airport decreased by 1.4% per year, which period of time included the 2001 terrorist attacks and the national economic downturn in 2001, as well as the 2008-2009 recession. Between 2010 and 2016, United's number of enplaned passengers at the Airport increased an average of 0.2% 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	13,854,854	57.2%
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
January – September				
2016	3,740,055	5,388,107	9,128,162	59.0
2017	4,169,635	5,582,219	9,751,854	57.2
	Annual percent increase (decrease)			
2010-2011	(2.9%)	(8.0%)	(9.1%)	
2011-2012	(4.1)	(5.9)	(4.1)	
2012-2013	1.7	(2.7)	0.1	
2013-2014	0.2	3.1	1.6	
2014-2015	5.1	5.2	6.0	
2015-2016	8.6	6.3	6.9	
January – September				
2016-2017	11.5	3.6	6.8	
	Average annual percent increase (decrease)			
2000-2005	(2.0%)	(1.3%)	(1.6%)	
2005-2010	(2.9)	0.1	(1.1)	
2010-2016	1.3	(0.5)	0.2	
2000-2016	(0.4)	(0.6)	(0.8)	

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

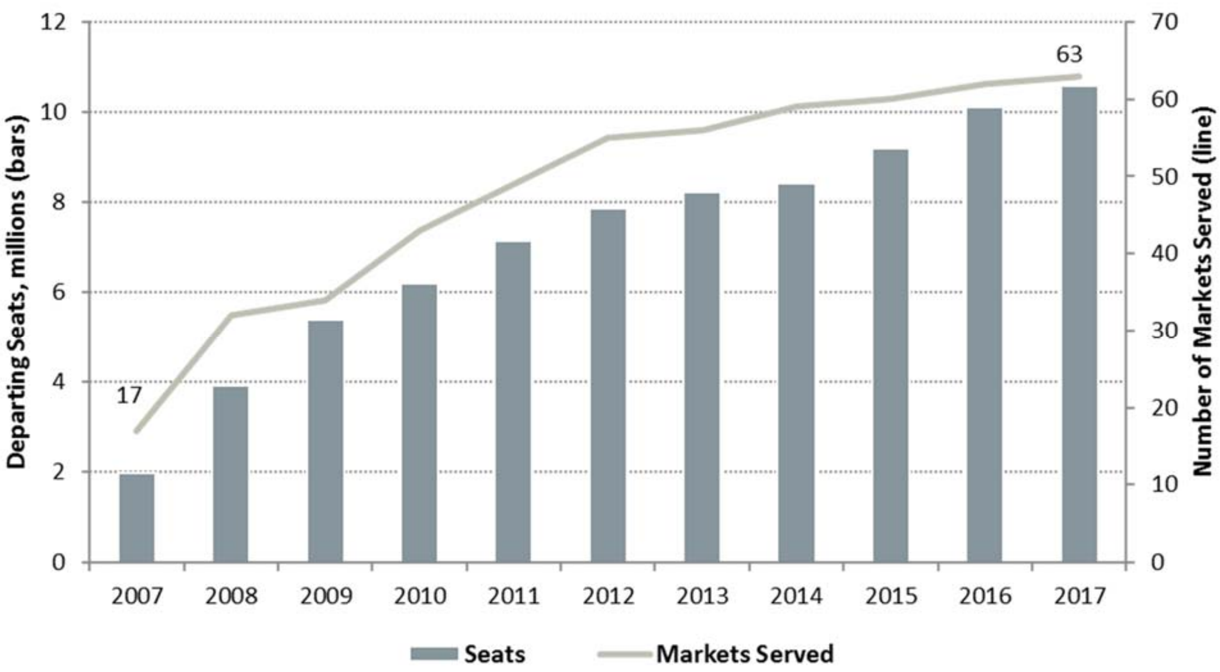
The United Airlines Group has expanded its network through alliances and code-sharing agreements. United is a member of the Star Alliance, which includes 28 airlines throughout the world. In addition to United, other Star Alliance members that serve Denver are Air Canada, Lufthansa German Airlines, and Copa Airlines (starting December 2017), with whom United also has additional partnership agreements.

The Airport's Role in Southwest's 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.

Since January 2006, when Southwest re-established service in Denver[11], the airline has rapidly grown its service, both in terms of seat capacity and number of markets served. As shown on Figure 22, Southwest served 17 cities from Denver in 2007, 55 cities in 2012, and 63 cities as of 2017.

Figure 22
SOUTHWEST AIRLINES SEAT CAPACITY AND NUMBER OF MARKETS SERVED
Denver International Airport, 2007-2017



Source: Innovata, online database, accessed August 2017.

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[11] Southwest served Denver via Stapleton International Airport in 1983 through 1986 with flights from Albuquerque International Sunport and Phoenix Sky Harbor International Airport.

Table 14 presents passenger trends for Southwest at the Airport from 2010 through the first nine months of 2017.

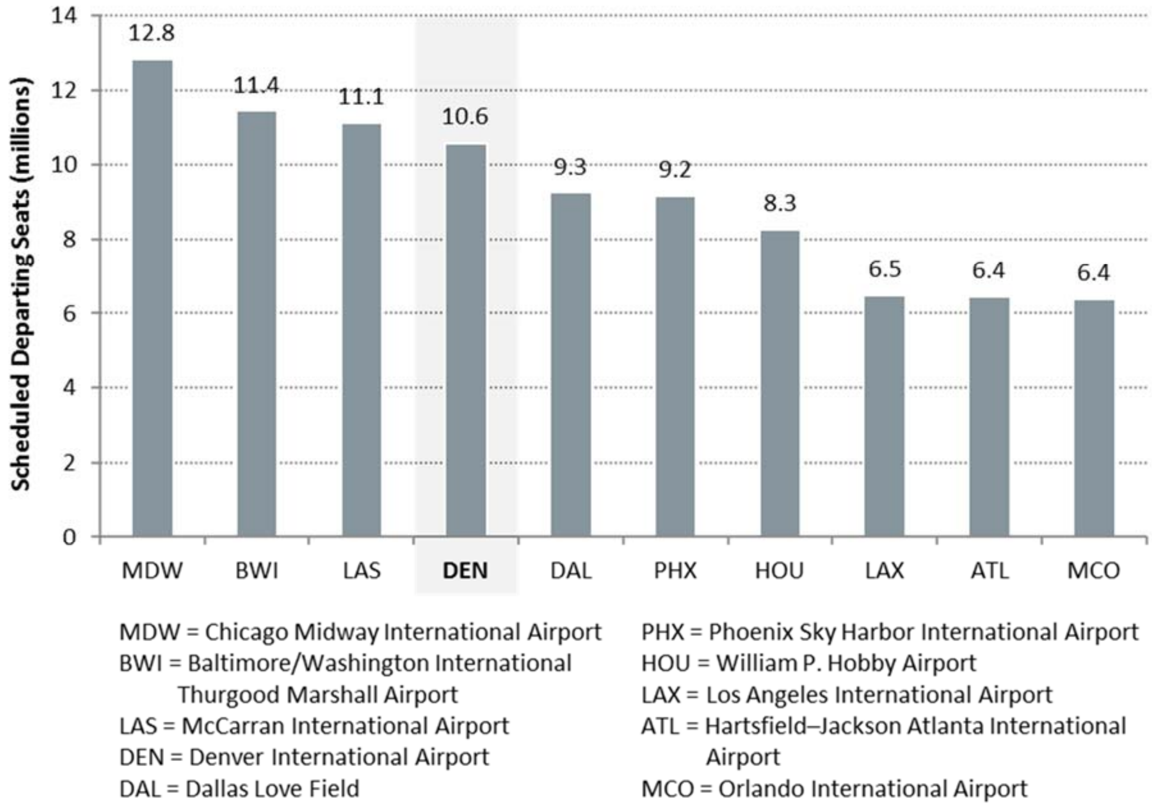
Table 14
HISTORICAL ENPLANED PASSENGERS—SOUTHWEST AIRLINES
Denver International Airport

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
January-September				
2016	4,707,799	1,664,599	6,372,398	26.1
2017	4,922,149	1,887,826	6,809,975	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	
January-September				
2016-2017	4.6	13.4	6.9	
	Average annual percent increase			
2010-2016	10.0%	9.1%	9.7%	

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

As shown on Figure 23 for 2017, the Airport is the fourth busiest airport in Southwest's route system, and has consistently been the fourth busiest since 2014.

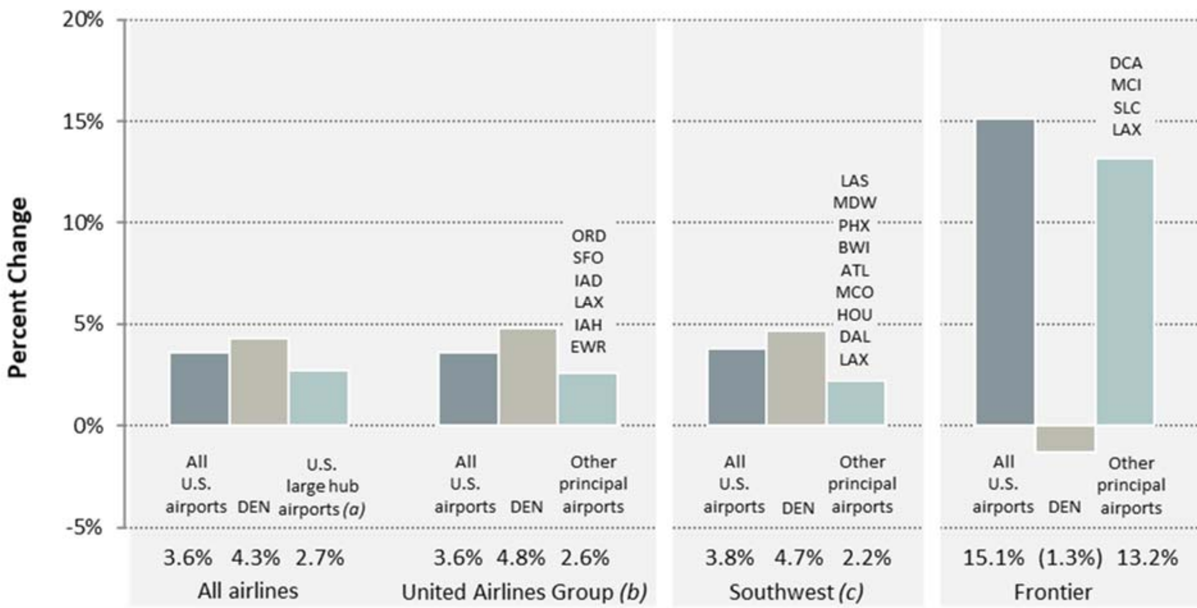
Figure 23
SCHEDULED DEPARTING SEATS FOR THE 10 BUSIEST AIRPORTS IN THE SOUTHWEST SYSTEM IN 2017



Source: Innovata, online database, accessed August 2017.

Southwest's strong and continued growth in scheduled service at the Airport has offset capacity reductions by the other airlines serving the Airport, as shown on Figure 24. Southwest's seat capacity at the Airport for all of 2017 is scheduled to increase 4.7%, compared with a 3.8% increase in its system-wide seat capacity, emphasizing the important role of the Airport in Southwest's route network.

Figure 24
YEAR-OVER-YEAR PERCENT CHANGE IN SCHEDULED SEAT CAPACITY
2016-2017



ORD = Chicago O'Hare International Airport
SFO = San Francisco International Airport
IAD = Washington Dulles International Airport
LAX = Los Angeles International Airport
IAH = George Bush Intercontinental Airport
EWR = Newark International Airport
CLE = Cleveland Hopkins International Airport
LAS = McCarran International Airport
MDW = Chicago Midway International Airport
PHX = Phoenix Sky Harbor International Airport
BWI = Baltimore/Washington International Thurgood Marshall Airport
ATL = Hartsfield-Jackson Atlanta International Airport
MCO = Orlando International Airport
HOU = William P. Hobby Airport
DAL = Dallas Love Field
DCA = Ronald Reagan Washington National Airport
MCI = Kansas City International Airport
SLC = Salt Lake City International Airport

Note: Percentage changes in total scheduled departing seats (domestic and international).
(a) As defined by the FAA.
(b) Includes Continental Airlines.
(c) Includes AirTran Airways.
Source: Innovata, online database, accessed August 2017.

The Airport's Role in Frontier's System

Frontier Airlines accounted for 12.2% of enplaned passengers at the Airport in 2016, and the Airport was the busiest airport in Frontier's system in 2016 in terms of enplaned passengers. During the first nine months of 2017, Frontier accounted for 11.7% of enplaned passengers at the Airport.

Frontier was acquired by Republic Airways Holdings in 2009 and was subsequently merged with Midway Airlines, but the Frontier brand was maintained. Frontier Airlines filed for an initial public offering in 2017 and the share sale is expected to take place in late 2017 or early 2018.

Prior to Southwest's initiation of service at the Airport in 2006, Frontier was the Airport's second busiest airline in terms of enplaned passengers (after United). In 2012, Southwest enplaned more passengers at the Airport than Frontier for the first time.

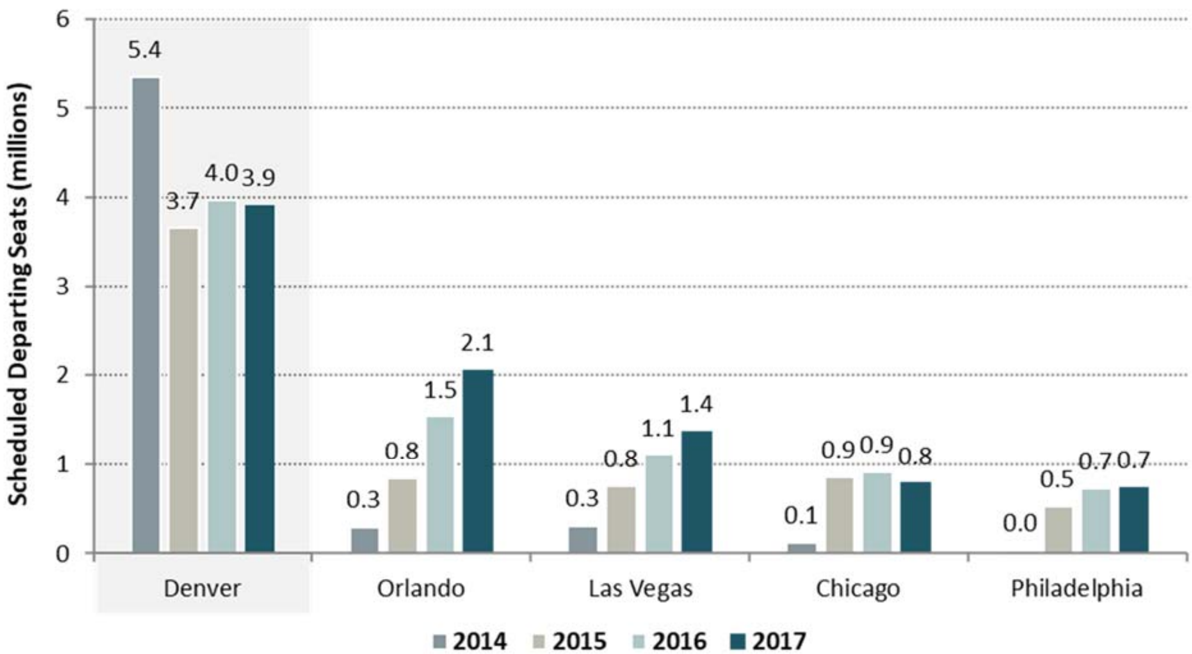
In 2013, Frontier Airlines shifted to an ultra-low-cost airline business model.[12] Since then, it has decentralized its route network and started to move away from a single hub-and-spoke system at the Airport toward service at select focus cities including Orlando, Las Vegas, and Philadelphia. As a result, the Airport has seen significant fluctuations in Frontier service since 2014. In June 2014, Frontier served Denver with 70 destinations and over 116,000 departing seats per week. One year later, Frontier reduced service to 46 destinations and reduced weekly seats by more than 40% to approximately 67,000 departing seats.

Recently Frontier has showed a renewed interest in the Denver market. In 2016, the airline increased scheduled flights and seats at the Airport. While still below 2014 levels, year-over-year scheduled seat capacity increased over 8% from 2015 to 2016. The most recent development was a summer 2017 announcement from Frontier that the airline will launch 21 new routes from the Airport beginning in the fall season, which will occur from October 2017 to June 2018 based on Frontier's flight schedules.

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

[12] 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.

Figure 25
SCHEDULED DEPARTING SEATS IN FRONTIER SYSTEM



Note: Includes activity of Midwest Airlines.
Source: Innovata, online database, accessed August 2017.

Table 15 presents the numbers of passengers enplaned by Frontier and its regional affiliates at the Airport, including connecting passengers. Between 2000 and 2010, the number of Frontier's enplaned passengers at the Airport increased more than threefold, with the airline's share of connecting passengers increasing from 21.8% in 2000 to 49.6% in 2010, reflecting the growth of its hub operation at the Airport.

In 2009 and 2010, the number of passengers enplaned by Frontier 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 in the last quarter of 2008.

From 2010-2016, enplaned passengers decreased at an annual rate of 7.2% as Frontier decentralized its network away from the Airport. During the first nine months of 2017, the number of Airport passengers enplaned by Frontier increased by 1.5%

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
January – September				
2016	1,994,936	669,723	2,664,659	25.1
2017	2,010,702	692,923	2,703,625	25.6
	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)	(1.6)	
2014-2015	(14.2)	(61.5)	(31.9)	
2015-2016	2.2	20.9	6.2	
January – September				
2016-2017	0.8	3.5	1.5	
	Annual percent increase (decrease)			
2000-2005	13.9%	41.6%	22.3%	
2005-2010	3.7	7.5	5.5	
2010-2016	(0.6)	(17.8)	(7.2)	
2000-2016	5.1	5.9	5.3	

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:

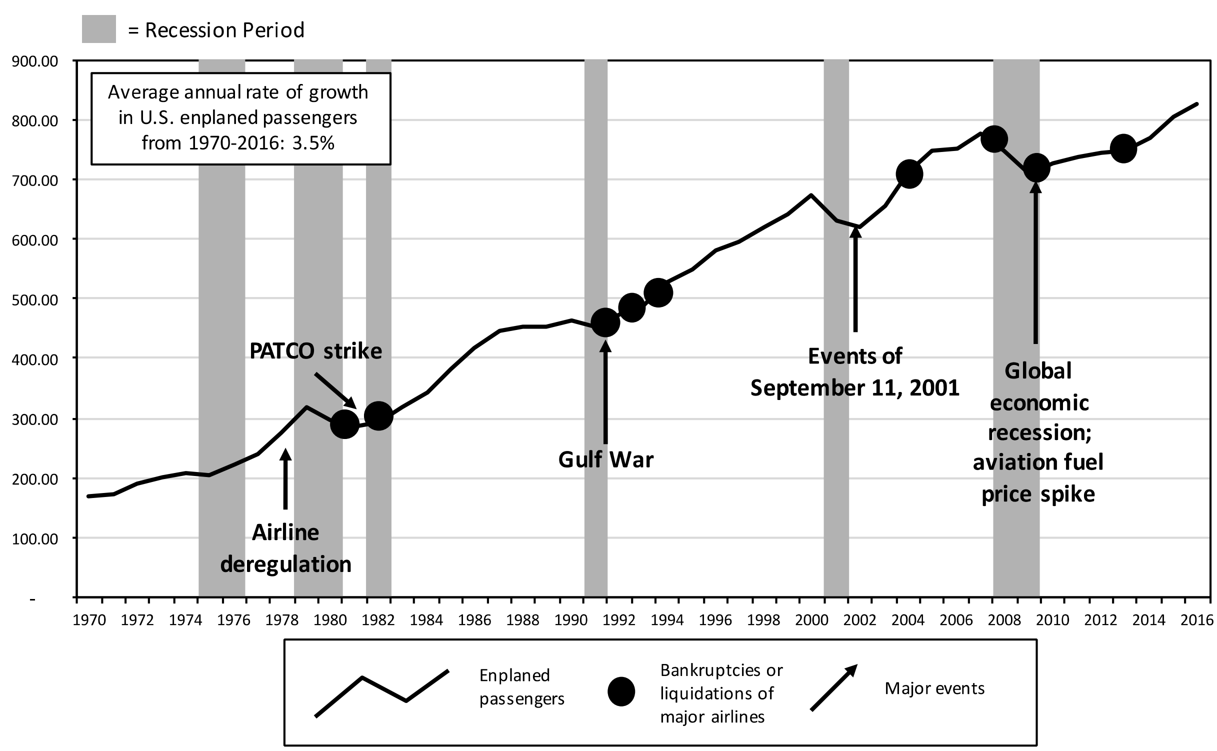
- Economic Conditions
- Airline Consolidation and Alliances
- Airline Capacity Discipline
- Low Cost Airline Growth

- 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 2016, 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 2016 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's System," United 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.

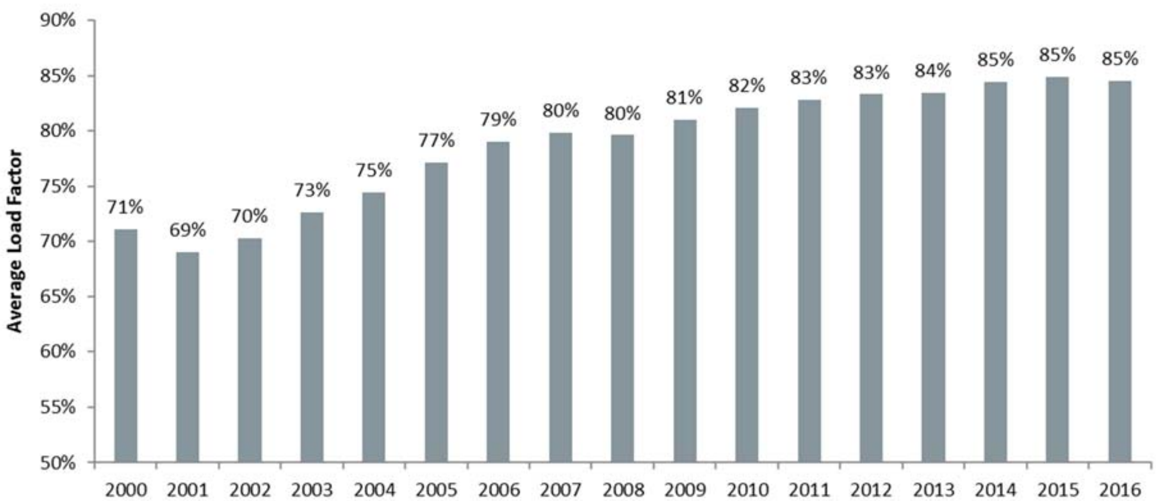
Airline Capacity Discipline

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 Denver International 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 current airlines' 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 2016. From 2012 through 2016, the average domestic load factors at the Airport were slightly higher than the national averages for the same years. Continued rising load factors reflect reduced capacity and better revenue management on the part of the airlines.

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.

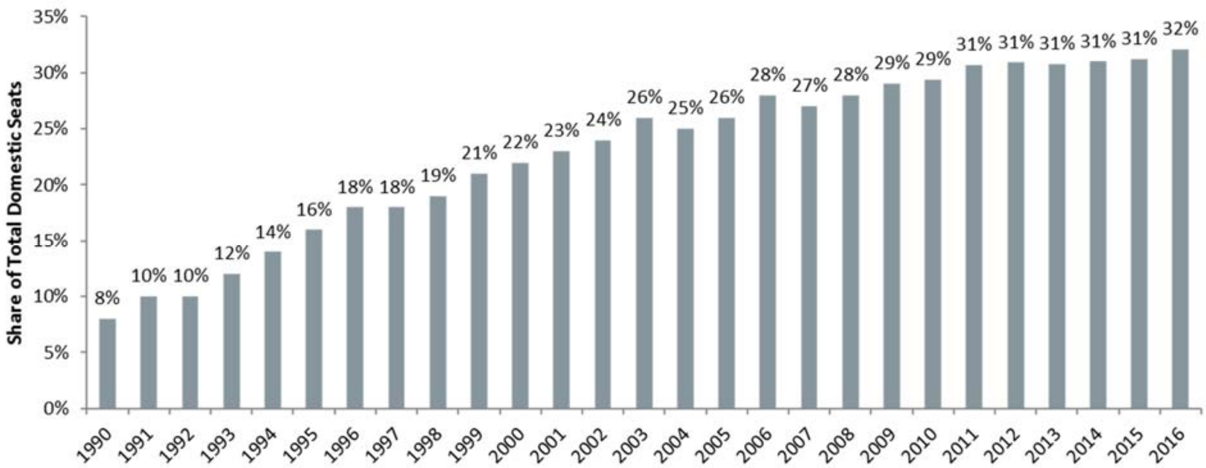
Low-Cost Airline Growth

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 2016, the Low/Ultra-Low Cost Airlines accounted for approximately 32% 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 (including US Airways), Delta, and United 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.

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

At the Airport, enplaned passengers on Low/Ultra-Low Cost Airlines grew by 3.9% annually since 2010. In 2016, the Low/Ultra-Low Cost Airlines accounted for approximately 46.6% of domestic seats and 45.9% of domestic enplaned passengers at the Airport. It is expected that the Low/Ultra-Low Cost Airlines will continue to increase domestic service at the Airport and also enter international markets 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.

Since mid-2014, the average price of aviation fuel has decreased more than 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. Nevertheless, 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 June 2017, according to the Bureau of Transportation Statistics, the average cost per gallon of jet fuel was $1.54.

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 – June 2017, www.transtats.btv.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, United, and American 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 United (Tokyo-Narita). United will commence service to London-Heathrow with a Boeing 787 in March 2018 and Norwegian will commence service to Paris with a Boeing 787 in April 2018, according to advanced airline schedules.

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 (39), 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 2015 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, in the long term, changes in airline traffic at the Airport 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, Southwest, and, to a lesser extent, Frontier. 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.

It was assumed that, during the Forecast Period:

- Denver MSA real GDP growth will average 2.4% per year from 2017 through 2025, based on projections by Woods & Poole Economics.
- Aviation fuel prices will remain stable at historically lower levels than the record prices reached in mid-2008.
- In the short term, full service carriers, including United, will maintain capacity discipline, leading to growth rates in line with U.S. GDP.
- New international service as outlined in Table 12 of this report will continue through 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.
- The Airport will continue to be a principal connecting hub for United Airlines and Southwest Airlines.
- United will increase the number of scheduled seats at the Airport by approximately 7.0% in the first six months of 2018 compared to the first six months of 2017, based on advanced published schedules, largely resulting from additional service to existing markets already served from the Airport as well as double-digit scheduled seat increases to San Francisco, Chicago, and Houston.
- Southwest will increase seat capacity at the Airport by approximately 1% in the first six months of 2018 compared to the first six months of 2017, based on advanced published schedules.
- Frontier will commence service to 15 new markets from the Airport in the second quarter of 2018 as announced by the airline in July 2017 (21 total new markets announced, six of which are already in the advance schedules for the first six months of 2018).
- The airlines serving the Airport will be financially viable.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

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							
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Enplaned passengers											
Originating	17,353,408	18,527,324	19,349,000	20,157,597	20,639,969	21,125,352	21,614,671	22,112,166	22,618,537	23,131,725	23,649,737
Connecting	9,665,521	10,612,880	11,092,000	11,407,698	11,655,398	11,903,654	12,152,976	12,405,733	12,662,288	12,921,462	13,182,122
Total	27,018,929	29,140,204	30,441,000	31,565,295	32,295,367	33,029,006	33,767,647	34,517,899	35,280,825	36,053,187	36,831,859
Annual percent increase (decrease)	--%	7.9%	4.5%	3.7%	2.3%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%
Percent originating	64.2	63.6	63.6	63.9	63.9	64.0	64.0	64.1	64.1	64.2	64.2
Percent connecting	35.8	36.4	36.4	36.1	36.1	36.0	36.0	35.9	35.9	35.8	35.8
Landed weight (1,000 pound units)											
Passenger airlines	28,691,842	30,995,992	32,443,000	32,988,105	33,593,005	34,195,584	34,797,335	35,405,027	36,019,644	36,637,780	37,256,204
All-cargo airlines	1,363,431	1,425,420	1,313,000	1,496,784	1,533,328	1,570,578	1,608,502	1,647,157	1,686,388	1,726,044	1,766,129
Total landed weight	30,055,273	32,421,412	33,756,000	34,484,889	35,126,333	35,766,162	36,405,837	37,052,184	37,706,032	38,363,824	39,022,333
Annual percent increase (decrease)	--%	7.9%	4.1%	2.2%	1.9%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%

Note: Columns may not add to totals shown because of rounding.

Sources: Historical: Department management records. Forecast: ICF International.

Forecast of Enplaned Passengers

Between 2016 and 2025, the number of passengers enplaned at the Airport is forecast to increase an average of 2.6% per year, to 36.8 million in 2025. In its most recent *Terminal Area Forecast* for the Airport (issued January 2017), the FAA forecasts an increase of 8.7% in 2017 compared to 2016, and then 2.0% per year thereafter between 2018 and 2025 (The FAA uses a base year of 2015 for the forecast of enplaned passengers at the Airport). The FAA projects the Airport will have 35.6 million enplaned passengers in 2025.

Landed Weight

Under the baseline forecasts, aircraft landed weight increases from 32.4 million 1,000-pound units in 2016 to 39.0 million 1,000-pound units in 2025. 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 32 regional/commuter ground loading positions for 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 18 regional/commuter ground loading 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 Airport Capital Program for 2018 through 2022 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 a 5-year Capital Program for the Airport to be implemented from 2018 through 2022 which includes Airport facilities 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. The cost of the 2018-2022 Capital Program shown on Exhibit A (all financial exhibits are presented at the end of this Report) includes an allowance for inflation based on the start and end dates of each project.

The primary projects in the 2018-2022 Capital Program, along with their primary purposes, are listed below by major Airport cost center.

Airfield Area and Concourse Apron

- **Concourse gate expansions-paving and airfield.** This project includes the construction of additional apron and required airfield improvements associated with planned concourse gate expansions, including improvements to utilities and fuel pits.

- **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 for Group V aircrafts.

- **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.

- **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.

Terminal Complex, Baggage System and AGTS

- **Concourse Expansion Projects.** This project consists of the Concourse A west expansion, Concourse C east expansion, and Concourse B west and east expansions. These projects include the construction of new gates (design and build), including 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 replacing certain ground loading operations as well as regional jet gates to achieve operational improvements to the regional jet facility.

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

- **Baggage handling system level 5.5.** This project consists of modifications to the run out belts and equipment located in the airline use area of level six, and associated existing vertical induction right of ways to accommodate the new layout of the passenger processing lobby upgrades.

- **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 the latest Transportation Security Administration (TSA) requirements.

- **HVAC refrigerant R-22 replacement program.** This project includes the upgrade or replacement of HVAC equipment that uses R-22, which is required to be phased out by the Environmental Protection Agency.

- **AGTS original car replacement program and AGTS additional train set.** These projects consist of the replacement of the original AGTS vehicles as well as the acquisition of additional AGTS vehicles to enable full use of the south switch extension during peak times.

- **Concessions redevelopment program.** This project is focused primarily on the concourses and consists of potential renovations to existing space as well as locating and building new concession space based on the Concessions Master Plan, which is currently being prepared.

- **Great Hall Project.** This project involves the redevelopment of levels five and six of the Landside Terminal Building. The Developer is a consortium comprised of Ferrovial Airports and S\JLC (a joint venture between Saunders Construction Inc. and JLC).

  Under the Great Hall Agreement, the Developer will be responsible for designing, constructing, and financing a portion of the Great Hall areas 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 four years of construction and 30 years of operation.

The construction of the Great Hall Project is expected to begin in 2018 and is expected to be completed in November 2021. The scope of 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 revitalized post-security commercial area.

In addition to the design and construction costs included in the Great Hall Agreement, Department Management has included a contingency allowance for the Great Hall Project as required in the Great Hall Agreement, which is reflected on Exhibit A later in the Report.

Roadways, Public Parking, and Ground Transportation

- **East Peña Boulevard Y Split Realignment**. This project includes the reconstruction, realignment, and widening of the Y split and various sections of roadway, as well as annual pavement rehabilitation to replace deteriorating concrete.
- **Revenue control replacement and new parking canopies**. This project includes, but is not limited to, revenue control system replacement and covered parking lot entrance and exits.

Other Airport Areas

- **Real estate infrastructure improvements.** This project consists of improvements to the Airport’s real estate infrastructure in targeted areas.
- **Refresh technology infrastructure.** This project consists of the implementation of the technology infrastructure program to address all major and critical technology infrastructure.
- **Physical access control system.** 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 Amended and Restated 1997 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, 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) 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 $120 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.

Future Planned Bonds

Exhibit B also shows the aggregate sources and uses of funds for Future Planned Bonds. Together with estimated FAA grants-in-aid and prior Bond proceeds, the proceeds of Future Planned Bonds would be used to:

- Fund approximately $3.2 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 assumed to fund the 2018-2022 Capital Program were assumed to be issued in the following amounts:

- Senior Bond principal in the amount of approximately $1.9 billion.
- Subordinate Bond principal in the amount of approximately $2.0 billion.

During the Forecast Period, however, Department management may decide to fund more or less of the 2018-2022 Capital Program costs from the net proceeds of Subordinate Bonds than reflected on Exhibit B 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 combination of a revolving and non-revolving lines of credit, which are not currently in place, but which are expected to be in place at approximately the same time as the sale of the 2017 Bonds. Both the revolving line of credit and non-revolving line of credit would be considered Subordinate Bonds or Contract Obligations under the SBO. If one or both of 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.

The Tax Act was introduced into the House of Representatives on November 2, 2017, which if signed into law in its current form would, among other things, repeal the authority of state and local government to issue tax-exempt private activity bonds and tax-exempt advance refunding bonds starting January 1, 2018. The tax-exempt status of any private activity bonds issued prior to January 1, 2018 would not be changed by the Tax Act, but any bonds issued after January 1, 2018 to refund such bonds would be taxable.

As of the date of this Report, it is unknown if the Tax Act will be passed, and if the repeal of the authority to issue new tax-exempt private activity bonds and/or tax exempt advance refunding bonds will be included in the final Tax Act. If the repeal is part of the final Tax Act and is effective for bonds issued on or after January 1, 2018, it is likely that the City would have to issue taxable bonds to fund the approximate $3.2 billion in 2018-2022 Capital Program costs. It is possible, but unknown as of the date of this Report, that interest rates on any taxable bonds issued by the Department in the future may be similar to the interest rates assumed in this Report for the Future Planned Bonds of between 5.3% (in 2018) to 6.0% (for the remaining years of the Forecast Period). According to the Financial Consultant, and as of the date of this Report, the average interest rate on taxable bonds with a term similar to that assumed for the Future Planned Bonds is approximately 3.80% to 4.00% (approximately 0.45% to 0.65% higher than equivalent tax-exempt private activity bonds).

If the cost of issuing taxable bonds is greater than the cost assumed in this Report to issue the Future Planned Bonds and if the repeal of the authority to issue tax-exempt private activity bonds and tax-exempt advance refunding bonds becomes effective during the Forecast Period, Department management may decide to use other sources of funds to pay 2018-2022 Capital Program costs, reduce the scope and cost of the 2018-2022 Capital Program, or take other reasonable actions to achieve the forecast average airline cost per enplaned passenger and debt service coverage ratios presented in this Report.

Great Hall Project

Under the Great Hall Agreement, the Developer will be responsible for designing, constructing, and financing a portion of the Great Hall Project. 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. Approximately $458 million of the $479 million is included in the 2018-2022 Capital Program, as reflected on Exhibit A later in this Report. The remaining $21 million will be paid to the Developer in 2017 from the Airport's Capital Fund and is not part of the 2018-2022 Capital Program. 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, which is estimated to be 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 paid by the City to the Developer are estimated to range from $27.5 million in 2022, the first full year of the Great Hall being complete, to $53.2 million in 2050, which is the last full year of the Great Hall Agreement. These payments are considered to be Junior Lien Obligations under the JBO of the Airport System.

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 is included in the 2018-2022 Capital Program (see Exhibit A). For purposes of this Report, it was assumed that the $120 million in project contingency costs would be funded with Future Planned Bonds (additional Subordinate Bonds) and that the contingency costs would be spent. The estimated debt service associated with the $120 million in project contingency costs has been included in the financial forecasts presented in this Report.

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 PFC Supplemental Bond 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.

Under the Rate Maintenance Covenant of the GBO, 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) 125% of the Debt Service Requirements on Senior Bonds for such Fiscal Year.

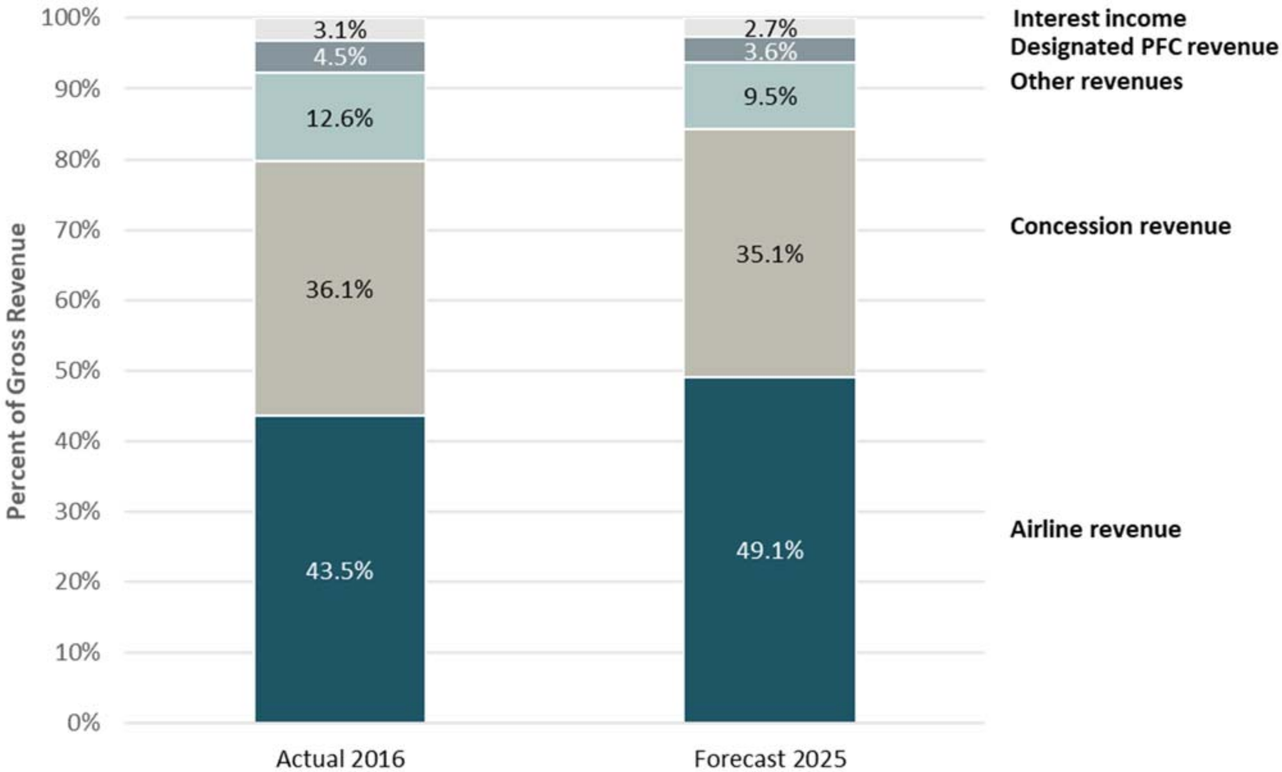
The following sections provide an overview of recent historical Airport financial results and describe the assumptions used as the basis for forecasting Gross Revenues, O&M Expenses, Debt Service Requirements (Senior Bonds, Subordinate Bonds and Obligations, and Junior Lien Obligations), and deposits to the funds and accounts of the Bond Ordinances.

GROSS REVENUES

Figure 30 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 30
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 2016, airline rentals, rates, fees, and charges accounted for 43.5% of Gross Revenues.

The City and certain airlines (the Signatory Airlines) serving the Airport have executed an Airline Agreement, as amended, that provide 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.

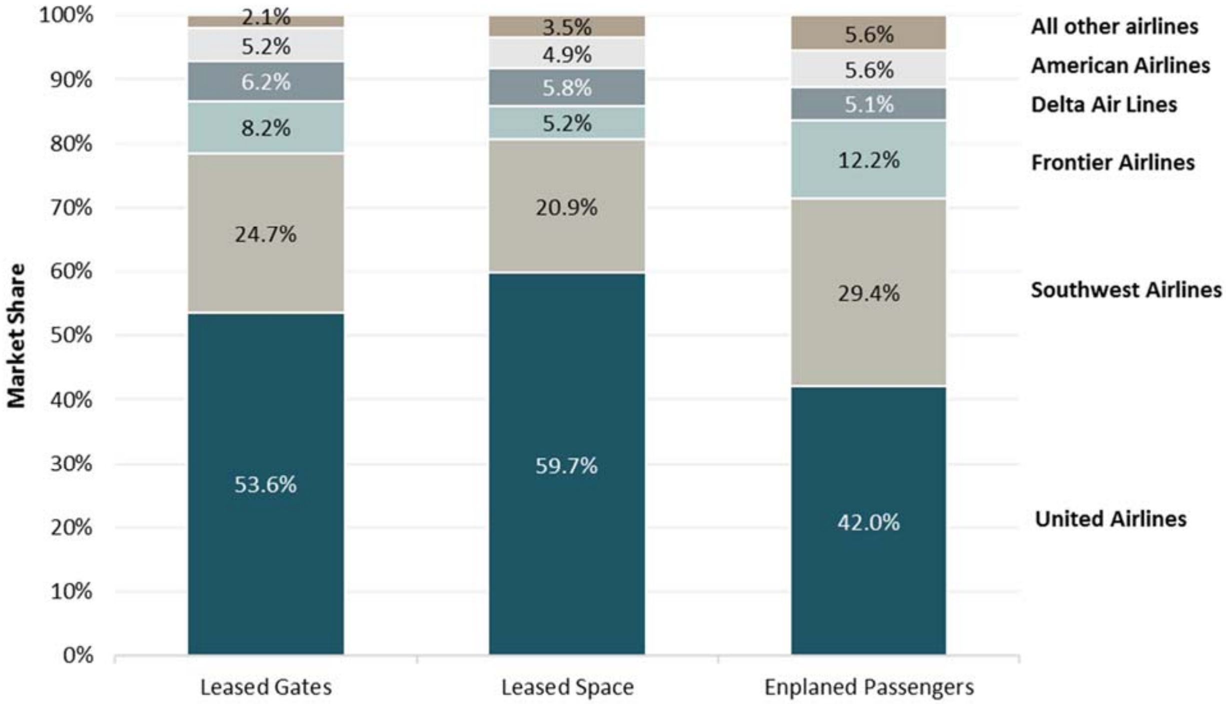
For those airlines that are not signatory to the Airline Agreement, Department management assesses rentals, rates, fees, and charges following procedures consistent with those outlined in the Airline Agreement, in an amount equal to 20% more than Signatory Airline rentals, rates, fees, and charges. In 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 2016 data, Figure 31 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 2016). Collectively, the five busiest airlines lease approximately 97.9% of gates and 96.5% 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 31

AIRLINE PERCENTAGES OF LEASED GATES, LEASED SPACE AND ENPLANED PASSENGERS IN 2016

Denver International Airport



Note: Reflects actual 2016 data for all airlines. Columns may not add to 100% because of rounding.
Source: Department management records.

These and certain other airlines serving the Airport have each executed an Airline Agreement with the City that expires at the end of 2018, and can be extended by the City through 2020, except for United Airlines, which leases the most gates and space at the Airport and has executed an Airline Agreement that expires in 2035, as discussed more fully below.

Airline Agreement—United Airlines

Various amendments to the United Airlines' Airline Agreement have been adopted since its execution in 1991, primarily focusing on (1) mitigating the annual costs associated with the nonoperational automated baggage system (ABS), which United ceased using in 2005, and (2) maintaining United's commitment to continue using the Airport as a connecting hub in its route system.

In 2005 and 2006, the Airline Agreement was amended to reduce United's annual costs associated with the ABS through 2025, the final year of the original Airline Agreement. These amendments reduced the costs that would otherwise have been paid by United by approximately $21 million per year through 2025.

In May 2012, the City and United further amended the Airline Agreement with United (the 2012 Amendment) to provide conditional rent relief to United related to the remaining unused and nonoperational ABS. Under the 2012 Amendment, the City (1) removed and reclassified unused and nonoperational baggage system space from United's leasehold on Concourse B, (2) removed the remaining space associated with the ABS from future ABS rates and charges, (3) defeased Bond principal associated with the released space, and (4) allocated amounts equivalent to 75% of future revenue from $1.50 of the $4.50 PFC per eligible enplaned passenger to the Terminal Complex to pay existing PFC-eligible Debt Service Requirements. 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, and to make the Airport more cost-competitive for existing and future airlines serving the Airport.

More recently, the City and United amended the Airline Agreement in 2014 (the 2014 Amendment) with an effective date of January 1, 2015. Under the 2014 Amendment, the City (1) agreed to restructure the Airport's debt with the intention of reducing airline rates and charges for the next ten years, (2) agreed to permanently delete up to 140,000 square feet from United's demised premises (which amount was subsequently modified by an amendment to the 2014 Amendment), (3) consolidated the requirement assurances for United's activity levels at the Airport, and (4) agreed to seek approval from the Signatory Airlines at the Airport to revise amortization charges to airlines for the use of Capital Improvement Account projects.

In addition, under the 2014 agreement, 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 system, subject to a payment offset to United's portion of the Annual Revenue Credit account if United falls short of its commitment. United 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 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 may be obligated to make to the City pursuant to the 2014 Amendment.

United 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's cost per enplaned revenue passenger at the Airport is not expected to exceed $20 during the Forecast Period.

Airline Agreement—Other Airlines

The airlines listed in Table 17 operate at the Airport under an Airline Agreement that expires in 2018, with two, one-year extension options exercisable by the City, and are listed in order of their numbers of leased gates as of September 30, 2017.

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.

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.

As the Airline Agreement expires during the Forecast Period, Department management expects to renegotiate the agreements with business provisions that would result in similar Airport financial performance as provided for under the current Airline Agreement.

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, 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 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, as discussed earlier, during the Forecast Period.

Forecast airline landing fees and Terminal Complex rentals, which together accounted for over 60% of airline rentals, rates, fees, and charges at the Airport in 2016, 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, assumed to open at the beginning of 2022 for the purposes of this forecast. 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 (36 of the 39 proposed 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.

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 2016 data, accounted for 48.8% of Gross Revenues in 2016. As described below, Department management intends to continue implementing certain key non-airline revenue initiatives during the Forecast Period, including renegotiating leases and agreements, rebidding concession opportunities and agreements, and developing new non-airline 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 2016, revenues from Terminal Complex concessions accounted for 7.8% 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. Department management is in the process of issuing 16 PVC Program Benefit awards, in which the new concession agreements are expected to be in effect at the beginning of 2018.

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 19; (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.

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.

When the Great Hall is assumed to open at the beginning of 2022, the forecast of Landside Terminal food and beverage revenues in the Landside Terminal Building is equal to the forecast of revenues prepared by the Developer multiplied by the Airport's share (80%).

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.

When the Great Hall is assumed to open at the beginning of 2022, the forecast for the Landside Terminal merchandise revenues in the Landside Terminal Building is equal to the forecast of revenues prepared by the Developer multiplied by the Airport's share (80%).

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, the concession joint marketing fund and other services. The concession joint marketing fund was established by Department management with the intention of assisting all concessionaires in achieving increased sales and revenues, and is funded by the City collecting 1% of sales from each concessionaire in addition to the normal concession rent. 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.

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 2016, public parking revenues accounted for 20.4% of total Gross Revenues and 41.8% 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.

To accommodate demand for on-Airport public parking facilities, the City expanded the East Garage in October 2016, adding 1,822 new public parking spaces. The Airport hotel opened in November 2015, and 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	$24	$3
Valet	642	$33	$12 first hour $3 each additional hour
Long-term surface lot parking	9,249	$13	$3
Remote surface lot parking	17,477	$8	$2
	43,270		

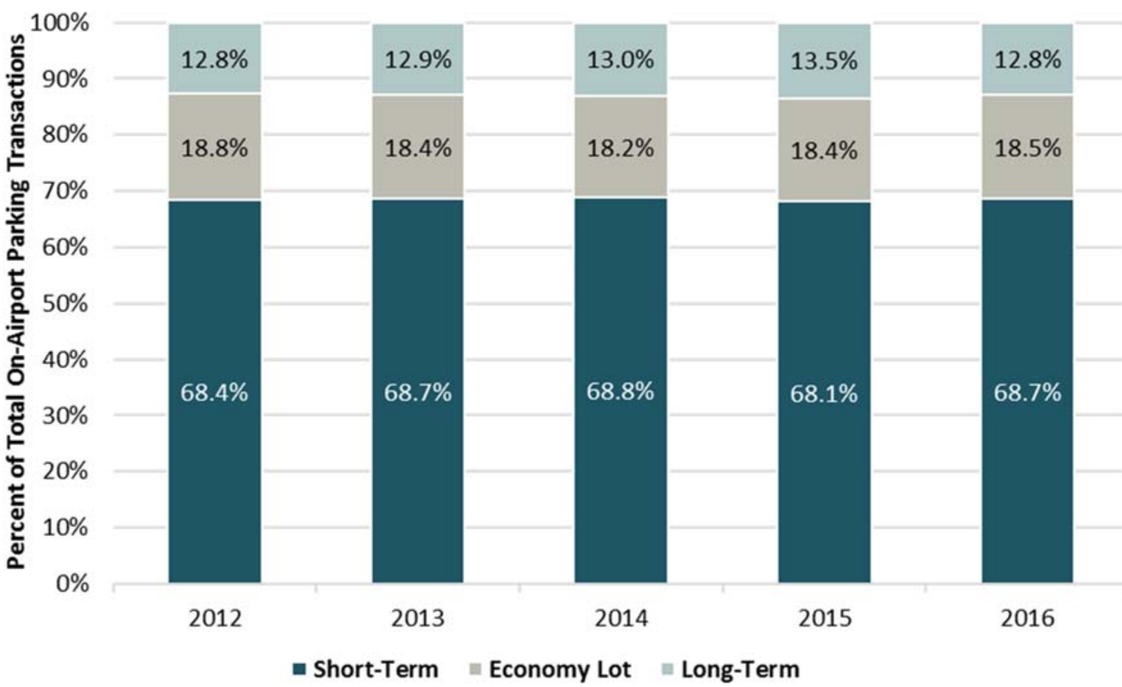
Source: Department management records, as of October 2017.

The City also has an agreement with LRW Investment Company, effective through October 31, 2028, to operate WallyPark, an automobile parking lot located on Airport property, and to provide its customers courtesy vehicle service between WallyPark and the Landside Terminal Building. 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 the owner of WallyPark, 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.

Other than the expansion of WallyPark, a number of alternative off-Airport parking facilities are operated near the Airport. Off-Airport parking operators include DIA Park, Parking Spot, Canopy Airport Parking, and US Airport and provide courtesy vehicle service to and from the Landside Terminal Building subject to an off-Airport parking privilege fee that became effective in 2010 and is included in the line-item “Ground transportation” on Exhibit D. The off-Airport parking privilege fee is equal to 8.0% of gross revenues. Fine Parking became an off-Airport parking operator on October 1, 2017.

Figure 32 shows the shares of parking transactions—a measure of customer use—by public parking lot for 2012 through 2016.

Figure 32
PERCENT OF TOTAL ON-AIRPORT PARKING TRANSACTIONS BY LOT
Denver International Airport

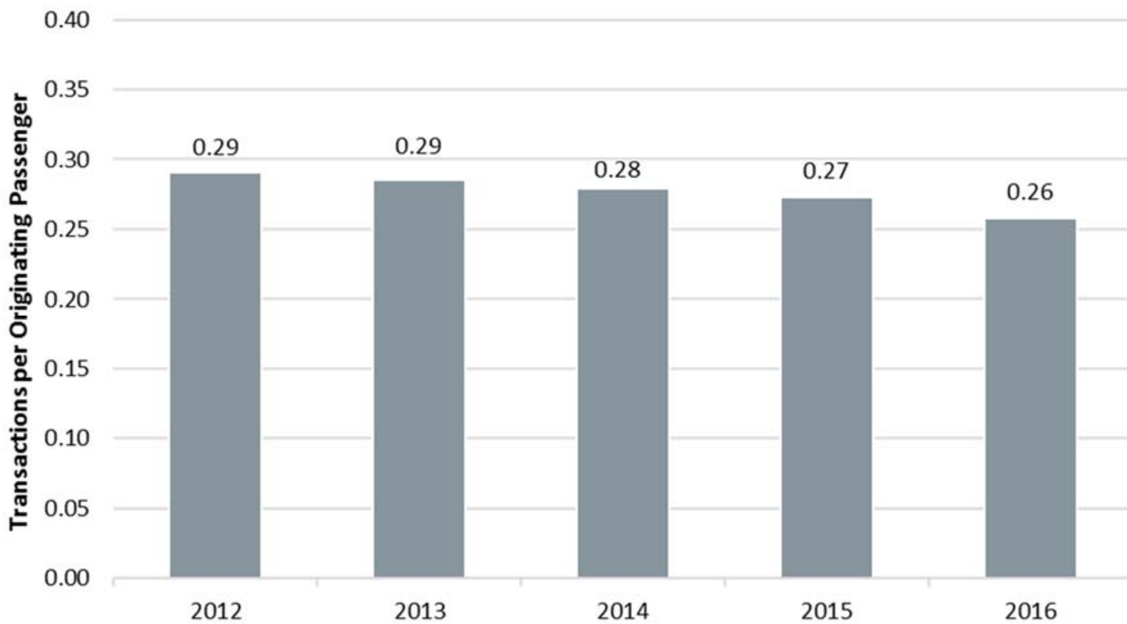


Notes: The short-term lot includes garage and valet spaces. Columns may not add to 100% because of rounding.
Source: Department management records.

As shown on Figure 32, use of the Airport’s public parking facilities between the short-term, economy lot, and long-term lot has remained relatively consistent from 2012 through 2016.

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 33. According to the City, the decrease in transactions per originating passenger between 2012 and 2016 is an indication that parking demand exceeds capacity for on-Airport parking facilities, which is one of the reasons that the City added 1,822 spaces in the East Garage in October 2016. This parking capacity shortage was further exacerbated by partial closures of the East and West garages during construction in 2015 and early 2016.

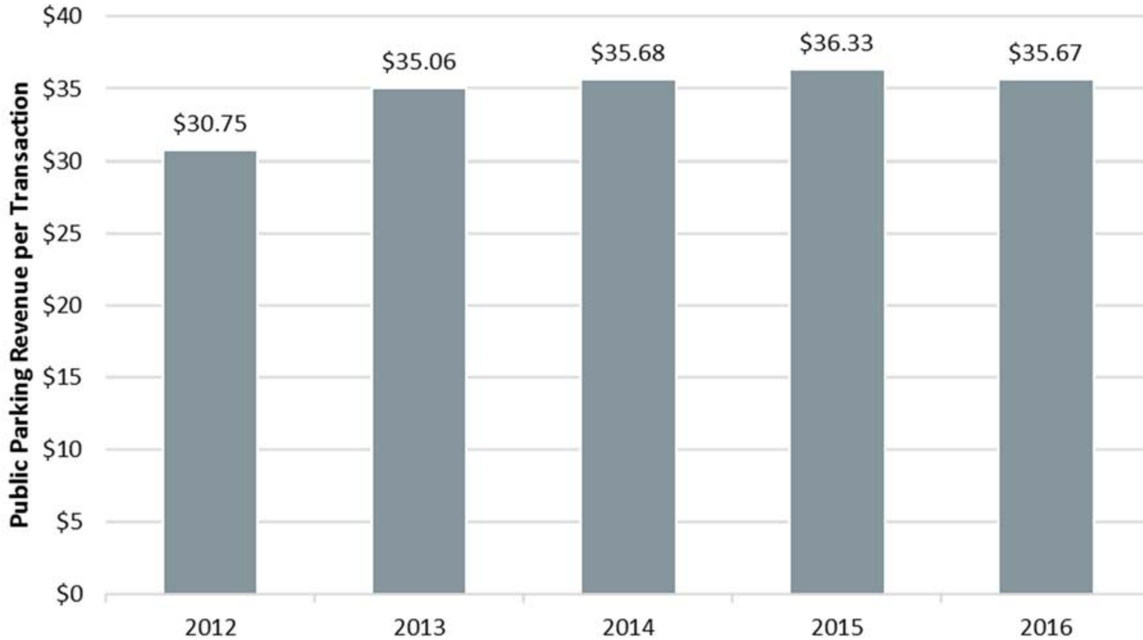
Figure 33
ON-AIRPORT PUBLIC PARKING TRANSACTIONS PER ORIGINATING PASSENGER
Denver International Airport



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 in Figure 34 for 2012 through 2016. The average revenue per transaction increased between 2012 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 decreased slightly from 2015 to 2016 partially due to a decline in the average duration of parking transactions.

Figure 34
ON-AIRPORT PUBLIC PARKING REVENUE PER TRANSACTION
Denver International Airport



Source: Department management records.

For the financial forecasts, it was assumed that (1) the percentage of passengers using on-Airport parking facilities will remain consistent with prior year trends, (2) the average number of transactions per originating passenger, which decreased from 2012 through 2016, will remain consistent with the 2016 level, and (3) public parking revenue per originating passenger will remain level in 2017 and 2018, and then increase as the new parking rate yield management system is phased in from 2019 through 2021, as well as assumed parking rate increases during the Forecast Period.

On-Airport public automobile parking revenues were forecast on the basis of (1) recent trends in transactions per originating passenger and public parking revenue per transaction, (2) forecast increases in the number of originating passengers at the Airport, (3) the consideration that Department management is not planning additional new on-Airport public parking spaces over the Forecast Period, (4) beginning in 2019, parking rate increases are assumed (5) beginning in 2019, additional revenue enhancements during the Forecast Period as the parking rate yield management systems begins to be phased in, and (6) when the existing agreement expires, Department management expects that they will either extend the agreement through the end of the Forecast Period, or Department management will rebid or renegotiate terms and conditions that would produce similar or higher parking revenues to the City.

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 2016, rental car privilege fee and rental revenues accounted for 8.0% 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.

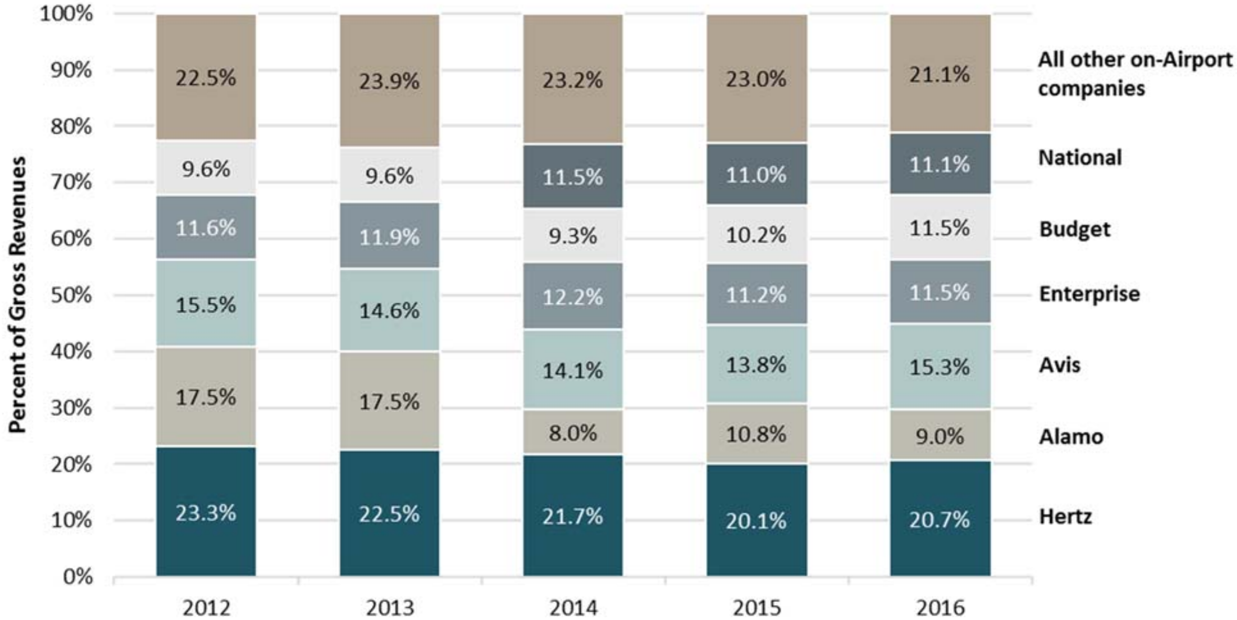
  The City has Ground Leases with Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. The City has separate agreements with E-Z and Fox, both of which pay ground rentals to the City.

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 35 presents the on-Airport rental car company market shares of gross revenue for 2012 through 2016.

Figure 35

ON-AIRPORT RENTAL CAR COMPANY SHARES OF GROSS REVENUES

Denver International Airport



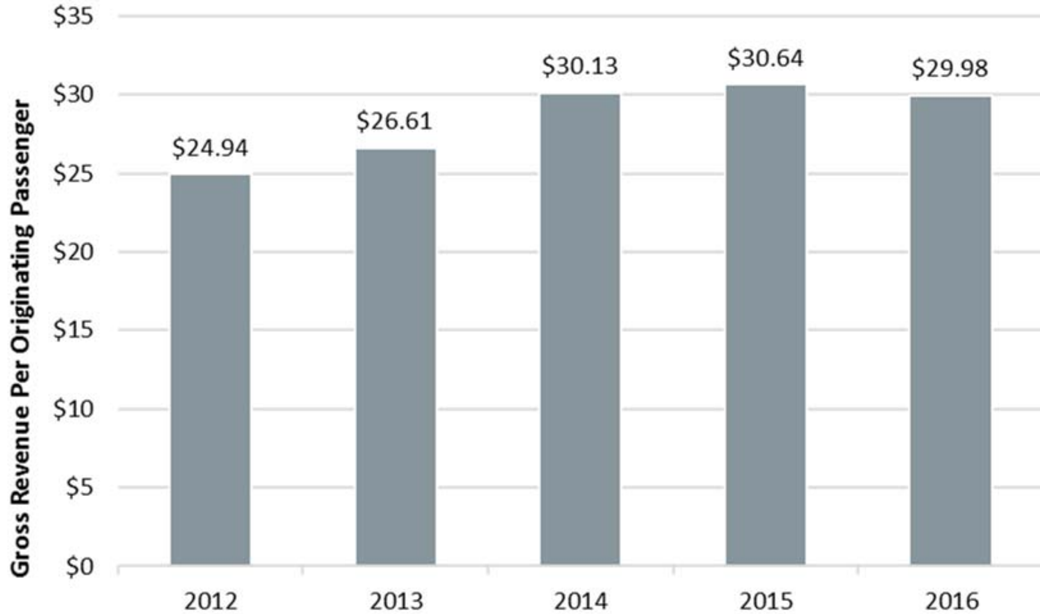
Notes: Columns may not total 100% because of rounding. "All other on-Airport companies" include Advantage Rent A Car, Dollar Rent A Car, E-Z Rent-A-Car, Fox Rent A Car, Payless Car Rental, and Thrifty Car Rental.

Source: Department management records.

Figure 36 presents the trend in rental car gross revenues per originating passenger at the Airport for 2012 through 2016.

Between 2012 and 2013, total rental car gross revenue per originating passenger increased by 6.7%. 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 of 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, rental car gross revenue per originating passenger decreased by 2.2% from 2015 to 2016.

Figure 36
ON-AIRPORT RENTAL CAR GROSS REVENUES PER ORIGINATING PASSENGER
Denver International Airport



Source: Department management records.

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 7.3% of Gross Revenues in 2016.

Ground Transportation Services. The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies such as Uber and Lyft) operating at the Airport based on the frequency and duration of their use of the terminal roadways and curbside.

In May of 2015, Department management increased the commercial vehicle per trip fee. Total ground transportation revenues in 2016 were 42.6% higher than 2014 primarily due to the vehicle per trip fee increase in 2015 and the increased number of trips by Uber, Lyft, and other transportation network companies serving the Airport. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks the frequency and duration of use by each commercial vehicle operator.

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 2017 through 2025 based, in part, on the original forecast rates of growth prepared by PKF Consulting USA entitled *Market Demand and Financial Analysis, The Westin Denver International Airport, Denver, Colorado*, dated September 18, 2012.

According to the City, 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.

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[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.

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 2016, Airfield Area revenues accounted for 0.2% 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 decreased from 2015 to 2016 as a result of a decline in the price of oil, as well as a decline in the production from existing wells.

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 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 2016, building and ground rentals accounted for 1.6% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project in 1995, but then abandoned 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 provides for, among other things, the repayment of debt service on the Senior Bonds issued for United's facilities. 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.

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 recently completed the refunding of these bonds for savings.

United 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 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 ended 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-acres 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 2016, other revenues accounted for 3.5% 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 2016, interest income accounted for 3.1% 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 use approximately $3.2 billion in PFC revenues for PFC-eligible project costs at the Airport. Through 2016, the City had collected $1.9 billion of the total PFC collections authorized by the FAA.

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 89.3% of qualifying passengers in 2016. The paragraphs

below provide an overview of the definition of annual PFC revenues under the GBO and the assumed uses of PFC revenues during the Forecast Period.

Under a PFC Supplemental Bond Ordinance, 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. Revenue from the $3.00 portion of the $4.50 PFC are defined as Committed Passenger Facility Charges and are irrevocably committed to pay Debt Service Requirements of the Airport through 2018, effectively lowering the debt service that would have otherwise been paid from Gross Revenues, as discussed in the later section of this Report titled "Debt Service Requirements." Committed Passenger Facility Charges are not defined as Gross Revenues of the Airport.

The City currently intends to irrevocably commit Committed Passenger Facility Charges to pay PFC-eligible Debt Service Requirements from 2019 through 2025. If the irrevocable commitment is not extended from 2019 through 2025, all annual PFC revenues would be considered Designated Passenger Facility Charges and, without the irrevocable commitment, debt service coverage on Senior Bonds is projected to be lower as compared to the forecast debt service coverage results shown on Exhibit I in this Report (224% with the irrevocable commitment compared to 204% without the irrevocable commitment in 2024, which is the year during the Forecast Period with the largest projected decline).

Under a PFC Supplemental Bond Ordinance, revenue from the $1.50 portion of the $4.50 PFC in 2017 and 2018 are defined as Designated Passenger Facility Charges and are included in Gross Revenues of the Airport when calculating debt service coverage under the Rate Maintenance Covenant. Forecast revenues from Designated Passenger Facility Charges can be used, among other purposes, to pay PFC-eligible Debt Service Requirements, which are also included in Debt Service Requirements when calculating debt service coverage under the Rate Maintenance Covenant. The City intends to continue including Designated Passenger Facility Charges as Gross Revenues from 2019 to 2025.

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 Designated Passenger Facility Charges to pay PFC-eligible Debt Service Requirements allocable to the Terminal Complex, consistent with the 2012 Amendment to the Airline Agreement with United. The Debt Service Requirements paid from Designated Passenger Facility Charges are included in the forecast of debt service coverage under the Rate Maintenance Covenant shown on Exhibit I.

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 2017 Operation and Maintenance Expenses

O&M Expenses estimated for 2017 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. In 2015 and 2016, personnel services continued to be the largest category of expense at the Airport, and it is expected to remain the largest category of expense 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 joint-venture for its expenses. The contract between the City and Standard Parking/Global Parking Systems started February 1, 2017 and expires January 31, 2022.

- HSS Inc., provides guard services at the airport under a contract that began on July 16, 2011 and expires on February 1, 2018.

Repairs and maintenance is comprised of the maintenance of the AGTS to the concourses, the maintenance of computer software and technical equipment, and the maintenance of the elevator/escalator systems. Repairs and maintenance includes contracts for the following services at the Airport:

- Bombardier Transportation, which maintains the AGTS pursuant to a contract with the City in effect from January 2011 through December 2017. Department management is in the process of extending the contract with Bombardier. It is anticipated that the contract would begin on January 1, 2018 and end December 31, 2022 with two consecutive one-year options to extend.

- ThyssenKrupp Elevator Inc., maintains the elevator and escalator systems at the Airport under a contract that began on September 1, 2014 and will expire on August 31, 2020.

Cleaning services, includes janitorial and snow removal services, including the following contracts at the Airport:

- ISS, which provides janitorial services in the Terminal Complex pursuant to a contract effective September 16, 2012, has been amended to extend through February 28, 2018.

- Aero Snow Removal Corporation provides snow removal services at the airport pursuant to a contract that was initiated on September 1, 2015 and will expire on August 31, 2020.

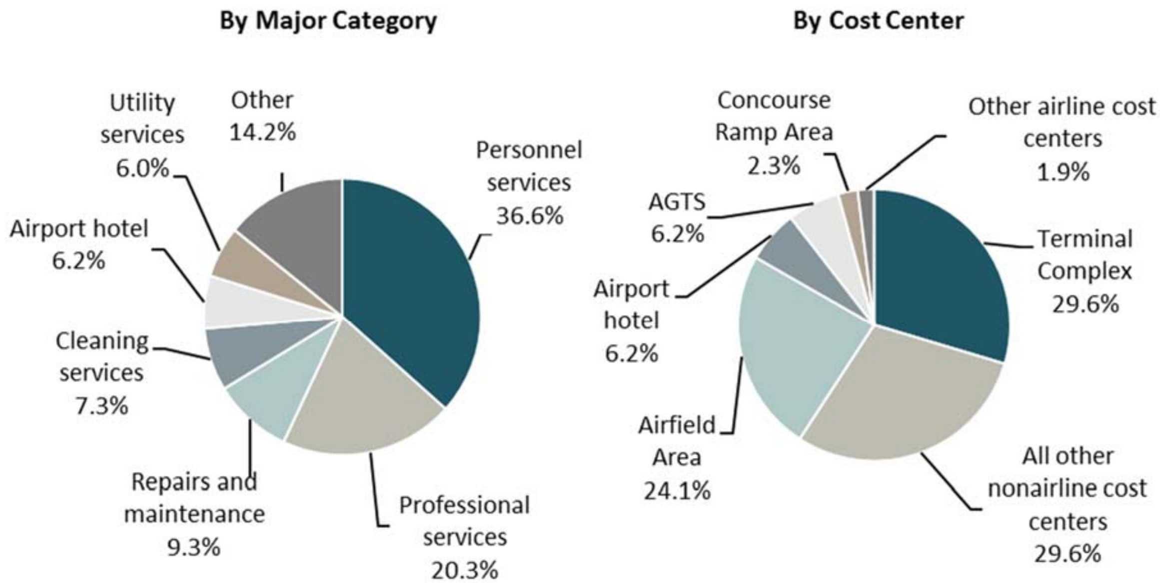
As these and other contracts and agreements expire during the Forecast Period, Department management expects to enter into new contracts or agreements that would provide for a similar or better level of service, and similar or lower annual costs to the City.

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 6.2% of the 2017 estimated O&M Expenses of the Airport.

Another major expense category 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 Airport O&M Expenses. Expenses associated with the fueling system—which is owned by the City—are paid directly by the airlines through third-party operator arrangements. Baggage handling expenses, which had previously been paid directly by the airlines, are now paid directly by the City and passed through to the airlines, similar to a third-party operator.

The estimate of the 2017 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 2017 and the distribution of expenses among Airport cost centers are shown in Figure 37.

Figure 37
2017 ESTIMATED OPERATION AND MAINTENANCE EXPENSES
Denver International Airport



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

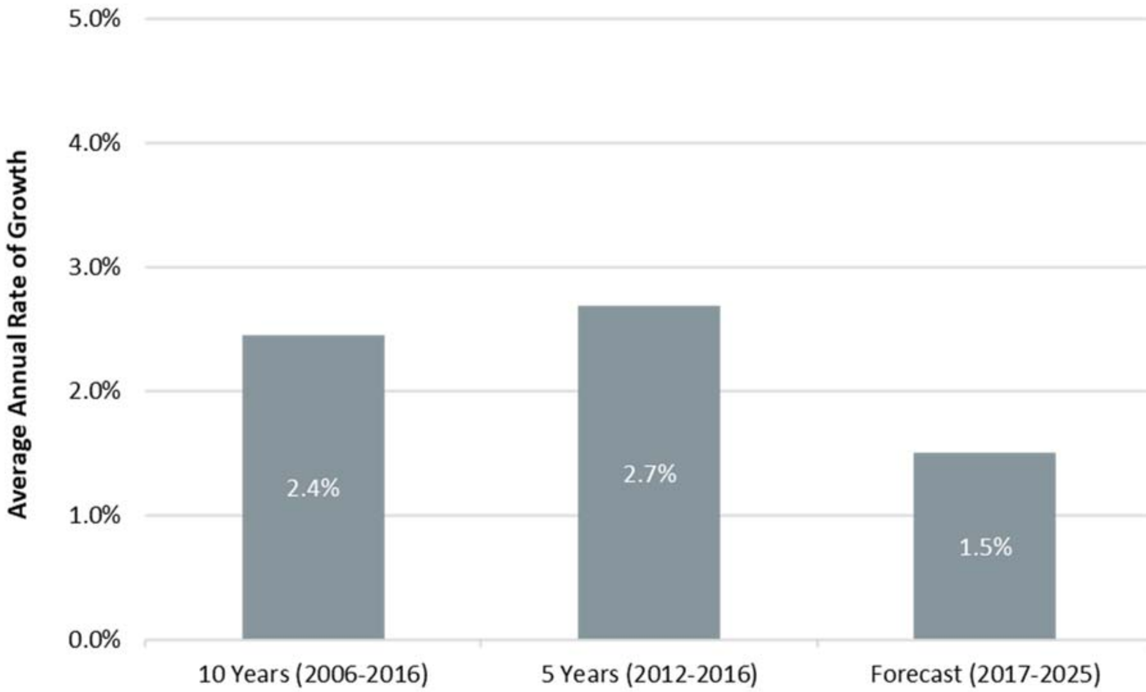
Forecast 2018-2025 Operation and Maintenance Expenses

Department management has established a targeted average annual rate of growth in O&M Expenses of 4.2%, 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.

Historically, O&M Expenses per enplaned passenger at the Airport increased at averages of approximately 2.4% and 2.7% per year for the most recent historical 10-year and 5-year periods (through 2016), respectively excluding the Airport hotel which opened in late 2015. 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, among other factors. A comparison of historical and forecast rates of growth in O&M Expenses per enplaned passenger at the Airport is presented in Figure 38.

The forecast rate of growth in O&M Expenses per enplaned passenger is approximately 1.5% per year, which reflects Department management's targeted average annual increase in total O&M Expenses of 4.2% per year and the forecast rate of growth in enplaned passengers of 2.3% per year, both from 2017 through 2025. The forecast rate of growth in O&M Expenses per enplaned passenger is less than the 10-year (2.4%) and 5-year (2.7%) historical average rates of growth due to a higher forecast rate of growth in enplaned passengers and a lower forecast rate of growth in total O&M Expenses as compared to the periods of time shown below.

Figure 38
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 Debt Service Requirements on Outstanding and Future Planned Bonds, the Great Hall Agreement for the Great Hall Project requires that the City makes 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.

All of the 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 existing FAA-approved PFC-eligible Debt Service Requirements or to pay Debt Service Requirements on Bonds planned to be issued to fund projects in the 2018-2022 Capital Program that are assumed to be PFC-eligible in the future under a new PFC application that would have to be approved by 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 Hedge Facility payments to the financial institutions is subordinate to the City’s payment of Debt Service Requirements on Senior Bonds and on par with the City’s payment of Debt Service Requirements on Subordinate Bonds, including the proposed 2017 Bonds. For purposes of this Report and given the methodology used to allocate Debt Service Requirements to Airport cost centers, Hedge Facility Agreement 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 2016, total Hedge Facility Agreement net payments made by the City equaled $33.3 million.

2017 Bonds

The City expects to fully refund the Series 2007A (AMT) Revenue Bonds and the Series 2007D (AMT) Revenue Bonds with the issuance of the Series 2017A (AMT) Revenue Bonds, and fully refund the Series 2007C (Non-AMT) Revenue Bonds through the issuance of the Series 2017B (Non-AMT) Revenue Bonds.

The City expects that the debt service structure of the 2017 Bonds will be similar to that of the refunded bonds, except during 2021 through 2027 when debt service on the 2017 Bonds are expected to be lower. Estimated changes in debt service related to the 2017 Bonds is included in the financial forecasts presented in this Report, as provided by the City’s Financial Consultant.

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.

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.

As previously discussed, the Tax Act, which if signed into law in its current form, would, among other things, repeal the authority to tax-exempt issue private activity and tax-exempt advance refunding bonds starting January 1, 2018. For purposes of this Report it was assumed that any repeal of the authority to issue tax-exempt private activity bonds would not result in a material increase in Debt Service Requirements related to Future Planned Bonds.

Department management is planning to use an interim source of financing to fund the $190 million in 2017 project costs, which interim financing will then be replaced with Future Planned Bonds, the debt service of which has been 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 39.

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 in Figure 39.

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 will 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 2016, the City deposited $5.9 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 is to 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.

According to actual 2016 results, the City had accumulated at least 25% of annual Debt Service Requirements on Senior Bonds and 10% of aggregate 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 Covenant on Senior Bonds in an amount up to 25% of the Debt Service Requirements on such Senior Bonds or 10% of aggregate 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 aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds, or 10% of aggregate Debt Service Requirements on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations, 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.

As mentioned earlier, the amount of PFC-eligible Debt Service Requirements paid from Committed Passenger Facility Charges (shown on Exhibit G) is excluded from Debt Service Requirements under the GBO when calculating debt service coverage.

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.

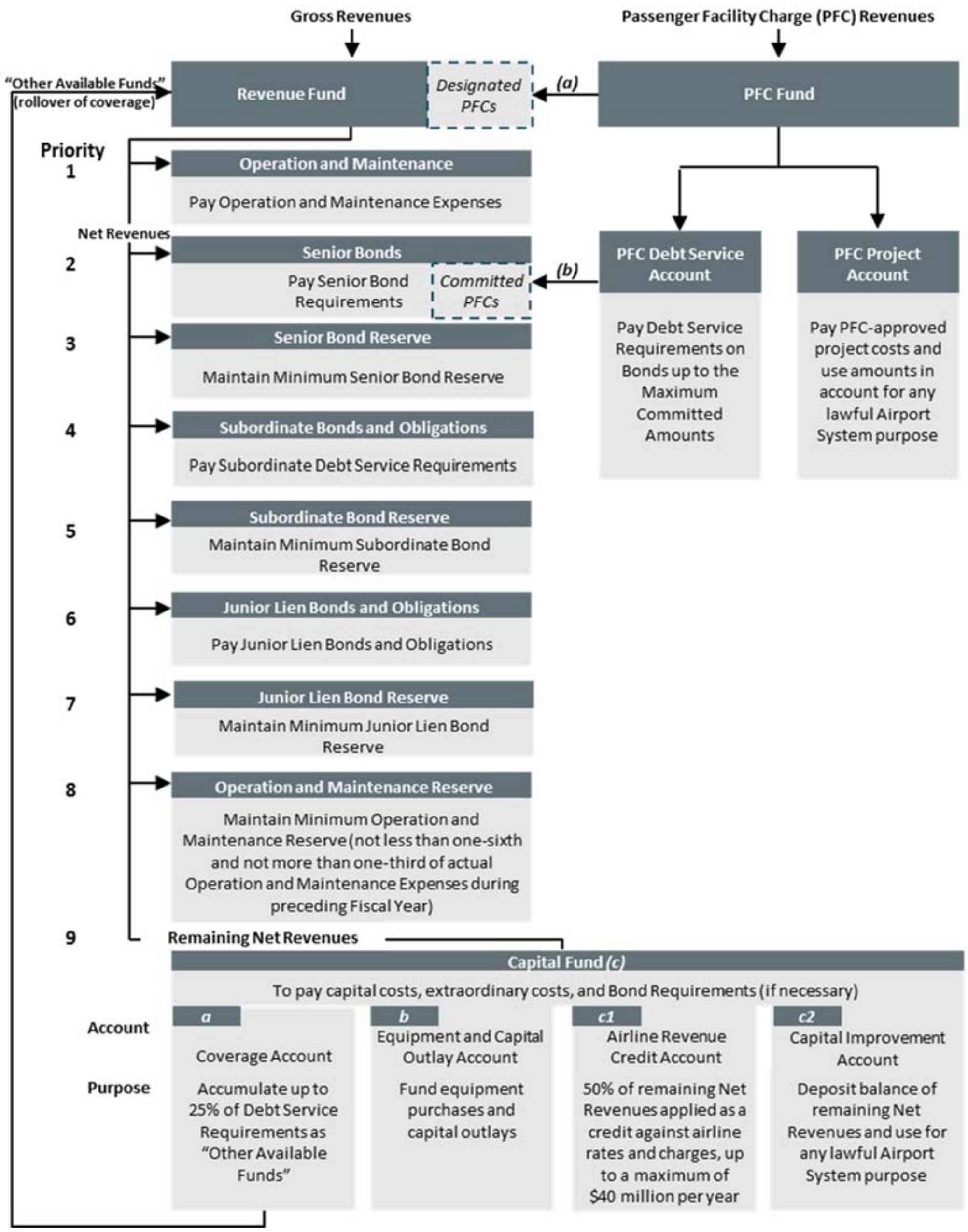
Net Revenues together with Other Available Funds are forecast to exceed the 110% requirement of the Rate Maintenance Covenant of the Bond Ordinances in each year of the Forecast Period for Senior Bonds, Subordinate Bonds, and Junior Lien Obligations.

For reference, Table 19 provides historical data on debt service coverage for Senior Bonds and Senior and Subordinate bonds.

Figure 39

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 defined as Gross Revenues under the General Bond Ordinance.

(b) Committed Passenger Facility Charges are irrevocably committed to the payment of 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.

Table 19

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL AND SUBORDINATE BOND ORDINANCES

Denver International Airport

(dollars in thousands)

Calculation of debt service coverage		2012	2013	2014	2015	2016
Gross Revenues (excluding Designated Passenger Facility Charges) *(a)*		$679,008	$708,847	$751,428	$754,688	$808,110
Designated Passenger Facility Charges		34,271	34,255	34,977	35,328	35,133
Gross Revenues *(a)*		$713,279	$743,101	$786,405	$790,016	$843,243
Operation and Maintenance Expenses		(318,394)	(349,987)	(355,769)	(377,199)	(417,140)
Net Revenues		$394,885	$393,114	$430,636	$412,817	$426,103
Other Available Funds *(b)*		51,685	50,409	54,833	50,320	51,574
Total Amount Available to pay Debt Service Requirements	[A]	$446,570	$443,524	$485,469	$463,137	$477,677
DEBT SERVICE COVERAGE—SENIOR BONDS						
Debt Service Requirements (Senior Bonds)		$278,063	$271,268	$289,287	$271,935	$276,562
Committed Passenger Facility Charges		(68,543)	(68,510)	(69,953)	(70,656)	(70,267)
Net Debt Service Requirements	[B]	$209,520	$202,758	$219,334	$201,279	$206,295
Debt service coverage (Senior Bonds)	**[A/B]**	213%	219%	221%	230%	232%
DEBT SERVICE COVERAGE—SENIOR AND SUBORDINATE BONDS						
Subordinate Debt Service Requirements (Subordinate Bonds)		$38,043	$40,059	$49,088	$61,233	$88,619
Debt Service Requirements (Senior Bonds)		209,520	202,758	219,334	201,279	206,295
Debt Service Requirements (all Bonds)	[C]	$247,563	$242,817	$268,422	$262,512	$294,914
Debt service coverage (all Bonds)	**[A/C]**	**180%**	**183%**	**181%**	**176%**	**162%**

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 in Figure 30 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.

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
2018-2022 CAPITAL PROGRAM
Denver International Airport
(in thousands)

	Calculation	Estimated project cost [A+B+E]	Source of Funds: Airport cash [A]	Federal grants-in-aid [B]	Future Planned Bonds: Senior Bonds [C]	Subordinate Bonds [D]	Total [E=C+D]
Airfield Area and Concourse Apron							
Concourse gate expansions (a)		$ 186,800	$ -	$ 14,000	$ -	$ 172,800	$ 172,800
Runway pavement and lighting rehabilitation		78,900	-	30,000	48,900	-	48,900
Taxiway and apron pavement and lighting rehabilitation		50,300	-	38,000	12,300	-	12,300
Gate apron rehabilitation and drainage improvements		40,200	-	21,000	19,200	-	19,200
Other		39,100	-	2,000	37,100	-	37,100
Total Airfield Area and Concourse Apron	[F]	$ 395,300	$ -	$ 105,000	$ 117,500	$ 172,800	$ 290,300
Terminal Complex, Baggage System, and Automated Guideway Transit System (AGTS)							
Concourse gate expansions (a)		$ 1,347,300	$ -	$ -	$ 369,800	$ 977,500	$ 1,347,300
Baggage handling system checked bag resolution areas		116,100	-	-	116,100	-	116,100
Baggage handling system level 5.5		84,800	-	-	84,800	-	84,800
Baggage handling system controls upgrade		60,000	-	15,000	45,000	-	45,000
HVAC refrigerant R-22 replacement program		52,800	-	-	52,800	-	52,800
AGTS original car replacement program		40,800	-	-	40,800	-	40,800
AGTS additional trains		35,000	-	-	35,000	-	35,000
Concessions redevelopment program		35,000	-	-	35,000	-	35,000
Other		218,800	-	-	186,300	32,500	218,800
	[G]	$ 1,990,600	$ -	$ 15,000	$ 965,600	$ 1,010,000	$ 1,975,600
Great Hall Project							
City progress payments (b)	[H]	$ 458,000	$ 180,000	$ -	$ -	$ 278,000	$ 278,000
Great Hall contingency	[I]	120,000	-	-	-	120,000	120,000
Total Great Hall Project	[J=H+I]	$ 578,000	$ 180,000	$ -	$ -	$ 398,000	$ 398,000
Total Terminal Complex, Baggage System, and AGTS	[K=G+J]	$ 2,568,600	$ 180,000	$ 15,000	$ 965,600	$ 1,408,000	$ 2,373,600
Roadways, Public Parking, and Ground Transportation							
Pena Bloulevard terminal reconfiguration		$ 85,700	$ -	$ -	$ 85,700	$ -	$ 85,700
Revenue control replacement & new parking canopies		18,100	-	-	18,100	-	18,100
Concourse gate expansions (a)		15,000	-	-	-	15,000	15,000
Other		74,800	-	-	74,800	-	74,800
Total Roadways, Public Parking, and Ground Transportation	[L]	$ 193,600	$ -	$ -	$ 178,600	$ 15,000	$ 193,600
Other Airport Areas							
Real estate infrastructure improvements		$ 93,000	$ -	$ -	$ 93,000	$ -	$ 93,000
Refresh for technology infrastructure		41,800	-	-	41,800	-	41,800
Physical access control system		37,000	-	-	37,000	-	37,000
Other		131,500	-	-	131,500	-	131,500
Total Other Airport Areas	[M]	$ 303,300	$ -	$ -	$ 303,300	$ -	$ 303,300
Total	[F+K+L+M]	**$ 3,460,800**	**$ 180,000**	**$ 120,000**	**$ 1,565,000**	**$ 1,595,800**	**$ 3,160,800**

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) Concourse gate expansion projects total $1.5 billion.

(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)

	2017 Bonds (a)	Future Planned Bonds 2018	2019	2020	2021	2022	Total
TOTAL SENIOR AND SUBORDINATE BONDS							
Sources of funds							
Par amount	$ 278,480	$ 919,100	$ 1,367,000	$ 907,200	$ 478,400	$ 179,700	$ 3,851,400
Interest earnings	1,662	5,400	7,900	5,600	3,000	1,100	23,000
Original issue premium	41,961	-	-	-	-	-	-
Transfer from Senior Bond Reserve Fund (b)	8,635	-	-	-	-	-	-
Total sources of funds	**$ 330,738**	**$ 924,500**	**$ 1,374,900**	**$ 912,800**	**$ 481,400**	**$ 180,800**	**$ 3,874,400**
Uses of funds							
Project costs	$ -	$ 739,900	$ 1,086,100	$ 762,600	$ 419,500	$ 152,700	$ 3,160,800
Bond reserve fund	-	76,500	115,300	73,800	39,200	14,500	319,300
Capitalized interest fund	-	94,300	153,000	62,800	15,500	10,900	336,500
Deposits to escrow and redemption accounts (c)	328,437	-	-	-	-	-	-
Cost of issuance	2,301	13,800	20,500	13,600	7,200	2,700	57,800
Total uses of funds	**$ 330,738**	**$ 924,500**	**$ 1,374,900**	**$ 912,800**	**$ 481,400**	**$ 180,800**	**$ 3,874,400**
SENIOR BONDS							
Sources of funds							
Par amount	$ 278,480	$ 598,600	$ 630,600	$ 465,100	$ 121,200	$ 48,700	$ 1,864,200
Interest earnings	1,662	3,700	3,800	2,900	700	300	11,400
Original issue premium	41,961	-	-	-	-	-	-
Transfer from Senior Bond Reserve Fund (b)	8,635	-	-	-	-	-	-
Total sources of funds	**$ 330,738**	**$ 602,300**	**$ 634,400**	**$ 468,000**	**$ 121,900**	**$ 49,000**	**$ 1,875,600**
Uses of funds							
Project costs	$ -	$ 504,900	$ 522,700	$ 395,000	$ 101,500	$ 40,900	$ 1,565,000
Bond reserve fund	-	51,200	53,300	37,800	11,200	4,500	158,000
Capitalized interest fund	-	37,200	48,900	28,200	7,400	2,900	124,600
Deposits to escrow and redemption accounts (c)	328,437	-	-	-	-	-	-
Cost of issuance	2,301	9,000	9,500	7,000	1,800	700	28,000
Total uses of funds	**$ 330,738**	**$ 602,300**	**$ 634,400**	**$ 468,000**	**$ 121,900**	**$ 49,000**	**$ 1,875,600**
SUBORDINATE BONDS							
Sources of funds							
Par amount		$ 320,500	$ 736,400	$ 442,100	$ 357,200	$ 131,000	$ 1,987,200
Interest earnings		1,700	4,100	2,700	2,300	800	11,600
Total sources of funds		**$ 322,200**	**$ 740,500**	**$ 444,800**	**$ 359,500**	**$ 131,800**	**$ 1,998,800**
Uses of funds							
Project costs		$ 235,000	$ 563,400	$ 367,600	$ 318,000	$ 111,800	$ 1,595,800
Bond reserve fund		25,300	62,000	36,000	28,000	10,000	161,300
Capitalized interest fund		57,100	104,100	34,600	8,100	8,000	211,900
Cost of issuance		4,800	11,000	6,600	5,400	2,000	29,800
Total uses of funds		**$ 322,200**	**$ 740,500**	**$ 444,800**	**$ 359,500**	**$ 131,800**	**$ 1,998,800**

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) The City expects to fully refund the Series 2007A (AMT) Revenue Bonds and the Series 2007D (AMT) Revenue Bonds with the issuance of the Series 2017A (AMT) Revenue Bonds, and fully refund the Series 2007C (Non-AMT) Revenue Bonds with the issuance of the Series 2017B (Non-AMT) Revenue Bonds.

(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.

	Reference	Calculation	Actual (a) 2015	Actual (a) 2016	Estimate 2017	Estimate 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Airline Revenues													
Landing fees			$ 149,294	$ 148,851	$ 167,100	$ 160,600	$ 181,000	$ 193,300	$ 198,300	$ 200,100	$ 208,000	$ 237,100	$ 266,800
Terminal Complex rentals			78,626	70,322	70,100	76,200	89,100	95,700	146,400	171,800	183,000	179,300	176,500
Nonpreferential, commuter, preferential common-use gates			2,989	3,769	1,500	1,300	1,500	1,500	2,400	2,500	2,600	2,700	2,700
Tenant finishes and equipment charges (b)			24,141	21,679	22,600	22,800	22,600	22,500	21,400	20,300	19,500	18,100	18,600
Conventional baggage system fees			22,470	23,832	24,100	24,500	40,000	51,000	56,000	59,500	59,900	54,200	54,100
International facility fees			9,110	10,417	8,700	9,200	9,700	10,200	10,800	11,400	12,000	12,600	13,300
AGTS charges			39,309	42,653	43,000	47,800	51,400	56,600	61,500	62,500	60,600	62,400	60,400
Baggage claim charges			16,070	16,278	15,900	17,200	20,100	21,500	26,300	29,700	31,000	29,600	29,000
Concourse ramp fees			12,881	14,940	17,800	15,400	16,800	16,800	24,000	24,900	25,600	28,900	27,800
Commuter ramp fees			49	52	-	-	-	-	-	100	100	100	100
Common use terminal equipment fees			114	505	600	600	600	600	600	600	600	600	600
Fueling system charges			11,186	11,354	10,900	10,700	11,600	12,600	12,300	12,200	11,700	10,800	12,600
Total rentals, rates, fees, and charges			**$ 366,238**	**$ 364,652**	**$ 382,300**	**$ 386,300**	**$ 444,400**	**$ 482,300**	**$ 560,000**	**$ 595,600**	**$ 614,600**	**$ 636,400**	**$ 662,500**
Less: Deposit to Airline Revenue Credit Account	Exhibit H		(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(34,600)	(34,600)	(40,000)	(40,000)	(40,000)
Net rentals, rates, fees, and charges			**$ 326,238**	**$ 324,652**	**$ 342,300**	**$ 346,300**	**$ 404,400**	**$ 442,300**	**$ 525,400**	**$ 561,000**	**$ 574,600**	**$ 596,400**	**$ 622,500**
Less: cargo carrier landing and other fees (c)			(6,772)	(6,540)	(6,500)	(7,000)	(7,900)	(8,500)	(8,800)	(8,900)	(9,300)	(10,700)	(12,100)
Net passenger airline rentals, rates, fees & charges		[A]	**$ 319,466**	**$ 318,112**	**$ 335,800**	**$ 339,300**	**$ 396,500**	**$ 433,800**	**$ 516,600**	**$ 552,100**	**$ 565,300**	**$ 585,700**	**$ 610,400**
Enplaned passengers (d)		[B]	27,019	29,140	30,441	31,565	32,295	33,029	33,768	34,518	35,281	36,053	36,832
Airline cost per enplaned passenger		[A/B]	**$ 11.82**	**$ 10.92**	**$ 11.03**	**$ 10.75**	**$ 12.28**	**$ 13.13**	**$ 15.30**	**$ 15.99**	**$ 16.02**	**$ 16.25**	**$ 16.57**

(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.

	Exhibit	Actual (a)		Estimate		Forecast						
	reference	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operation and Maintenance Expenses	F	$ 101,101	$ 97,697	$ 108,200	$ 108,800	$ 113,300	$ 118,100	$ 123,100	$ 128,200	$ 133,600	$ 139,200	$ 144,900
Operation and Maintenance Reserve Account replenishment (b)		362	1,265	1,700	1,400	700	1,100	1,200	1,200	1,300	1,300	1,400
Equipment and capital outlays		3,419	3,291	3,800	3,900	4,000	4,100	4,200	4,300	4,400	4,400	4,500
Debt Service Requirements	G-1	30,331	29,827	35,500	28,900	42,800	50,000	50,400	48,900	53,500	77,800	111,200
Variable rate bond fees (c)		62	72	300	300	300	300	300	300	300	300	300
Amortization charges		17,493	19,299	21,200	21,000	23,700	23,600	23,200	22,000	19,900	19,300	9,700
Other allocable costs		309	300	300	300	300	400	400	400	400	400	400
Capital cost of north site (50%)		1,159	1,222	1,200	1,200	1,200	1,200	1,200	1,100	1,100	1,000	1,000
Total Airfield Area Requirement		**$ 154,237**	**$ 152,974**	**$ 172,200**	**$ 165,800**	**$ 186,300**	**$ 198,800**	**$ 204,000**	**$ 206,400**	**$ 214,500**	**$ 243,700**	**$ 273,400**
Less credits:												
Nonairline revenues	D	$ (3,011)	$ (1,919)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)
Nonsignatory airline landing fees (d)		(124)	(538)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Interest income (e)		(1,933)	(2,205)	(1,700)	(1,800)	(1,900)	(2,100)	(2,300)	(2,900)	(3,100)	(3,200)	(3,200)
Net Airfield Area Requirement		$ 149,169	$ 148,313	$ 167,000	$ 160,500	$ 180,900	$ 193,200	$ 198,200	$ 200,000	$ 207,900	$ 237,000	$ 266,700
Signatory Airline landed weight (1,000 pound units) (f)		30,033	32,319	33,700	34,500	35,100	35,800	36,400	37,000	37,700	38,400	39,000
Signatory Airline landing fee rate		**$ 4.97**	**$ 4.59**	**$ 4.96**	**$ 4.65**	**$ 5.15**	**$ 5.40**	**$ 5.45**	**$ 5.41**	**$ 5.51**	**$ 6.17**	**$ 6.84**
Total Signatory Airline landing fees		**$ 149,169**	**$ 148,300**	**$ 167,000**	**$ 160,500**	**$ 180,900**	**$ 193,200**	**$ 198,200**	**$ 200,000**	**$ 207,900**	**$ 237,000**	**$ 266,700**

(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)

	Exhibit	Actual (a)		Estimate		Forecast						
	reference	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operation and Maintenance Expenses	F	$ 114,526	$ 123,959	$ 133,100	$ 135,800	$ 142,800	$ 148,500	$ 154,700	$ 161,400	$ 167,900	$ 174,800	$ 182,400
Less: Loading bridge maintenance expenses (b)		(781)	(751)	(900)	(900)	(900)	(1,000)	(1,000)	(1,000)	(1,100)	(1,100)	(1,200)
Operation and Maintenance Reserve Account replenishment (c)		469	1,433	2,000	1,700	900	1,400	1,500	1,600	1,600	1,700	1,800
Equipment and capital outlays		1,648	1,532	1,700	1,900	1,900	2,000	2,000	2,100	2,100	2,100	2,200
Debt Service Requirements	G-1	64,103	59,756	42,400	45,900	72,000	82,700	183,700	234,000	244,400	220,000	207,500
Variable rate bond fees (d)		134	157	600	600	600	600	600	600	600	600	600
Amortization charges		8,814	6,146	9,100	8,500	8,400	8,200	8,100	22,200	21,700	20,300	18,500
Other allocable costs		740	717	700	700	800	800	900	1,000	1,000	1,000	1,000
Total Terminal Complex Requirement		**$ 189,654**	**$ 192,949**	**$ 188,700**	**$ 194,200**	**$ 226,500**	**$ 243,200**	**$ 350,500**	**$ 421,900**	**$ 438,200**	**$ 419,400**	**$ 412,800**
Less credits: Interest income (e)		(4,625)	(5,275)	(4,200)	(4,300)	(4,400)	(4,900)	(5,600)	(7,000)	(7,500)	(7,600)	(7,600)
Net Terminal Complex Requirement		$ 185,028	$ 187,675	$ 184,500	$ 189,900	$ 222,100	$ 238,300	$ 344,900	$ 414,900	$ 430,700	$ 411,800	$ 405,200
Rentable space (square feet) (f)		2,146	2,147	2,147	2,033	2,033	2,033	2,385	2,527	2,527	2,527	2,527
Average rental rate per square foot		**$ 86.20**	**$ 87.41**	**$ 85.93**	**$ 93.40**	**$ 109.23**	**$ 117.20**	**$ 144.60**	**$ 164.16**	**$ 170.41**	**$ 162.93**	**$ 160.32**
Average rental rate per square foot at 100%		$ 86.20	$ 87.41	$ 85.93	$ 93.40	$ 109.23	$ 117.20	$ 144.60	$ 164.16	$ 170.41	$ 162.93	$ 160.32
Differential rental rate per square foot at 65%		$ 56.03	$ 56.82	$ 55.85	$ 60.71	$ 71.00	$ 76.18	$ 93.99	$ 106.70	$ 110.77	$ 105.90	$ 104.21
Total airline space rentals (g)		**$ 78,626**	**$ 70,322**	**$ 70,100**	**$ 76,200**	**$ 89,100**	**$ 95,700**	**$ 146,400**	**$ 171,800**	**$ 183,000**	**$ 179,300**	**$ 176,500**

(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						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Terminal Complex concession revenues											
Food and beverage	$ 30,863	$ 33,911	$ 36,000	$ 37,500	$ 38,600	$ 46,600	$ 50,300	$ 54,800	$ 56,600	$ 61,500	$ 63,100
Merchandise	13,167	16,439	17,500	18,200	18,700	21,400	22,900	30,900	31,900	34,100	35,000
Terminal services (b)	13,588	15,022	16,100	17,100	18,000	18,900	19,800	20,700	21,700	22,800	23,900
Total Terminal Complex concession revenues	$ 57,619	$ 65,372	$ 69,600	$ 72,800	$ 75,300	$ 86,900	$ 93,000	$ 106,400	$ 110,200	$ 118,400	$ 122,000
Outside concession revenues											
Public automobile parking	$ 172,284	$ 170,607	$ 172,500	$ 180,400	$ 192,600	$ 207,500	$ 223,300	$ 231,900	$ 240,900	$ 250,200	$ 259,300
Rental car privilege fees	53,714	54,901	56,500	62,700	64,400	66,000	67,700	69,400	71,100	72,900	74,700
Ground transportation	9,669	10,594	10,200	11,900	12,500	13,000	13,600	14,200	14,800	15,500	16,100
Total outside concession revenues	$ 235,667	$ 236,102	$ 239,200	$ 255,000	$ 269,500	$ 286,500	$ 304,600	$ 315,500	$ 326,800	$ 338,600	$ 350,100
Other outside concessions and terminal revenues											
Employee parking fees	$ 6,202	$ 6,341	$ 6,200	$ 6,400	$ 6,500	$ 6,600	$ 6,700	$ 6,900	$ 7,000	$ 7,200	$ 7,300
Rental car											
Service and storage rentals (c)	6,500	6,514	7,700	8,200	8,600	9,000	9,400	9,800	10,200	10,700	11,100
Additional building rentals (d)	4,985	5,234	5,000	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900
Other terminal space rentals	745	705	700	700	700	800	800	800	800	800	800
Hotel	3,205	43,262	46,000	47,000	48,000	50,000	51,000	53,000	55,000	56,000	58,000
Total other outside concessions and terminal revenues	$ 21,638	$ 62,057	$ 65,600	$ 67,500	$ 69,100	$ 71,800	$ 73,400	$ 76,100	$ 78,700	$ 80,500	$ 83,100
Airfield											
General aviation landing fees	$218	$ 206	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Farming income	194	137	100	100	100	100	200	200	200	200	200
Oil and gas royalty revenues	2,512	1,517	3,000	3,000	3,000	3,000	2,900	2,900	2,900	2,900	2,900
Fuel flowage fees	87	58	100	100	100	100	100	100	100	100	100
Total Airfield	$ 3,011	$ 1,919	$ 3,400	$ 3,400	$ 3,400	$ 3,400	$ 3,400	$ 3,400	$ 3,400	$ 3,400	$ 3,400
Building and ground rentals											
United support facilities	$2,871	$ 2,962	$ 2,900	$ 2,900	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800
Other North Airline Support Area	3,906	4,121	4,400	4,400	3,000	2,100	2,000	2,000	2,100	2,100	2,100
Other South Airline Support Area	810	939	900	900	900	1,000	1,000	900	1,000	1,000	1,000
South Cargo Area	4,107	4,286	3,600	3,500	3,700	3,900	3,800	3,700	3,700	3,500	3,800
FedEx	582	582	600	600	600	600	600	600	100	-	-
General Aviation Area	395	416	400	400	400	400	400	400	400	400	400
Total building and ground rentals	$ 12,671	$ 13,308	$ 12,800	$ 12,700	$ 10,400	$ 9,800	$ 9,600	$ 9,400	$ 9,100	$ 8,800	$ 9,100
Other revenues											
In-flight catering fees	$ 1,808	$ 1,812	$ 1,800	$ 2,200	$ 2,300	$ 2,500	$ 2,600	$ 2,700	$ 2,800	$ 2,900	$ 3,000
Aviation fuel tax proceeds											
City	7,393	9,577	7,900	7,700	7,900	8,000	8,200	8,300	8,500	8,600	8,700
State	12,065	9,315	12,000	11,800	12,100	12,300	12,500	12,700	12,900	13,100	13,400
Miscellaneous revenues	9,650	8,872	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Total other revenues	$ 30,916	$ 29,576	$ 29,300	$ 29,300	$ 29,900	$ 30,400	$ 30,900	$ 31,300	$ 31,800	$ 32,200	$ 32,700
Total revenues other than airline rentals, rates, fees and charges	**$ 361,521**	**$ 408,333**	**$ 419,900**	**$ 440,700**	**$ 457,600**	**$ 488,800**	**$ 514,900**	**$ 542,100**	**$ 560,000**	**$ 581,900**	**$ 600,400**
Annual rate of growth	4.8%	12.9%	2.8%	5.0%	3.8%	6.8%	5.3%	5.3%	3.3%	3.9%	3.2%

(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						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Enplaned passengers (b)	27,019	29,140	30,440	31,570	32,300	33,030	33,770	34,520	35,280	36,050	36,830
Percent of eligible enplaned passengers (c)	89.4%	89.3%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Eligible enplaned passengers	24,147	26,020	27,400	28,410	29,070	29,730	30,390	31,070	31,750	32,450	33,150
PFC amount (d)	$ 4.50	$ 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)	(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	$ 4.39
Annual PFC revenues	$ 106,007	$ 114,230	$ 120,300	$ 124,700	$ 127,600	$ 130,500	$ 133,400	$ 136,400	$ 139,400	$ 142,500	$ 145,500
Plus: interest income on PFC revenues	675	185	500	500	500	600	600	600	600	600	600
Total PFC revenues and interest income	**$ 106,681**	**$ 114,415**	**$ 120,800**	**$ 125,200**	**$ 128,100**	**$ 131,100**	**$ 134,000**	**$ 137,000**	**$ 140,000**	**$ 143,100**	**$ 146,100**
Committed Passenger Facility Charges (f)	**$ 71,346**	**$ 76,338**	**$ 80,700**	**$ 83,600**	**$ 85,600**	**$ 87,600**	**$ 89,500**	**$ 91,500**	**$ 93,500**	**$ 95,600**	**$ 97,600**
Designated Passenger Facility Charges (g)	**35,336**	**38,077**	**40,100**	**41,600**	**42,500**	**43,500**	**44,500**	**45,500**	**46,500**	**47,500**	**48,500**
Total PFC revenues and interest income	**$ 106,681**	**$ 114,415**	**$ 120,800**	**$ 125,200**	**$ 128,100**	**$ 131,100**	**$ 134,000**	**$ 137,000**	**$ 140,000**	**$ 143,100**	**$ 146,100**

(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) 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.
(g) Reflects one-third (generally equal to $1.50 of the $4.50 PFC) of forecast 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						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
BY OBJECT TYPE											
Personnel services	$ 144,272	$ 149,958	$ 164,500	$ 176,500	$ 183,900	$ 191,600	$ 199,600	$ 208,000	$ 216,800	$ 225,900	$ 235,400
Contractual services											
Professional services	73,721	80,837	91,400	89,900	93,700	97,600	101,700	106,000	110,400	115,000	119,700
Utility services	26,280	25,871	26,900	29,300	30,500	31,800	33,100	34,500	35,900	37,400	39,000
Cleaning services	31,515	34,530	33,000	35,600	37,100	38,600	40,300	42,000	43,700	45,500	47,400
Other services	19,210	19,649	23,400	23,100	24,000	25,100	26,100	27,200	28,300	29,500	30,700
Repairs and maintenance (b)	34,667	35,761	41,800	40,200	41,900	43,600	45,500	47,400	49,300	51,400	53,500
Rentals	711	780	700	700	700	800	800	800	900	900	900
Insurance	1,983	2,951	2,400	2,300	2,400	2,500	2,600	2,700	2,800	3,000	3,100
Other contractual services (c)	4,140	5,590	6,100	6,200	6,500	6,800	7,100	7,400	7,700	8,000	8,300
Total contractual services	$ 192,227	$ 205,969	$ 225,700	$ 227,300	$ 236,800	$ 246,800	$ 257,200	$ 268,000	$ 279,000	$ 290,700	$ 302,600
Maintenance, supplies, and materials	32,451	26,846	31,100	29,200	30,500	31,800	33,100	34,500	35,900	37,400	39,000
Total O&M Expenses without hotel direct expenses	**$ 368,950**	**$ 382,772**	**$ 421,300**	**$ 433,000**	**$ 451,200**	**$ 470,200**	**$ 489,900**	**$ 510,500**	**$ 531,700**	**$ 554,000**	**$ 577,000**
Hotel (direct expenses) (d)	2,557	26,936	28,000	29,200	30,200	31,100	32,000	33,000	34,000	35,000	35,600
Total O&M Expenses	**$ 371,507**	**$ 409,708**	**$ 449,300**	**$ 462,200**	**$ 481,400**	**$ 501,300**	**$ 521,900**	**$ 543,500**	**$ 565,700**	**$ 589,000**	**$ 612,600**
BY COST CENTER											
Airline cost centers											
Terminal Complex (e)	$ 114,526	$ 123,959	$ 133,100	$ 135,800	$ 142,800	$ 148,500	$ 154,700	$ 161,400	$ 167,900	$ 174,800	$ 182,400
International Facilities	1,061	1,268	1,200	1,400	1,400	1,500	1,600	1,600	1,700	1,800	1,800
Automated Baggage Systems	-	-	-	-	-	-	-	-	-	-	-
Conventional Baggage Systems	2,206	2,362	3,500	3,200	3,300	3,400	3,600	3,700	3,900	4,000	4,200
Baggage Claim	-	-	-	-	-	-	-	-	-	-	-
Automated Guideway Transit System	25,600	27,330	28,000	32,400	33,700	35,200	36,600	38,200	39,800	41,400	43,100
Common Use Terminal Equipment	27	371	600	600	600	600	700	700	700	800	800
Concourse B Regional Jet Facility	739	850	900	1,000	-	-	-	-	-	-	-
Concourse Ramp Area	9,055	9,846	10,500	10,000	10,400	10,900	11,300	11,800	12,300	12,800	13,400
Concourse A Commuter Facility	373	427	400	-	-	-	-	-	-	-	-
Airfield Area	101,101	97,697	108,200	108,800	113,300	118,100	123,100	128,200	133,600	139,200	144,900
Fueling System	1,884	1,993	2,000	2,300	2,400	2,500	2,600	2,700	2,800	3,000	3,100
Total Airline cost centers	$ 256,574	$ 266,102	$ 288,400	$ 295,500	$ 307,900	$ 320,700	$ 334,200	$ 348,300	$ 362,700	$ 377,800	$ 393,700
Nonairline cost centers	114,933	143,606	160,900	166,700	173,500	180,600	187,700	195,200	203,000	211,200	218,900
Total O&M Expenses	**$ 371,507**	**$ 409,708**	**$ 449,300**	**$ 462,200**	**$ 481,400**	**$ 501,300**	**$ 521,900**	**$ 543,500**	**$ 565,700**	**$ 589,000**	**$ 612,600**
Annual rate of growth	6.1%	10.3%	9.7%	2.9%	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.

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

DEBT SERVICE REQUIREMENTS (b)	Actual (a) 2015	Actual (a) 2016	Estimate 2017	Estimate 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Senior Bonds											
Series 1992F-G	$ 927	$ 877	$ 1,400	$ 1,400	$ 4,200	$ 4,200	$ 4,200	$ 4,300	$ 600	$ 4,600	$ 4,300
Series 2002C (Current refund 92D)	1,935	1,730	3,700	1,700	4,400	4,300	4,100	4,000	600	300	300
Series 2005A	10,890	-	-	-	-	-	-	-	-	-	-
Series 2006A-B	32,766	34,418	-	-	-	-	-	-	-	-	-
Series 2007A-C	12,362	16,177	15,800	-	-	-	-	-	-	-	-
Series 2007D-E	27,402	27,459	25,000	-	-	-	-	-	-	-	-
Series 2007F-G	15,910	10,569	8,900	18,500	21,700	30,800	26,400	21,200	31,700	17,000	20,100
Series 2008A1	35,943	15,351	7,000	-	-	-	-	-	-	-	-
Series 2008B	7,853	7,182	6,800	8,100	8,300	7,900	7,300	6,800	6,200	6,400	6,400
Series 2008C1-C3	15,661	15,220	15,400	21,200	43,500	43,800	42,900	51,200	11,000	43,700	48,800
Series 2009A	8,581	18,951	12,100	7,900	7,900	7,900	7,900	7,900	7,900	7,900	7,900
Series 2009B	2,829	2,822	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Series 2009C	6,935	6,858	6,700	10,400	19,900	20,000	19,700	13,400	1,300	1,300	1,300
Series 2010A	8,482	13,692	13,700	18,600	23,500	25,900	40,700	53,000	15,300	6,600	1,700
Series 2011A	31,868	41,116	40,900	62,000	54,100	56,900	45,400	33,000	17,900	-	-
Series 2011B-C	39,516	39,623	36,600	6,800	500	500	500	500	500	9,500	-
Series 2012A	20,893	20,592	21,000	19,900	13,300	13,300	19,500	26,400	17,600	69,000	19,700
Series 2012B	15,083	25,945	28,800	28,900	29,000	29,100	29,200	29,100	29,000	29,300	119,900
Series 2012C	1,088	1,088	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Series 2014A	8,490	7,897	-	-	-	-	-	-	-	-	-
Series 2016A	-	-	36,800	20,200	15,300	20,100	13,900	10,400	90,800	37,200	40,000
Series 2016B	-	-	9,200	17,400	15,400	3,900	3,600	3,400	3,200	2,800	2,600
Series 2017A	-	-	-	32,800	34,400	34,400	25,900	25,900	25,900	25,200	7,000
Series 2017B	-	-	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Future Planned Bonds (c)	-	-	-	-	67,700	111,900	166,100	181,400	186,500	186,500	186,500
	$ 305,413	$ 307,566	$ 293,700	$ 280,900	$ 368,200	$ 420,000	$ 462,400	$ 477,000	$ 451,100	$ 452,400	$ 471,600
United support facilities bonds (d)	2,290	2,293	2,300	2,300	-	-	-	-	-	-	-
Total Debt Service Requirements -- Senior Bonds	**$ 307,703**	**$ 309,859**	**$ 296,000**	**$ 283,200**	**$ 368,200**	**$ 420,000**	**$ 462,400**	**$ 477,000**	**$ 451,100**	**$ 452,400**	**$ 471,600**
Subordinate Bonds											
Series 2013 Bonds	$ 23,995	$ 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
Future Planned Bonds (c)	-	-	-	-	-	-	75,700	111,000	119,000	119,000	119,000
Total Debt Service Requirements -- Subordinate Bonds	**$ 23,995**	**$ 54,193**	**$ 64,300**	**$ 77,500**	**$ 65,300**	**$ 62,800**	**$ 142,100**	**$ 158,900**	**$ 198,900**	**$ 200,200**	**$ 195,700**
Junior Lien Obligations											
Hotel (e)	-	431	900	1,800	2,300	3,400	4,000	4,100	4,700	4,800	5,000
Great Hall Project (f)	-	-	-	-	-	-	2,300	27,500	28,100	28,800	29,500
Total Debt Service Requirements -- Junior Lien Obligations	**$ -**	**$ 431**	**$ 900**	**$ 1,800**	**$ 2,300**	**$ 3,400**	**$ 6,300**	**$ 31,600**	**$ 32,800**	**$ 33,600**	**$ 34,500**
Total Debt Service Requirements	**$ 331,698**	**$ 364,483**	**$ 361,200**	**$ 362,500**	**$ 435,800**	**$ 486,200**	**$ 610,800**	**$ 667,500**	**$ 682,800**	**$ 686,200**	**$ 701,800**

Exhibit G
(2 of 2)
DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)	Actual (a)	Estimate		Forecast						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEBT SERVICE REQUIREMENTS											
To Determine Debt Service Coverage											
Senior Bonds	$ 307,703	$ 309,859	$ 296,000	$ 283,200	$ 368,200	$ 420,000	$ 462,400	$ 477,000	$ 451,100	$ 452,400	$ 471,600
Less: Committed Passenger Facility Charges (g)	(71,346)	(76,338)	(80,700)	(83,600)	(85,600)	(87,600)	(89,500)	(91,500)	(93,500)	(95,600)	(97,600)
	$ 236,357	$ 233,520	$ 215,300	$ 199,600	$ 282,600	$ 332,400	$ 372,900	$ 385,500	$ 357,600	$ 356,800	$ 374,000
Subordinate Bonds	23,995	54,193	64,300	77,500	65,300	62,800	142,100	158,900	198,900	200,200	195,700
Junior Lien Obligations and Junior Lien Bonds	-	431	900	1,800	2,300	3,400	6,300	31,600	32,800	33,600	34,500
Total for Rate Maintenance Covenant	**$ 260,352**	**$ 288,145**	**$ 280,500**	**$ 278,900**	**$ 350,200**	**$ 398,600**	**$ 521,300**	**$ 576,000**	**$ 589,300**	**$ 590,600**	**$ 604,200**
To Calculate Airline Rentals, Rates, Fees and Charges											
Senior Bonds	$ 307,703	$ 309,859	$ 296,000	$ 283,200	$ 368,200	$ 420,000	$ 462,400	$ 477,000	$ 451,100	$ 452,400	$ 471,600
Less: Committed Passenger Facility Charges (g)	(71,346)	(76,338)	(80,700)	(83,600)	(85,600)	(87,600)	(89,500)	(91,500)	(93,500)	(95,600)	(97,600)
Designated Passenger Facility Charges (g)	(35,336)	(38,077)	(40,100)	(41,600)	(42,500)	(43,500)	(44,500)	(45,500)	(46,500)	(47,500)	(48,500)
	$ 201,022	$ 195,444	$ 175,200	$ 158,000	$ 240,100	$ 288,900	$ 328,400	$ 340,000	$ 311,100	$ 309,300	$ 325,500
Subordinate Bonds, Junior Lien Obligations and Junior Lien Bonds	23,995	54,624	65,200	79,300	67,600	66,200	148,400	190,500	231,700	233,800	230,200
Total for Airline Rentals, Rates, Fees, and Charges	**$ 225,017**	**$ 250,068**	**$ 240,400**	**$ 237,300**	**$ 307,700**	**$ 355,100**	**$ 476,800**	**$ 530,500**	**$ 542,800**	**$ 543,100**	**$ 555,700**
To Determine Other Available Funds											
Senior Bonds (Airport portion)	$ 305,413	$ 307,566	$ 293,700	$ 280,900	$ 368,200	$ 420,000	$ 462,400	$ 477,000	$ 451,100	$ 452,400	$ 471,600
Less: Committed Passenger Facility Charges (g)	(71,346)	(76,338)	(80,700)	(83,600)	(85,600)	(87,600)	(89,500)	(91,500)	(93,500)	(95,600)	(97,600)
	$ 234,068	$ 231,228	$ 213,000	$ 197,300	$ 282,600	$ 332,400	$ 372,900	$ 385,500	$ 357,600	$ 356,800	$ 374,000
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--Airport portion	$ 58,517	$ 57,807	$ 53,300	$ 49,300	$ 70,700	$ 83,100	$ 93,200	$ 96,400	$ 89,400	$ 89,200	$ 93,500
Senior Bonds (United Airlines)	$ 2,290	$ 2,293	$ 2,300	$ 2,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--United Airlines	$ 572	$ 573	$ 600	$ 600	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total--Other Available Funds	**$ 59,089**	**$ 58,380**	**$ 53,900**	**$ 49,900**	**$ 70,700**	**$ 83,100**	**$ 93,200**	**$ 96,400**	**$ 89,400**	**$ 89,200**	**$ 93,500**

(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						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEBT SERVICE REQUIREMENTS (b)											
Total Debt Service Requirements	$331,698	$364,483	$361,200	$362,500	$435,800	$486,200	$610,800	$667,500	$682,800	$686,200	$701,800
Less: Committed Passenger Facility Charges (b)	(71,346)	(76,338)	(80,700)	(83,600)	(85,600)	(87,600)	(89,500)	(91,500)	(93,500)	(95,600)	(97,600)
Designated Passenger Facility Charges (b)	(35,336)	(38,077)	(40,100)	(41,600)	(42,500)	(43,500)	(44,500)	(45,500)	(46,500)	(47,500)	(48,500)
Total Debt Service Requirements allocated to Cost Centers	**$225,017**	**$250,068**	**$240,400**	**$237,300**	**$307,700**	**$355,100**	**$476,800**	**$530,500**	**$542,800**	**$543,100**	**$555,700**
ALLOCATION TO COST CENTERS											
Airline cost centers											
Terminal Complex	$64,103	$59,755	$42,400	$45,900	$72,000	$82,700	$183,700	$234,000	$244,400	$220,000	$207,500
Tenant Finishes and Equipment											
Landside Terminal	3,270	2,995	2,800	2,600	2,900	3,000	3,000	3,000	2,600	2,500	2,800
Concourse A	6,497	5,991	5,600	5,300	5,700	5,900	5,600	5,500	5,300	4,700	5,600
Concourse B	12,481	12,365	11,600	11,100	11,900	12,200	11,700	11,500	11,000	9,800	11,700
Concourse C	2,096	1,794	1,700	1,600	1,700	1,800	1,700	1,700	1,600	1,400	1,700
International Facilities	1,358	1,366	1,300	1,200	1,300	1,300	1,300	1,300	1,200	1,000	1,300
Loading Bridges	1,816	2,255	2,300	2,300	2,300	2,400	2,200	2,100	1,800	1,800	1,200
Common Use Terminal Equipment	265	309	300	300	300	300	200	200	100	100	--
Concourse A Commuter Facility	173	182	200	200	200	200	200	200	200	200	200
Concourse B Regional Jet Facility	1,865	1,948	1,900	1,900	2,000	2,000	1,600	1,600	4,000	4,900	1,500
Baggage Claim	640	602	500	500	500	500	400	300	500	500	400
Conventional Baggage Systems											
United	4,295	4,295	4,000	3,900	10,500	15,600	16,400	17,100	16,900	14,500	14,700
Other carriers	4,846	4,957	4,700	4,500	12,300	18,200	19,000	20,000	19,600	16,800	16,800
FIS	217	218	200	200	500	800	800	900	900	800	800
International Facilities	1,028	999	700	800	800	800	1,100	1,100	1,700	2,700	1,700
Automated Guideway Transit System	12,572	14,094	13,600	14,000	16,400	20,000	23,500	23,000	20,400	20,800	17,200
Airfield Area	30,331	29,827	35,500	28,900	42,800	50,000	50,400	48,900	53,500	77,800	111,200
Concourse Ramp Area	7,537	8,514	8,600	6,200	7,500	7,200	17,200	17,100	16,700	19,500	17,700
Fueling System	9,234	9,286	8,700	8,200	9,000	10,000	9,600	9,500	9,000	8,000	9,900
Total Airline cost centers	$164,624	$161,755	$146,600	$139,600	$200,600	$234,900	$349,600	$399,000	$411,400	$407,800	$423,900
Nonairline cost centers	58,103	86,020	91,500	95,400	107,100	120,200	127,200	131,500	131,400	135,300	131,800
United support facilities	2,290	2,293	2,300	2,300	--	--	--	--	--	--	--
Total Debt Service Requirements allocated to Cost Centers	**$225,017**	**$250,068**	**$240,400**	**$237,300**	**$307,700**	**$355,100**	**$476,800**	**$530,500**	**$542,800**	**$543,100**	**$555,700**

(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)

		Estimate		Forecast						
	Reference	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Gross Revenues										
Airline rentals, rates, fees, and charges	Exhibit C	$ 382,300	$ 386,300	$ 444,400	$ 482,300	$ 560,000	$ 595,600	$ 614,600	$ 636,400	$ 662,500
Other Airport revenues	Exhibit D	419,900	440,700	457,600	488,800	514,900	542,100	560,000	581,900	600,400
Interest income		23,700	23,800	24,100	25,800	28,100	32,400	34,400	35,400	36,600
Designated Passenger Facility Charges (a)	Exhibit E	40,100	41,600	42,500	43,500	44,500	45,500	46,500	47,500	48,500
Total Gross Revenues		$ 866,000	$ 892,400	$ 968,600	$ 1,040,400	$ 1,147,500	$ 1,215,600	$ 1,255,500	$ 1,301,200	$ 1,348,000
Operation and Maintenance Expenses										
Operating expenses	Exhibit F	$ 449,300	$ 462,200	$ 481,400	$ 501,300	$ 521,900	$ 543,500	$ 565,700	$ 589,000	$ 612,600
Variable rate bond fees		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Operation and Maintenance Expenses		$ 450,800	$ 463,700	$ 482,900	$ 502,800	$ 523,400	$ 545,000	$ 567,200	$ 590,500	$ 614,100
Net Revenues		**$ 415,200**	**$ 428,700**	**$ 485,700**	**$ 537,600**	**$ 624,100**	**$ 670,600**	**$ 688,300**	**$ 710,700**	**$ 733,900**
Other Available Funds (coverage requirement)	Exhibit G	53,900	49,900	70,700	83,100	93,200	96,400	89,400	89,200	93,500
Net Revenues plus Other Available Funds		**$ 469,100**	**$ 478,600**	**$ 556,400**	**$ 620,700**	**$ 717,300**	**$ 767,000**	**$ 777,700**	**$ 799,900**	**$ 827,400**
Less transfers to:										
Bond Fund (b)										
Designated Passenger Facility Charges		$ 40,100	$ 41,600	$ 42,500	$ 43,500	$ 44,500	$ 45,500	$ 46,500	$ 47,500	$ 48,500
Other Gross Revenues		175,200	158,000	240,100	288,900	328,400	340,000	311,100	309,300	325,500
Reserve account for FedEx project (c)		100	100	200	200	200	200	200	-	-
Reserve account for other outstanding bonds (d)		1,100	5,200	4,800	4,300	4,600	4,900	3,300	3,600	6,200
Subordinate Bond Fund										
Subordinate Bonds		64,300	77,500	65,300	62,800	142,100	158,900	198,900	200,200	195,700
Junior Lien Obligations Fund (e)										
Hotel		900	1,800	2,300	3,400	4,000	4,100	4,700	4,800	5,000
Great Hall Project		-	-	-	-	2,300	27,500	28,100	28,800	29,500
Operation and Maintenance Reserve Account		12,400	5,700	3,200	4,800	5,000	5,200	5,400	5,600	5,800
Transfer to Capital Fund		**$ 175,000**	**$ 188,700**	**$ 198,000**	**$ 212,800**	**$ 186,200**	**$ 180,700**	**$ 179,500**	**$ 200,100**	**$ 211,200**
Adjustment for hotel performance (f)		700	-	-	-	-	-	-	-	-
Adjusted transfer to Capital Fund		**$ 175,700**	**$ 188,700**	**$ 198,000**	**$ 212,800**	**$ 186,200**	**$ 180,700**	**$ 179,500**	**$ 200,100**	**$ 211,200**
Allocation of Capital Fund transfer										
Rollover to Coverage Account	Exhibit G	$ 53,900	$ 49,900	$ 70,700	$ 83,100	$ 93,100	$ 96,200	$ 89,400	$ 89,200	$ 93,500
Addition to Coverage Account (Airport portion)		-	-	4,900	12,400	10,000	3,100	-	-	-
Equipment and Capital Outlay Account										
Other equipment purchases		8,200	8,400	8,500	8,700	8,900	9,100	9,300	9,500	9,600
Set-aside for installment purchase equipment payments (g)		8,800	7,100	6,800	5,700	5,000	3,100	100	-	-
Capital Improvement Account										
Remaining balance deposit for Airport Improvements (h)		63,400	83,300	67,100	62,900	34,600	34,600	40,700	61,400	68,100
Adjustment for hotel performance (f)		700	-	-	-	-	-	-	-	-
Airline Revenue Credit Account (h)		40,000	40,000	40,000	40,000	34,600	34,600	40,000	40,000	40,000
Total allocation of Capital Fund transfer		**$ 175,000**	**$ 188,700**	**$ 198,000**	**$ 212,800**	**$ 186,200**	**$ 180,700**	**$ 179,500**	**$ 200,100**	**$ 211,200**

(a) Under a Supplemental Bond Ordinance, revenues from $1.50 of each $4.50 PFC received from eligible enplaned passengers will be included in Gross Revenues.
(b) Required 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	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL BOND ORDINANCE											
Net revenues and Other Available Funds											
Gross Revenues	Exhibit H		$ 866,000	$ 892,400	$ 968,600	$ 1,040,400	$ 1,147,500	$ 1,215,600	$ 1,255,500	$ 1,301,200	$ 1,348,000
Operation and Maintenance Expenses	Exhibit H		450,800	463,700	482,900	502,800	523,400	545,000	567,200	590,500	614,100
Net revenues			$ 415,200	$ 428,700	$ 485,700	$ 537,600	$ 624,100	$ 670,600	$ 688,300	$ 710,700	$ 733,900
Other Available Funds	Exhibit H		53,900	49,900	70,700	83,100	93,200	96,400	89,400	89,200	93,500
Total net revenues and Other Available Funds		[A]	**$ 469,100**	**$ 478,600**	**$ 556,400**	**$ 620,700**	**$ 717,300**	**$ 767,000**	**$ 777,700**	**$ 799,900**	**$ 827,400**
Debt Service Requirements	Exhibit G										
Senior Bonds		[B]	$ 215,300	$ 199,600	$ 282,600	$ 332,400	$ 372,900	$ 385,500	$ 357,600	$ 356,800	$ 374,000
Subordinate Bonds		[C]	64,300	77,500	65,300	62,800	142,100	158,900	198,900	200,200	195,700
Junior Lien Obligations			900	1,800	2,300	3,400	6,300	31,600	32,800	33,600	34,500
Total Debt Service Requirements		[D]	**$ 280,500**	**$ 278,900**	**$ 350,200**	**$ 398,600**	**$ 521,300**	**$ 576,000**	**$ 589,300**	**$ 590,600**	**$ 604,200**
Debt service coverage on Senior Bonds		[A/B]	**218%**	**240%**	**197%**	**187%**	**192%**	**199%**	**217%**	**224%**	**221%**
Debt service coverage on Senior Bonds and Subordinate Bonds		[A/(B+C)]	**168%**	**173%**	**160%**	**157%**	**139%**	**141%**	**140%**	**144%**	**145%**
Debt service coverage on Senior Bonds, Subordinate Bonds, and Junior Lien Obligations		[A/D]	**167%**	**172%**	**159%**	**156%**	**138%**	**133%**	**132%**	**135%**	**137%**

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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. See also "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for certain proposed amendments to the definitions.

"*Additional Parity Bonds*" means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2017A-B 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.

"*Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund," created in the Senior Bond Ordinance.

"*Bond Requirements,*" with respect to Senior Bonds, for any period means the Debt Service Requirements payable during such period, excluding the amount of any Obligations payable (or for which reserves are required to be deposited) during such period.

"*Bond Reserve Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund," created under the Senior Bond Ordinance.

"*Bonds*" 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.

"*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.

"*Chief Financial Officer*" means the Chief Financial Officer and *ex-officio* Treasurer of the City appointed by the Mayor, currently being the Manager of Finance.

"*City*" means the City and County of Denver, Colorado.

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

"*City Council*" means the City Council of the City.

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

"*Committed Passenger Facility Charges*" means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

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

"*Cost*" means the City's costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) he costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

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

"*Credit Facility*" means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of 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: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided 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; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate 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.

"*Department of Aviation*" or "*Department*" means the Department of Aviation of the City and its successor in functions, if any.

"*Designated Passenger Facility Charges*" mean amounts received by the City from the PFCs approved by the FAA by letter dated January 30, 2001, excluding the Committed Passenger Facility Charges, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues. Designated Passenger Facility Charges also include such additional charges as provided for in any written notice from the Manager to the Treasurer.

"*DTC*" means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2017A-B 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 General Bond Ordinance or the Series 2017 Supplemental Ordinance.

"*Facilities*" or "*Airport Facilities*" means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

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

"*First PFC Application*" means the City's 1992 PFC Application as amended by the FAA in October 2000.

"*Fiscal Year*" means the 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.

"*General Bond Ordinance*" means the General Bond Ordinance passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2017 Supplemental Ordinance.

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

"*Hedge Facility*" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction entered into by the City, for and on behalf of the Department, and a Hedge Provider, which is intended to be integrated with and to convert or limit the interest rate on any Senior Bonds.

"*Hedge Facility Obligations*" means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of 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 Bonds, and (iv) free and clear from all third-party liens.

"*Hedge Termination Payment*" means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

"*Independent Accountant*" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

"*Interest Account*" means the special and separate subaccount within the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Interest Account," created under the Senior Bond Ordinance.

"*Interest Payment Date*" means, with respect to the Series 2017A-B Bonds, each November 15 and May 15, commencing May 15, 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 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.

"*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 the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it will be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined is not to be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."*

"*Minimum Operation and Maintenance Reserve*" means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Rent Lease*" means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."*

"*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.

"*Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to 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.

"*Ordinance*" means the General Bond Ordinance of the City passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by:

(1) Supplemental Ordinances authorizing the issuance of Senior Bonds, including the Series 2017 Supplemental Ordinance;

(2) certain Supplemental Ordinances amending specific provisions of the General Bond Ordinance that are included in the descriptions of the Ordinance set forth in this Official Statement, including in Appendices A and B; and

(3) certain Supplemental Ordinances amending provisions of the General Bond Ordinance relating to PFC Revenues as described in this Official Statement.

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

"*Outstanding*" when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds have been executed and delivered; and, (d) except any Bonds held as Bank Bonds (as defined in any related Supplemental Ordinance), any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City 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-B Bonds, initially being ZB, National Association dba Zions Bank, Denver, Colorado, and any successor or assign thereof for the Series 2017A-B Bonds.

"*PFC Debt Service Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Debt Service Account," created under the Senior Bond Ordinance.

"*PFC Fund*" means the special and separate account designated as the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund," created under the Senior Bond Ordinance.

"*PFC Project Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Project Account," created under the Senior Bond Ordinance.

"*PFC Supplemental Ordinances*" means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

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

"*Principal Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Principal Account," created under the Senior Bond Ordinance.

"*Project Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

"*Proposed Amendments*" means the proposed amendments to the Senior Bond Ordinance as set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

"*Purchase Price*" means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

"*Rating Agencies*" means any of Moody's, S&P or Fitch then maintaining ratings on any of the Bonds at the request of the City.

"*Redemption Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Redemption Account," created under the Senior Bond Ordinance.

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

"*Redemption Price*" means, when used with respect to a current interest Bond, the principal amount thereof, plus the applicable premium, if any, payable on a Redemption Date, or when used with respect to a Capital Appreciation Bond, the accreted value, plus the applicable premium, if any, payable on a Redemption Date.

"*Refunding Bonds*" means any 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 2017A-B 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 which are due absent any termination, default or dispute in connection with such Hedge Facility.

"*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.

"*Second PFC Application*" means the City's PFC application which was approved by the FAA in January 2001.

"*Securities Depository*" means DTC, designated as the depository for the Series 2017A-B Bonds, and includes any nominee or successor thereof.

"*Senior Bond Ordinance*" means the Ordinance, as amended and supplemented by any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2017 Supplemental Ordinance.

"*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 2007A Bonds*" means the Airport System Revenue Bonds, Series 2007A, issued on August 29, 2007, in the original aggregate principal amount of $188,350,000, pursuant to Ordinance No. 375, Series of 2007, and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007C Bonds*" means the Airport System Revenue Bonds, Series 2007C, issued on August 29, 2007, in the original aggregate principal amount of $34,635,000, pursuant to Ordinance No. 376, Series of 2007, and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007D Bonds*" means the Airport System Revenue Bonds, Series 2007D, issued on August 29, 2007, in the original aggregate principal amount of $147,815,000, pursuant to Ordinance No. 415, Series of 2007, and additionally secured by municipal bond insurance constituting a Credit Facility.

"*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 the 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 the 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 the 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, in the original aggregate principal amount of $254,225,000.00, offered pursuant to this Official Statement.

"*Series 2017B Bonds*" means the Airport System Revenue Bonds, Series 2017B, in the original aggregate principal amount of $21,280,000.00, offered pursuant to this Official Statement.

"*Series 2017A-B Bonds*" means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

"*Series 2017 Supplemental Ordinance*" means Ordinance No. 17-1223, Series of 2017, cited as the "Series 2017 Airport System Supplemental Bond Ordinance," as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2017A-B Bonds.

"*Sinking Fund Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," created under the Senior Bond Ordinance.

"*Special Facilities*" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

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

"*Stapleton*" means the site of the former Stapleton International Airport, which is part of the Airport System.

"*State*" means the State of Colorado.

"*Subordinate Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund," created under the Senior Bond Ordinance.

"*Subordinate Bond Ordinance*" means 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.

"*Subordinate Bond Requirements*" means for any period the Subordinate Debt Service Requirements payable during such 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 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 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 Debt Service Requirements*" for any period means the sum of: (i) the amount required to pay the interest on any Subordinate Bonds during such period; (ii) 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 (iii) 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, shall 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 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 Subordinate Bond Ordinance, Subordinate Bonds and Subordinate 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 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 shall be 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 shall 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 shall be 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 shall be 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 set forth below in provision (h) of this definition and (ii) which the City designates in the Supplemental Subordinate Bond Ordinance authorizing such series or obligation shall be treated as a Balloon Maturity, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, shall 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 shall be included in the calculation unless provision (g) of this definition then applies to such maturity; (f) if all or any portion of an outstanding series of 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 shall, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, 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 shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such 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 shall be assumed to be paid in accordance with an amortization schedule established by the applicable Supplemental Subordinate Bond Ordinance or shall be treated as described in such other provision of this definition as shall be applicable; (g) any maturity of Subordinate Bonds or Subordinate Obligations that is designated by the City as 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 Subordinate 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 Subordinate 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; (h) for purpose of this definition: "Balloon Maturity" means, with respect to any series of Subordinate Bonds or Subordinate Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable in any Fiscal Year, that portion of that series or obligation which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Subordinate Bonds or 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 shall not be Balloon Maturities for purposes of this Instrument; "Regularly Scheduled Hedge Payments" means the regularly scheduled payments under the terms of a Subordinate Hedge Facility which are due absent any termination, default or dispute in connection with such Subordinate Hedge Facility; and "Short-Term/Demand Obligations" means each series of Subordinate Bonds or Subordinate Obligations issued or incurred pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Subordinate Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance or incurrence 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 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 Subordinate Credit Facility; and (i) 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 shall 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.

"*Supplemental Ordinance*" means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

"*Treasurer*" means the City's Manager of the Department of Finance, Chief Financial Officer, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

"*Underwriters*" means, with respect to the Series 2017A-B 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

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinances and, in certain cases, the Subordinate Bond Ordinance and the Junior Lien Bond Ordinance, and are in addition and complementary to the summary found under "THE SERIES 2017A-B BONDS."

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Description of the Bonds

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2017A-B Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided in the Senior Bond Ordinance, is a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest will accrue for the period after such nominal date.

Bonds 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 there have not been deposited moneys in the Redemption Account or to an Escrow Account available for payment pursuant to the Senior Bond Ordinance and sufficient to redeem all of the 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, and if notice of redemption has been duly given, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be Outstanding.

Additional Parity Bonds

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

(a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, 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 subsections (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 in subparagraphs (a) through (c) above.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

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

The Airport System Fund

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

Application of Revenues

So long as any Senior 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 to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any supplemental ordinance pursuant to the Subordinate Bond Ordinance or other instrument;

(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 (i) 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 the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

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

In addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

PFC Fund

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2018, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, have been or are to be irrevocably committed under the PFC Supplemental Ordinances to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2018, inclusive:

2012	$128,188,000
2013	132,673,000
2014	132,673,000
2015	132,673,000
2016	132,673,000
2017	132,673,000
2018	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2018, are to be credited to the PFC Project Account.

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

The PFC Supplemental Ordinances are applicable only to the Passenger Facility Charges, as defined therein.

Notwithstanding the provisions of the PFC Supplemental Ordinances relating to the use of Passenger Facility Charges in excess of the Committed Passenger Facility Charges, Designated Passenger Facility Charges are to be included in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2018, inclusive, and are to continue to be included in Gross Revenues of the Airport System each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to continue to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for

Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in clause (1) above are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence have been irrevocably committed to pay Debt Service Requirements on such identified Bonds and are to be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance.

Project Fund

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such 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, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the required Airport Consultant’s opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

Investments

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. 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

When all principal, interest, and any prior redemption premiums due in connection with the Bonds have been duly paid, or provision made therefor in accordance with the Senior Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Bonds will thereby terminate, become void and be discharged and satisfied.

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

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

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

This provision would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Modification of the Senior Bond Ordinance

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Events of Default

The Senior Bond Ordinance provides that each of the following events is an "Event of Default": (a) the City's failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the City's failure to perform (or 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.

Remedies of Owners of Bonds

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by 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, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

Covenant Against Competing Facilities

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

Corporate Existence

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

Disposal of Airport Property

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

Tax Covenant

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any of the Series 2017A-B 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 Series 2017A-B 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 Series 2017A-B Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Series 2017A-B Bonds to be included in gross income for federal income tax purposes.

Miscellaneous

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

Series 2017 Supplemental Ordinance

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2017A-B 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

PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2017A-B Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of UMB Bank, n.a. as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance." ***The Proposed Amendments are shown in blackline.***

DEFINITIONS — SECTION 102 A.

The following definitions are to be amended to read as follows:

(8.1) "Balloon Maturities" means, with respect to any series of Bonds or other Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, that portion of that series which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Bonds or other Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument.

(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

(47) "Minimum Bond Reserve" means **(i) so long as any Bonds issued prior to August 1, 2000 are Outstanding,** the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding, **and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain**

Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short-Term/Demand Obligations. With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~**(x) such** series of Bonds matures over a ~~twenty~~**thirty**-year term date from its date of issuance, ~~(ii) bears~~**(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~**(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

(50) "Net Rent Lease" means a lease **or license** of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals **or other payments** during the term thereof **for the use of certain facilities**, and to pay in addition all operation and maintenance expenses relating to ~~the leased~~ **such** facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

(56.1) "Other Defeasance Securities" means any type of security or obligation, in addition to Federal Securities, that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category of, or are otherwise approved by, such Rating Agencies; provided that such security or obligation must be a permitted investment under the City's investment policy as then in effect.

(58) The terms "owner" or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book-entry form**; provided that with respect to any series of Bonds which is insured by a bond insurance policy, the term "owner" for purposes of all consents, directions, and notices provided for in this Instrument and any applicable Supplemental Ordinance, shall mean the issuer of such bond insurance policy so long as such policy issuer has not defaulted under its policy.**

(71.2) "Released Revenues" means revenues of the Airport System in respect of which the following have been filed with the Clerk:

(a) a certificate of the Manager describing such revenues and requesting that such revenues be excluded from the term Gross Revenues;

(b) either (i) an Independent Accountant's certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager's request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an Airport Consultant's certificate containing the estimates required by Section 704B, to the effect that, based upon reasonable assumptions, projected Net

Revenues for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager's certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, 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.

Upon filing of such documents, the revenues described in the Manager's certificate shall no longer be included in Gross Revenues and shall be excluded from the pledge and lien of this Instrument.

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

(77) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to art. VIII hereof. **The Cost of any Special Facilities may include the types of costs included herein under the definition of "Cost," and may also include indirect costs for improvements to other parts of the Airport System or public utilities and other infrastructure not owned by the City that the Manager deems necessary and desirable in connection with such Special Facilities.**

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to

become due shall be included in the calculation unless provision (g) of this definition 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.

(g) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

The following new subparagraph (i) is to be added to the definition of "Gross Revenues":

(i) Any Released Revenues in respect of which there have been filed with the Clerk a Manager's certificate, an Airport Consultant's certificate, and an opinion of Bond Counsel and the other documents contemplated in the definition of "Released Revenues."

OTHER PROVISIONS

The last paragraph of Section 603 (Deposition and Investment of Moneys) is to be amended to read as follows:

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

A new Section 709 is to be added as follows:

Section 709. Contract Obligations.

The City or the City for and on behalf of the Department may incur Contract Obligations for any Improvement Project or Refunding Project. Such Contract Obligations shall be incurred pursuant to a Supplemental Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Contract Obligations; (ii) shall provide the terms and conditions of such Contract Obligations; (iii) shall provide for the payment of such Contract Obligations; and (iv) may provide for such other matters as the Manager and the City shall determine. Prior to the incurrence of any Contract Obligations there shall be filed with the Clerk the certificates, opinions and reports described in subsections B and C of Section 704 hereof; provided that for the purposes of such certificates, opinions and reports Contract Obligations shall be treated, as nearly as practicable, as Bonds.

A New Section 806 is to be added as follows:

Section 806. Loan Agreements for Special Facilities Bonds.

In connection with Special Facilities to be used by one or more person, in lieu of a Net Rent Lease the City may also enter into a loan or financing Agreement under which the user or users of the Special Facilities agree to pay all expenses of operation and maintenance and to make payments sufficient to pay the principal of, interest on, and any redemption premium due in connection with Special Facilities Bonds to be issued by the City to finance such Special Facilities. Except for ground rentals or payments in lieu of ground rentals to be received by the City, all or part of the payments to be made under such loan or financing agreement may be assigned by the City to secure the payment of Special Facilities Bonds issued by the City to finance such Special Facilities.

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

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

A new Section 1106 is to be added as follows:

Section 1106. Notice to Ratings Agencies.

The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

F. Prejudicial Modification. ~~Modifications~~ **Other modifications** materially and prejudicially affecting the rights of the owners of ~~any~~ **some (but not all)** Bonds then Outstanding.

OTHER CHANGES

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

* * *

APPENDIX E

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 2017A-B 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 2017A-B Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2017A-B Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2017A-B Bonds. The Series 2017A-B 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 2017A-B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2017A-B 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 2017A-B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A-B 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 2017A-B 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 2017A-B Bonds except in the event that use of the book-entry system for the Series 2017A-B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017A-B 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 2017A-B 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 2017A-B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A-B 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 2017A-B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017A-B Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2017A-B Bonds may wish to ascertain that the nominee holding the Series 2017A-B 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 2017A-B Bonds within a maturity of the Series 2017A-B 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 2017A-B 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 2017A-B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B 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 2017A-B Bonds. In that event, certificates representing the Series 2017A-B Bonds will be printed and delivered to DTC.

* * *

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APPENDIX F

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2016 AND 2015

This appendix includes the following sections from the 2015 and 2016 Annual Financial Reports of the Airport System: Independent Auditors' Report (pages 7, 8, and 9); Management's Discussion and Analysis (pages 10 through 21); Financial Statements and Notes thereto (pages 22 through 60); and Supplemental Information (pages 61 through 68). The Introduction (pages 1 through 6) and Annual Financial Information (unaudited) (pages 69 through 74) have not been included but are available from the sources set forth in "Request for Information" on page 21 of this appendix.

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City and County of Denver
Municipal Airport System

ANNUAL FINANCIAL REPORT

December 31, 2016 and 2015

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BKD LLP
CPAs & Advisors

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303.861.4545 // fax 303.832.5705 // bkd.com

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, 2016 and 2015 and the related notes to 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.

Audit Committee
City and County of Denver

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows 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, 2016 and 2015, 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 benefit 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 an opinion on the financial statements that collectively comprise the Airport System's basic financial statements. The information 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
May 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016 and 2015

Management's Discussion and Analysis (MD&A)

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, 2016 and 2015. 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 $742.5 million, an increase of $55.0 million, or 8.0%, for the year ended December 31, 2016, as compared to the year ended December 31, 2015. The increase in revenue was primarily driven by hotel revenues due to the 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.

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 the year ended December 31, 2015. The increase over the prior year was driven by the inclusion of a full year of operational expenses from the hotel, personnel expenses, and an increase in contractual services related to snow removal expenses and key professional services. These increases were offset by a reduction in repair and maintenance projects.

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.

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., 2016, 2015, and 2014). During 2015, the Airport adopted GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Financial information for 2014 has not been adjusted for adoption of GASB 68.

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, 2016, 2015, and 2014 ($ in thousands):

	2016	Percentage Change	2015	Percentage Change	2014
Operating revenues	$ 742,529	8.0%	$ 687,536	(3.4%)	$ 711,491
Operating expenses, before depreciation and amortization	(469,810)	7.5%	(436,803)	5.6%	(413,563)
Operating income before depreciation and amortization	272,719	8.8%	250,733	(15.8%)	297,928
Depreciation and amortization	(179,692)	9.8%	(163,714)	(10.8%)	(183,560)
Operating income	93,027	6.9%	87,019	(23.9%)	114,368
Nonoperating revenues	174,074	(7.1%)	187,437	11.7%	167,803
Nonoperating expenses	(161,966)	(9.2%)	(178,331)	0.9%	(176,816)
Capital grants and contributions	3,553	(82.7%)	20,483	(0.2%)	20,533
Increase (decrease) in net position	108,688	(6.8%)	116,607	(7.4%)	125,888
Net position, beginning of year	725,453	19.2%	608,845 *	6.2%	573,524
Net position, end of year	$ 834,141	15.0%	$ 725,453	3.7%	$ 699,412

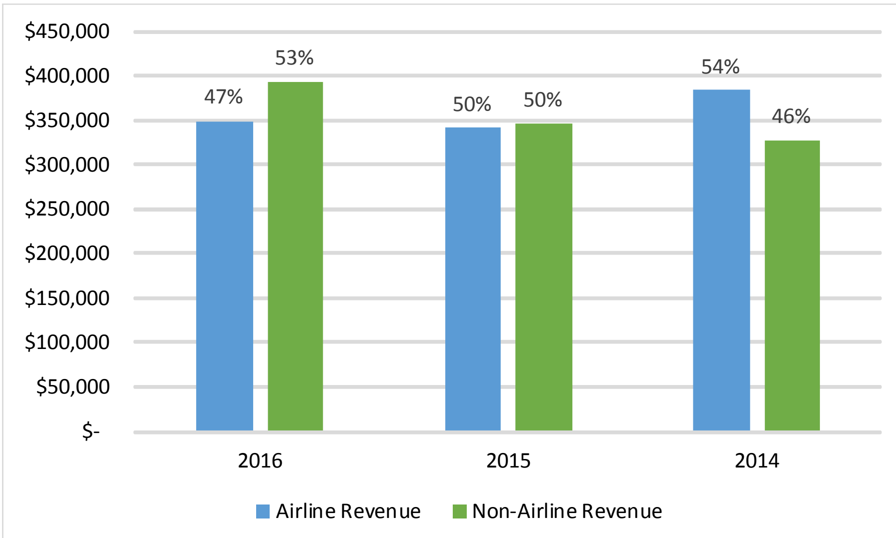
* Restated for GASB 68

The following is a summary of operating revenues for the years ended December 31, 2016, 2015, and 2014 ($ in thousands):

	2016	Percentage Change	2015	Percentage Change	2014
Operating revenues:					
Airline Revenue					
Facility rentals	$ 198,407	2.3%	$ 194,004	(17.7%)	$ 235,774
Landing fees	150,850	2.4%	147,379	(0.3%)	147,840
Total airline revenue	349,257	2.3%	341,383	(11.0%)	383,614
Non-Airline Revenue					
Parking	176,949	(0.9%)	178,478	6.3%	167,851
Concession	67,408	13.0%	59,677	6.8%	55,863
Car rental	66,727	2.2%	65,309	9.5%	59,655
Hotel	43,262	1,249.7%	3,205	-	-
Aviation fuel tax	18,892	(2.9%)	19,458	(26.0%)	26,298
Ground Transportation	10,594	9.6%	9,669	30.2%	7,427
Other sales and charges	9,440	(8.9%)	10,357	(3.9%)	10,783
Total non-airline revenue	393,271	13.6%	346,153	5.6%	327,877
Total operating revenues	$ 742,529	8.0%	$ 687,536	(3.4%)	$ 711,491

Percentage of Total Operating Revenues

($ in thousands)



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, 2016, as compared to the year ended December 31, 2015.

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)	231	273	(15.5%)

(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

2015/2014

Total airline revenues at the airport were $341.4 million, a decrease of ($42.2 million), or (11.0%), for the year ended December 31, 2015, as compared to the year ended December 31, 2014.

Facility rentals decreased by ($41.8) million, or (17.7%), due to rental rates and space adjustments.

Landing fees decreased by ($0.5) million, or (0.3%), due to reduced airfield expenses.

Total non-airline revenues at the airport were $346.2 million, an increase of $18.3 million, or 5.6%, for the year ended December 31, 2015, as compared to the year ended December 31, 2014.

Parking revenue increased by $10.6 million, or 6.3%, due to an increase in daily rates in the garages, the economy lots, and valet on August 15, 2014 along with a higher percentage of O&D passengers.

Concession revenues between 2015 and 2014 increased $3.8 million, or 6.8%, due to the openings of new locations along with fewer locations closed for remodeling.

Car rental revenue increased by $5.6 million, or 9.5%, due to strong industry pricing and an increase in O&D passengers.

Hotel revenue is a new revenue source for the Airport with the opening of the Westin hotel on November 19, 2015. The 2015 hotel revenue was $3.2 million.

Aviation fuel tax decreased in 2015 by ($6.8) million, or (26.0%), due to economic conditions with a decrease in the price of fuel during the year.

Ground Transportation increased $2.2 million, or 30.2%, due to an increase in ground transportation rates as well as an increase in O&D passenger traffic.

Other sales and charges decreased by ($0.4) million, or (4.0%), primarily due to decreases in oil and gas royalties.

The Airport's activities changed as described below for the year ended December 31, 2015, as compared to 2014:

	2015	2014	Percentage Change
Passengers (in thousands)	54,015	53,473	1.0%
Enplanements (in thousands)	27,019	26,737	1.1%
Landed Weight (in millions)	30,055	30,351	(1.0%)
Aircraft Operations (in thousands)(1)	548	575	(4.7%)
Cargo (in thousand tons)	273	260	5.0%

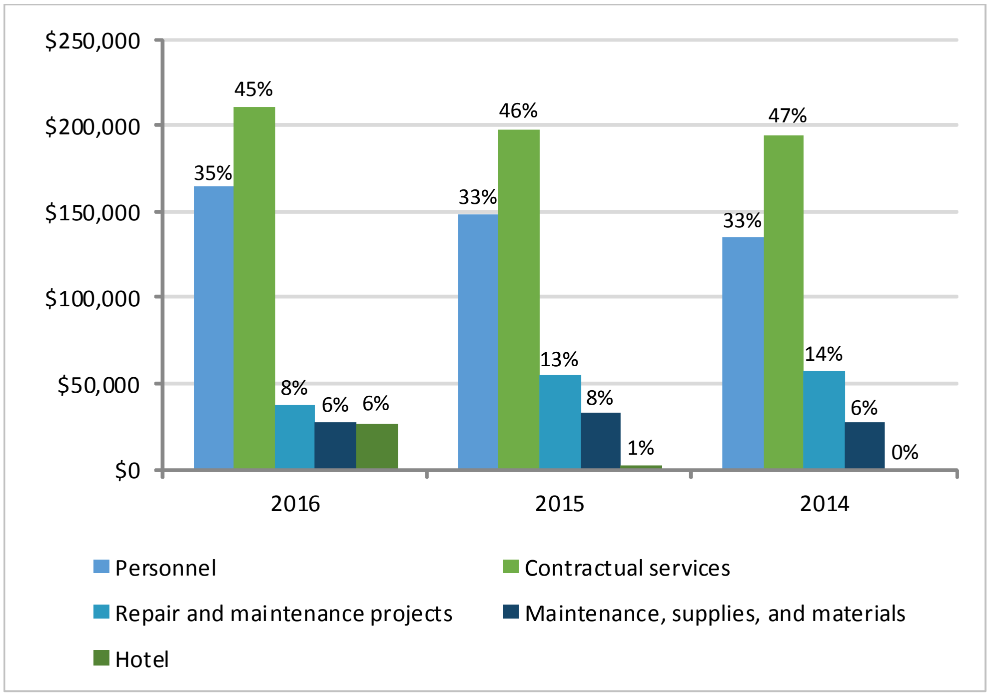
(1) Aircraft operations are takeoffs, landings, or other communications with the control tower.

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2016, 2015, and 2014 ($ in thousands):

	2016	Percentage Change	2015	Percentage Change	2014
Operating expenses before depreciation and amortization					
Personnel services	$ 165,114	11.2%	$ 148,518	10.3%	$ 134,699
Contractual services	212,699	7.7%	197,459	1.4%	194,712
Repair and maintenance projects	37,514	(32.2%)	55,358	(3.0%)	57,049
Maintenance, supplies and materials	27,547	(16.3%)	32,911	21.4%	27,103
Hotel	26,936	953.5%	2,557	-	-
Total operating expenses before depreciation and amortization	$ 469,810	7.5%	$ 436,803	5.6%	$ 413,563

Percentage Total Operating Expenses before Depreciation and Amortization

($ in thousands)



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.

2015/2014

Operating expenses, exclusive of depreciation and amortization, were $436.8 million for the year ended December 31, 2015, an increase of $23.2 million, or 5.6%, as compared to year ended December 31, 2014.

Personnel services increased $13.8 million, or 10.3%, in 2015, primarily due to annual salary increases and benefits along with additional FTEs due to new facilities.

Contractual services increased by $2.7 million, or 1.4%, driven primarily by snow removal related expenses, glycol, conveyances, utilities, and computer software subscriptions.

Repair and maintenance decreased by ($1.7) million, or (3.0%), due to a major airfield rehabilitation project that qualified for capitalization.

Maintenance, Supplies and Materials increased by $5.8 million, or 21.4%. This was due to increased spend on computer equipment and snow related chemicals.

Hotel expenses is a new expense category for the Airport with the opening of the Westin hotel on November 19, 2015. The 2015 hotel expenses were $2.6 million.

Non-Operating Revenues and Expenses, Capital Grants and Capital Contributions

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.

2015/2014

Total non-operating revenues, net of non-operating expenses, increased by $18.1 million in 2015. The increase was primarily due to an increase in land sales proceeds related to the redevelopment of the former Stapleton International Airport site.

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

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, 2016, 2015, and 2014 ($ in thousands):

	2016	Percentage Change	2015	Percentage Change	2014
Assets:					
Current assets, unrestricted	$ 145,483	18.8%	$ 122,471	(30.3%)	$ 175,656
Restricted assets, current	130,032	25.9%	103,272	(36.7%)	163,207
Noncurrent investments	650,222	(14.1%)	757,338	3.5%	731,523
Long-term receivables	7,041	(32.4%)	10,410	(4.3%)	10,876
Capital assets, net	3,538,597	1.6%	3,482,899	4.3%	3,340,329
Bond insurance costs, net	1,725	(43.7%)	3,063	(24.8%)	4,072
Interest rate swaps	33,206	(28.3%)	46,282	(0.8%)	46,656
Investments - restricted	703,670	(11.3%)	793,556	(11.7%)	899,008
Total assets	5,209,976	(1.9%)	5,319,291	(1.0%)	5,371,327
Deferred outflows of resources	197,481	(5.7%)	209,432	(3.5%)	217,098
Liabilities:					
Current liabilities, unrestricted	159,342	9.2%	145,944	21.6%	119,983
Current liabilities, restricted	215,148	(15.0%)	253,178	6.2%	238,363
Bonds payable, noncurrent	3,865,703	(5.0%)	4,070,819	(5.1%)	4,289,099
Interest rate payable swaps, noncurrent	154,486	(21.5%)	196,761	(9.3%)	216,834
Notes payable, noncurrent	11,193	(8.1%)	12,184	(20.6%)	15,347
Compensated absences payable, noncurrent	7,204	7.0%	6,734	7.0%	6,295
Net pension liability	158,033	37.4%	115,000	-	-
Total liabilities	4,571,109	(4.8%)	4,800,620	(1.7%)	4,885,921
Deferred Inflows of Resources	2,207	(16.7%)	2,650	(14.3%)	3,092
Net Position (deficit):					
Net investment in capital assets	(392,998)	(37.2%)	(626,147)	(14.3%)	(730,285)
Restricted	614,644	(8.1%)	669,009	0.5%	665,439
Unrestricted	612,495	(10.2%)	682,591	(10.7%)	764,258
Total net position	$ 834,141	15.0%	$ 725,453	3.7%	$ 699,412

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, 73.6% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $604.5 million for debt service and $10.2 million for capital projects, respectively.

At December 31, 2016, the remaining net position of $612.5 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, ($393.0) 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.

2015/2014

Total assets decreased by ($52.0) million in 2015 compared to 2014. This was primarily due to a decrease in cash and investments of ($175.7) million offset by an increase in capital assets of $299.6 million related to the construction of the hotel and transit center and depreciation of $157.0 million.

Total deferred outflows of resources decreased by ($7.7) million due to the changes in fair value of effective hedging derivatives due to amortization of deferred losses on refunding partially offset by an addition of $20.8 million due to the adoption of GASB 68.

Total liabilities decreased by ($85.3) million in 2015 compared to 2014. This decrease was primarily attributed to the reduction of bond debt of ($195.9) million offset by an addition of pension liabilities of $115.0 million related to the adoption of GASB 68.

Total deferred inflows of resources decreased by the amortization of deferred gains on refunding.

Of the Airport's 2015 total net position, 92% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $636.5 million for debt service and $32.5 million for capital projects, respectively.

At December 31, 2015, the remaining net position of $682.6 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, ($626.1) 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

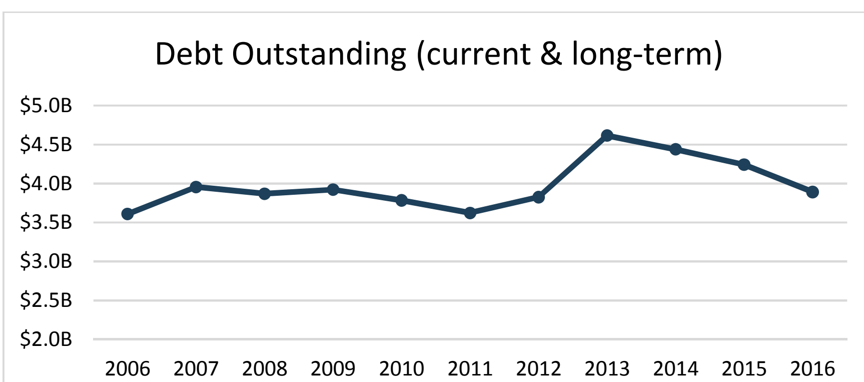
As of December 31, 2016 and 2015, the Airport had approximately $3.9 and $4.1 billion, respectively, in outstanding bonded debt (exclusive of deferred loss on bonds and unamortized premiums), both senior and subordinate, paying fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $365.2 million in 2016.

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 three agencies giving 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, 2016 and 2015 were 173% and 184% of total debt service, respectively.

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.

On November 20, 2015, the Airport issued $195,940,000 of Series 2015A Bonds in a fixed rate mode to refund all of the outstanding Series 2005A Bonds via direct placement with Bank of America, resulting in a net present value savings of approximately $38 million.



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 31, 2016 and 2015, the Airport had capital assets of approximately $3.5 billion. These amounts are net of accumulated depreciation of approximately $3.1 billion and $2.9 billion, respectively.

The Hotel and Transit Center Program consisting of a variety of projects which are, in part, under construction made up of three independent, yet physically integrated projects, which include the design and construction of:

> Westin Hotel and Conference Center: Hotel with 519 rooms, conference center space for meetings, banquets, conventions and trade shows, full service restaurant, full gym and indoor pool. The hotel has been fully operational since November 19, 2015.
>
> Public Plaza: A connection of the hotel and transit center to the Jeppesen Terminal that also provides a venue for programs and events where passengers and visitors can find entertainment, relaxation, art, and restaurants. The plaza was officially opened to the public on November 19, 2015.
>
> Public Transit Center: Aviation commuter rail station with trains connecting the Airport with Denver's Union Station as part of the Regional Transportation District's east rail line under construction by Denver Transit Partners. This portion of the program was under construction as of December 31, 2015 with completion and initiation of rail service on April 22, 2016.

The Airport is in the process of developing a new capital program for the years 2017 through 2021 (the "Preliminary 2017-2021 Capital Program"). The Airport's last adopted capital program was developed in 2012-2013 for the period 2013-2018. Major projects completed in 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 Preliminary 2017-2021 Capital Program is expected to include a preliminary list of projects with a total cost of approximately $1.5 billion, which include the Great Hall Revitalization, Concourse A Gate Expansion and airfield improvements. In addition, the Airport may undertake additional demand responsive projects that would include improvements/expansion of Airport Facilitates.

Construction Commitments: As of December 31, 2016, the Airport had outstanding contractual construction and professional services commitments of approximately $82.9 million.

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, 2016, a total of $1.9 billion has been remitted to the Airport, (including interest earned), of which $106.2 million has been expended on approved projects. $1.7 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $28.2 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

Operating Income
($ in thousands)

	2016 Budget	2016 Actual	% Over / (Under)	2015 Budget	2015 Actual	% Over / (Under)
Operating Revenues						
Airline Revenues	$ 367,900	$ 349,257	(5.1%)	$ 342,313	$ 341,383	(0.3%)
Other Operating Revenues	350,084	393,271	12.3%	345,758	346,153	0.1%
Total Operating Revenues	717,984	742,529	3.4%	688,071	687,536	(0.1%)
Total Operating Expenses*	448,177	432,296	(3.5%)	401,678	381,445	(5.0%)
Total Operating Income	$ 269,807	$ 310,233	15.0%	$ 286,393	$ 306,091	6.9%

*Operating expenses exclusive of repair and maintenance of projects

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, City indirect costs savings, as well as savings in snow removal chemicals.

2015

Actual operating revenues at the Airport were $687.5 million, a decrease of ($0.5) million, or (0.1%) less than the budget of $688.1 million, for the year ended December 31, 2015. The decrease in revenue was primarily driven by lower landing fees due to reduced airfield expenses, lower facility rentals due to changes in leased space and lower aviation fuel tax receipts due to a decrease in the price of fuel during the year.

Operating expenses were under budget primarily due to vacant positions, AGTS contractual savings, and City indirect costs savings.

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.

City and County of Denver
Municipal Airport System

STATEMENTS OF NET POSITION

December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$ 32,321	$ 29,529
Investments	54,295	35,334
Accounts receivable [1]	37,808	39,282
Due from other City agencies		61
Accrued interest receivable	6,496	6,815
Customer facility charges receivable	3,127	498
Inventories	10,716	9,630
Prepaid expenses and other	720	1,322
Total current unrestricted assets	145,483	122,471
Restricted assets:		
Cash and cash equivalents	45,373	48,957
Investments	58,758	37,024
Accrued interest receivable	770	1,100
Prepaid expenses and other	6,363	4,920
Grants receivable	557	2,116
Passenger facility charges receivable	18,211	9,155
Total current restricted assets	130,032	103,272
Total current assets	275,515	225,743
Noncurrent assets:		
Investments	650,222	757,338
Long-term receivables, net of current portion	7,041	10,409
Capital assets:		
Buildings	2,768,396	2,315,457
Improvements other than buildings	2,491,597	2,422,915
Machinery and equipment	859,589	814,248
	6,119,582	5,552,620
Less accumulated depreciation and amortization	(3,076,221)	(2,920,389)
	3,043,361	2,632,231
Art	6,841	5,330
Capacity rights	12,400	12,400
Construction in progress	180,693	537,636
Land, land rights and air rights	295,302	295,302
Total capital assets	3,538,597	3,482,899
Prepaid bond insurance, net of accumulated amortization	1,725	3,063
Interest rate swaps	33,206	46,282
Investments - restricted	703,670	793,556
Total noncurrent assets	4,934,461	5,093,547
Total assets	5,209,976	5,319,290
Deferred Outflows of Resources	197,481	209,432

[1] Accounts receivable net of allowance for doubtful accounts of $236 and $328, respectively.

STATEMENTS OF NET POSITION

December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Liabilities		
Current liabilities:		
Unrestricted		
Vouchers payable	$ 60,767	$ 56,644
Due to other City agencies	8,124	5,497
Compensated absences payable	2,299	2,338
Other liabilities	16,421	15,307
Revenue credit payable	40,000	40,000
Advance rent	31,730	26,158
Total current unrestricted liabilities	159,341	145,944
Restricted		
Vouchers payable	5,837	23,479
Retainages payable	9,670	20,665
Accrued interest	21,543	24,496
Notes payable	3,552	4,893
Other liabilities	4,502	9,095
Revenue bonds	170,045	170,550
Total current restricted liabilities	215,149	253,178
Total current liabilities	374,490	399,122
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,720,850	3,941,940
Plus: net unamortized premiums	144,853	128,879
Total bonds payable, noncurrent	3,865,703	4,070,819
Interest rate swaps	154,486	196,761
Notes payable	11,193	12,184
Compensated absences payable	7,204	6,733
Net pension liability	158,033	115,000
Total noncurrent liabilities	4,196,619	4,401,497
Total liabilities	4,571,109	4,800,619
Deferred Inflows of Resources	2,207	2,650
Net Position		
Net investment in capital assets (deficit)	(392,998)	(626,147)
Restricted for:		
Capital projects	10,153	32,479
Debt service	604,491	636,529
Unrestricted	612,495	682,592
Total net position	$ 834,141	$ 725,453

See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Operating revenues:		
Facility rentals	$ 198,407	$ 194,004
Concession	67,408	59,677
Parking	176,949	178,478
Car rental	66,727	65,309
Landing fees	150,850	147,379
Aviation fuel tax	18,892	19,458
Hotel	43,262	3,205
Ground Transportation	10,594	9,669
Other sales and charges	9,440	10,357
Total operating revenues	742,529	687,536
Operating expenses:		
Personnel	165,114	148,518
Contractual services	212,699	197,459
Repair and maintenance projects	37,514	55,358
Maintenance, supplies and materials	27,547	32,911
Hotel	26,936	2,557
Total operating expenses, before depreciation and amortization	469,810	436,803
Operating income before depreciation and amortization	272,719	250,733
Depreciation and amortization	179,692	163,714
Operating income	93,027	87,019
Nonoperating revenues (expenses):		
Passenger facility charges	114,230	106,006
Customer facility charges	19,884	18,598
Investment income	39,274	40,648
Interest expense	(156,481)	(169,413)
Operating grants	686	622
Other revenues (expenses)	(5,485)	12,645
Total nonoperating expenses, net	12,108	9,106
Change in net position before capital grants and contributions	105,135	96,125
Capital grants	3,553	20,483
Change in net position	108,688	116,608
Net position, beginning of year	725,453	608,845
Net position, end of year	$ 834,141	$ 725,453

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Cash flows from operating activities:		
Receipts from customers	$ 746,787	$ 695,296
Payments to suppliers	(286,555)	(240,191)
Interfund activity payments to City funds	(17,833)	(19,855)
Payments to employees	(143,774)	(141,825)
Net cash provided by operating activities	298,625	293,425
Cash flows from noncapital financing activities:		
Operating grants received	1,209	438
Net cash provided by noncapital financing activities	1,209	438
Cash flows from capital and related financing activities:		
Proceeds from issuance of notes payable	4,096	1,846
Principal paid on notes payable	(6,427)	(5,757)
Principal paid on revenue bonds	(170,550)	(151,325)
Interest paid on revenue bonds	(196,336)	(213,721)
Bond insurance and issue costs paid	(978)	(466)
Interest paid on notes payable	(347)	(469)
Capital grant receipts	4,590	28,966
Passenger Facility Charges	105,174	105,238
Customer Facility Charges	17,989	18,626
Purchases of capital assets	(189,576)	(216,407)
Payments from accrued expenses for capital assets	(43,331)	(50,701)
Payments to escrow for current refunding of debt	(17,710)	(20,870)
Proceeds from sale of land and capital assets	1,508	904
Net cash used in capital and related financing activities	(491,898)	(504,136)
Cash flows from investing activities:		
Purchases of investments	(1,417,079)	(1,946,363)
Proceeds from sales and maturities of investments	1,573,387	2,126,202
Proceeds from sales of Stapleton property	12,951	10,256
Payments to maintain Stapleton property	(2,862)	(798)
Insurance recoveries for Stapleton environmental remediation	2,179	302
Interest and dividends on investments and cash equivalents	22,696	24,807
Net cash provided by investing activities	191,272	214,406
Net increase in cash and cash equivalents	(792)	4,133
Cash and cash equivalents, beginning of the year	78,486	74,353
Cash and cash equivalents, end of the year	$ 77,694	$ 78,486

(continued)

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 93,027	$ 87,019
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	179,692	163,714
Miscellaneous	(2,744)	6,243
Changes in assets and liabilities:		
Receivables, net of allowance	1,431	832
Due from other City agencies	61	(28)
Inventories	(1,086)	5,151
Prepaid expenses and other	(461)	1,132
Vouchers and other payables	4,124	23,523
Deferred rent	5,571	686
Due to other City agencies	2,627	673
Compensated absences	432	169
Pension related items	14,469	3,624
Other operating liabilities	1,482	687
Net cash provided by operating activities	$ 298,625	$ 293,425

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, and 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.

On November 20, 2015, the Airport system closed on a bond refunding via direct placement with Bank of America. The approximately $216 million in outstanding Series 2005A Senior Bonds were refunded with Series 2015A Subordinate Bonds, resulting in a net present value savings of approximately $38 million over a ten year period.

	2016	2015
Unrealized loss on investments	$ (9,098)	$ (8,729)
Unrealized gain on derivatives	14,539	20,969
Capital assets added through incurrence of vouchers and retainages payable	15,506	43,330
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	8,905	6,637
Refunding bond proceeds delivered directly to an irrevocable trust	365,545	195,940

See accompanying 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). 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, 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. 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

Cash and cash equivalents, which the City primarily manages, consist principally of cash on hand, demand deposits, certificates of deposit, local government investment pools, and state and local government securities with original maturities of less than 90 days. 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, 2016 and 2015. The Airport's investments are maintained in pools at the City and include municipal securities, 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 the lower of cost (weighted average cost method) or market.

(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 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 2016 and 2015 was $50,857,155 and $47,052,696, 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

(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

2016

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $834,141,181 as of December 31, 2016, an $108,688,060 increase in net position from the prior year-end. Of the Airport's 2016 net position, 74% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $604,491,350 and are externally restricted for debt service. The net position restricted for capital projects represent $10,152,469.

The remaining net position included unrestricted net position of $612,495,004 which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65,760,442 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, ($392,997,642) represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2015

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $725,453,121 as of December 31, 2015, an $116,608,281 increase in net position from the prior year-end. Of the Airport's 2015 net position, 92% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $636,529,546 and are externally restricted for debt service. The net position restricted for capital projects represent $32,479,368.

The remaining net position included unrestricted net position of $682,591,582 which may be used to meet any of the Airport's ongoing operations. Management of the Airport has internally designated $65,760,442 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, ($626,147,375) 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, 2016 and 2015, the Airport had accrued a liability to the airlines of $3,107,028 and $3,150,356, respectively.

50% of Net Revenues (as defined by the bond ordinance) with an annual cap of $40,000,000 remaining at the end of the year are to be credited in the following year to the passenger airlines signatory use and lease agreement. The Net Revenues credited to the airlines totaled $40,000,000 for both 2016 and 2015. Liabilities for these amounts were accrued as of December 31, 2016 and 2015, and are reported in the statements of net position as revenue credit payable. Other liabilities as of December 31, 2016 includes a residual revenue credit balance of $10,647,377 from prior year credits.

(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 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net position.

(r) Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No. 72. In 2016, the Airport implemented the provisions of GASB Statement No. 72 (Statement No. 72), *Fair Value Measurement and Application*, which is meant to improve financial reporting by clarifying the definition of fair value for financial reporting purposes. The statement also provides additional fair value application guidance and enhances disclosures about fair value measurements. The adoption of GASB 72 resulted in no impact on net position.

Governmental Accounting Standards Board Statement No. 79. In 2016, the Airport implemented the provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. As of December 31, 2016, the Airport had a balance of $23,290,000 in a Local Government Investment Pool, CSAFE. CSAFE adheres to the guidelines outlined in GASB Statement No. 79 regarding liquidity, maturity, quality, diversification and shadow NAV pricing. CSAFE continues to elect to measure their investments at amortized cost for financial reporting purposes. There was no impact on the net position of the Airport as a result of the implementation.

(3) Cash, Cash Equivalents, and Investments

(a) Deposits

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport would not be able to recover its deposits, investments, or collateral securities.

As a department of the City and County of Denver (the City), the Airport'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, 2016, the amount of the Airport's deposits was $7,807,024. In addition, the Airport had $3,524,528 in uncashed payroll and vendor checks at December 31, 2016. At December 31, 2015, the amount of the Airport's deposits was $27,157,881. In addition, the Airport had $4,543,230 in uncashed payroll and vendor checks at December 31, 2015.

(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, 2016 and 2015, respectively, the Airport's cash, cash equivalents, and investment balances were as follows ($ in thousands):

	December 31, 2016	December 31, 2015
Cash equivalents (including cash on hand)	$ 18,203	$ 28,292
Local government investment pools	59,492	50,194
Municipal Securities	60,983	55,740
Commercial Paper	9,719	-
Corporate Bonds	237,584	292,007
Multinational fixed income	119,066	114,129
Structured products	204,493	182,985
U.S. Treasury securities	306,540	354,604
U.S. Agency securities	528,559	623,787
	$ 1,544,639	$ 1,701,738

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. The Airport's Level 2 debt securities are valued using matrix pricing and various relational pricing model techniques. The Airport does not hold any securities classified as Level 1 or Level 3.

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	-	204,494	-
U.S. Agency securities	528,559	-	528,559	-
U.S. Treasury securities	306,540	-	306,540	-
Total	$ 1,466,944	$ -	$ 1,466,945	$ -
Investment derivative instruments interest rate swaps	$ 121,280	$ -	$ 121,280	$ -

At December 31, 2015 the Airport has the following recurring fair value measurements ($ in thousands):

	Fair Value Measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Corporate bonds	$ 292,007	$ -	$ 292,007	$ -
Multinational fixed income	114,129	-	114,129	-
Municipal bonds	55,740	-	55,740	-
Structured products	182,985	-	182,985	-
U.S. Agency securities	623,787	-	623,787	-
U.S. Treasury securities	354,604	-	354,604	-
Total	$ 1,623,252	$ -	$ 1,623,252	$ -
Investment derivative instruments interest rate swaps	$ 150,479	$ -	$ 150,479	$ -

The City invests in two Local Government Investment Pools, CSFAE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2016, the Airport has balances of $23,290,979 and $36,200,574 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, 2016 and 2015, is as follows ($ in thousands).

	December 31, 2016	December 31, 2015
Cash and cash equivalents	$ 32,321	$ 29,529
Investments	762,428	792,672
Restricted cash equivalents	45,373	48,957
Restricted investments	704,517	830,580
	$ 1,544,639	$ 1,701,738

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 ten years. Structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years.

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	$ -	$ -	$ -
Local government investment pool	59,492	59,492	-	-	-
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	$ 1,526,436	$ 172,546	$ 1,082,658	$ 268,789	$ 2,443

At December 31, 2015, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

	2015				
	Investments maturity in years				
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**Greater than 10 ****
Corporate bonds	$ 292,007	$ 9,883	$ 282,124	$ -	$ -
Municipal securities	55,740	-	40,234	15,506	-
Multinational fixed income	114,129	13,069	74,519	26,541	-
Structured products	182,985	3,235	125,748	52,952	1,050
U.S. Treasury securities	354,604	11,497	280,100	63,007	-
U.S. Agency securities	623,787	34,674	487,859	101,254	-
Total	$ 1,623,252	$ 72,358	$ 1,290,584	$ 259,260	$ 1,050

** 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, 2016, the Airport's portfolio included callable U.S. Agency securities with a fair value of $5,167,396. If a callable U.S. Agency security 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: Of the City's investments at December 31, 2016, commercial paper, municipal bonds, corporate debt obligations, structured products, local government investment pools, and supranational securities were subject to credit quality risk.

The City's Investment Policy requires that commercial paper be rated by at least two NRSRO with a minimum short term rating of A-1, P-1, or F-1 at the time of purchase. The Investment Policy requires that the municipal bonds have a minimum underlying issuer rating from at least two of the three rating agencies of A+ or its equivalent. The Investment Policy requires that corporate debt obligations have a minimum underlying issuer rating from at least two of the NRSRO or A- or its equivalent. The Investment Policy requires that asset-backed securities have a minimum underlying issuer rating from at least two of the NRSRO of AA- or its equivalent. The Investment Policy requires that mortgage-backed securities and collateralized mortgage obligations that had ratings of at least Aaa by Moody's, AAA by Fitch and AA+ by Standard & Poor's. The Investment Policy also requires local government investment pools to be in compliance with Title 24 Part 7 of Article 24 of the Colorado Revised Statues. The Investment Policy also requires supranational securities by issued by institutions with debt obligations rated AAA, or the equivalent, by at least two NRSROs.

As of December 31, 2016, the Airport's investments were in compliance with the City's investment policy.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport 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's investments owned at December 31, 2016, 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. All constraints are imposed at time of purchase.

As of December 31, 2016, all the investments were in compliance with this policy.

(4) Accounts Receivables

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, 2016 and 2015, an allowance of $235,611 and $328,034, respectively, had been established.

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2016 and 2015 were as follows ($ in thousands):

	2016				
	January 1, 2016	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2016
Depreciable:					
Buildings	$ 2,315,458	$ -	$ 476,474	$ (23,536)	$ 2,768,396
Improvements other than buildings	2,422,916	-	84,301	(15,620)	2,491,597
Machinery and equipment	814,247	12,948	36,251	(3,857)	859,589
	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

	2015				
	January 1, 2015	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2015
Depreciable:					
Buildings	$ 2,072,964	$ -	$ 242,852	$ (358)	$ 2,315,458
Improvements other than buildings	2,278,188	-	144,728	-	2,422,916
Machinery and equipment	771,109	12,400	37,330	(6,592)	814,247
	5,122,261	12,400	424,910	(6,950)	5,552,621
Less accumulated depreciation and amortization	(2,763,393)	(163,714)	-	6,718	(2,920,389)
	2,358,868	(151,314)	424,910	(232)	2,632,232
Nondepreciable:					
Art	892	-	4,438	-	5,330
Capacity rights	12,400	-	-	-	12,400
Construction in progress	672,867	298,034	(429,348)	(3,918)	537,635
Land, land rights, and air rights	295,302	-	-	-	295,302
Total capital assets	$ 3,340,329	$ 146,720	$ -	$ (4,150)	$ 3,482,899

(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 and 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, 2016 and 2015, 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 $3,107,827 and $7,785,859, at December 31, 2016, and 2015, respectively. The Airport has accrued $4,458,463 and $6,924,281 of insurance recoveries in accounts receivable at December 31, 2016 and 2015, respectively. The airport has received payments for insurance recoveries totaling $2,357,752 in 2016 and $267,762 in 2015.

(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 2016 and 2015 totaled $17,832,943 and $19,854,878, 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 $36,839,619 and $34,895,811 at December 31, 2016 and 2015, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $8,123,969 and $5,497,110 at December 31, 2016 and 2015, respectively.

The outstanding receivable from the City and its related agencies totaled $0 and $60,613 at December 31, 2016 and 2015, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2016 and 2015 were as follows ($ in thousands):

	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	

	2015					
	January 1, 2015	Additions	Refunded debt	Retirements	December 31, 2015	Amounts due within one year
Airport System revenue bonds	$ 4,240,750	$ 195,940	$ (216,150)	$ (148,130)	$ 4,072,410	$ 170,550
Economic defeasance	40,080	-	-	-	40,080	-
Baggage defeasance	3,195	-	-	(3,195)	-	-
Plus unamortized net premiums	153,213	-	(6,214)	(18,120)	128,879	-
Total bond debt	$ 4,437,238	$ 195,940	$ (222,364)	$ (169,445)	4,241,369	$ 170,550
Less current portion					(170,550)	
Noncurrent portion					$ 4,070,819	

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, 2016 and 2015 are as follows ($ in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding 2016	Amount Outstanding 2015
Airport system revenue bonds				
Series 1992F, G*	November 15 2031	0.983%	$ 34,900	$ 34,900
Series 2002C*	November 15, 2031	0.983%	28,200	28,200
Series 2006A	Annually November 15, 2017 to 2025	4.00-5.00%	-	259,345
Series 2007A	November 15, 2023, 2024, 2026, 2027 and 2030	5.00%	188,350	188,350
Series 2007B	November 15, 2032	5.00%	-	24,250
Series 2007C	November 15, 2016, 2017 and 2033	5.00%	30,820	34,635
Series 2007D	Annually November 15, 2017 to 2023	5.25-5.50%	130,575	147,815
Series 2007E	November 15, 2032	5.00%	-	47,400
Series 2007F1-F2**	November 15, 2025	.84-.983%	75,550	75,550
Series 2007G1-G2*	November 15, 2031	1.332%	130,600	131,500
Series 2008A1	Annually November 15, 2016 to 2017	5.00-5.50%	6,665	20,900
Series 2008B*	November 15, 2031	1.162%	58,400	61,700
Series 2008C1-C3*	November 15, 2031	1.15-1.33%	292,600	292,600
Series 2009A	November 15, 2016 to 2036	5.00-5.25%	154,480	164,850
Series 2009B	November 15, 2039	6.414%	65,290	65,290
Series 2009C*	November 15, 2031	1.332%	104,655	104,655
Series 2010A	Annually November 15, 2017 to 2032	4.00-5.00%	166,150	171,360
Series 2011A	Annually November 15, 2017 to 2023	4.00-5.25%	259,505	285,695
Series 2011B	Annually November 15, 2017 to 2018 and 2024	4.00-5.00%	49,250	82,765
Series 2011C	Annually November 15, 2017	3.00-5.00%	-	1,925
Series 2012A	Annually November 15, 2017 to 2043	3.00-5.00%	281,090	290,340
Series 2012B	Annually November 15, 2017 to 2043	4.00-5.00%	502,950	505,315
Series 2012C	November 15, 2026	3.592%	30,285	30,285
Series 2013A	Annually November 15, 2017 to 2043	4.00-5.50%	318,510	322,460
Series 2013B	Annually November 15, 2017 to 2043	3.00-5.25%	387,105	392,360
Series 2014A*	December 11, 2031	0.431%	-	112,025
Series 2015A	November 15, 2016 to 2021 and 2023 to 2035	2.200%	189,340	195,940
Series 2016A	November 15, 2017 to 2021, 2023 to 2025 and 2031 to 2032	5.00%	256,810	
Series 2016B	November 15, 2017 to 2019 and 2026 to 2031	1.310%	108,735	
Economic Defeasance				
LOI 1998/1999	November 15, 2024 and 2025	6.125%	40,080	40,080
Total revenue bonds			3,890,895	4,112,490
Less current portion			(170,045)	(170,550)
Net unamortized premiums			144,853	128,879
Total bonds payable noncurrent			$ 3,865,703	$ 4,070,819

* Variable rates are as of December 31, 2016

** Auction rates are as of December 31, 2016

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.

Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54,880,000 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 $40,080,000 of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds were used to pay principal and interest on $14,800,000 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.

Bond Issuances

On December 1, 2016, the Airport issued $256,810,000 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 $108,735,000 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 $41,533,000 through 2032.

The difference between the reacquisition price of $420,100,181 and the net carrying amount of the old debt of $410,623,547 resulted in the recognition of a deferred loss on refunding in the amount of $9,476,634. The deferred loss on refunding is being amortized over the remaining use of the old debt.

On November 20, 2015, the Airport closed on a bond refunding via direct placement with Bank of America. The approximately $216,230,000 in outstanding Series 2005A Senior Bonds were refunded with $195,940,000 in Series 2015A Subordinate Bonds, resulting in a net present value savings of approximately $38,652,000 (through 2025). The difference between the reacquisition price of $216,810,406 and the net carrying amount of the old debt of $221,745,529 resulted in the recognition of a deferred gain on refunding in the amount of $4,935,123. The deferred gain on refunding is being amortized over the remaining life of the old debt.

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, 2016 and 2015, respectively, $103,830,000 and $49,360,000 of bonds outstanding are considered defeased.

(9) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport for bonds payable to maturity as of December 31, 2016 are as follows ($ in thousands):

	Principal	Interest
Year:		
2017	$ 170,045	$ 152,565
2018	187,945	145,245
2019	192,280	138,193
2020	197,355	131,957
2021	214,875	124,969
2022-2026	1,157,385	502,496
2027-2031	892,875	314,089
2032-2036	436,645	157,033
2037-2041	294,910	67,493
2042-2043	106,500	7,493
Total	$ 3,850,815	$ 1,741,533

Debt service requirements for the economic defeasance LOI of the Airport to maturity as of December 31, 2016, are as follows ($ in thousands):

	Principal	Interest
Year:		
2017	$ -	$ 2,455
2018	-	2,455
2019	-	2,455
2020	-	2,455
2021	-	2,455
2022-2025	40,080	8,346
Total	$ 40,080	$ 20,621

(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, 2016 is as follows ($ in thousands):

	Principal	Interest
Year:		
2017	$ 2,067	$ 196
2018	2,108	155
2019	2,149	113
2020	2,192	71
2021	2,235	27
Total	$ 10,751	$ 562

The Airport is obligated under leases for equipment that are accounted for as capital leases. On January 9, 2015, the Airport entered a Master Installment Purchase Agreement with Banc of America Public Capital Corp for $1.8 million to finance various capital equipment purchases at a rate of 1.1656%. Payments are due annually. 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, 2016 and 2015, totaled $4.1 million and $1.4 million, respectively, net of accumulated depreciation of $1.9 million and $.4 million, respectively.

The payment schedule relating to capital lease requirements as of December 31, 2016 is as follows ($ in thousands):

	Principal	Interest
Year:		
2017	$ 1,485	$ 46
2018	1,486	29
2019	1,023	12
Total	$ 3,994	$ 87

Changes in notes payable and capital lease for the years ended December 31, 2016 and 2015 were as follows ($ in thousands):

	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	

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amounts due within one year
Notes payable	$ 20,987	$ -	$ (5,295)	$ 15,692	$ 4,431
Capital Lease payable	-	1,846	(462)	1,385	462
Total	$ 20,987	$ 1,846	$ (5,757)	17,077	$ 4,893
Less current portion				(4,893)	
Noncurrent portion				$ 12,184	

(10) Demand Bonds

Included in long-term debt are $34,900,000 of Series 1992F, G; $28,200,000 of Series 2002C, $58,400,000 of Series 2008B, $92,600,000 of Series 2008C1, $200,000,000 of Series 2008C2-C3, $104,655,000 of Series 2009C and $130,600,000 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 expires on April 30, 2017.

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 Bonds at a floating rate indexed to 1-month LIBOR. These agreements expire on September 25, 2017.

On September 25, 2014, the Airport entered into credit facility and reimbursement agreements with Banc of America Preferred Funding Corporation, who purchased the Series 2002C Bonds at a floating rate indexed to 1-month LIBOR. This agreement expires on September 25, 2017.

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.

Also included in long-term debt is $112,025,000 of Series 2014A Revenue Bonds, bearing interest at a rate indexed to 1-month LIBOR were subject to mandatory tender on December 9, 2016. These bonds were refunded by the 2016B series.

(11) Bond Ordinance Provisions

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.

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, 2016 and 2015 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 12/31/2016
1998 Swap Agreements									
Goldman Sachs Capital Markets, I	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 Branc	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, I	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, I	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, In	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), (4)	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), (4)	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, In	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

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 12/31/2015
1998 Swap Agreements									
Goldman Sachs Capital Markets, I	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ 425	$ (21,578)
							Investment Income	(2,342)	
Societe Generale, New York Branc	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	425	(21,319)
							Investment Income	(2,307)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, I	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	386	(22,390)
							Investment Income	(2,611)	
Merrill Lynch Capital Services, Inc	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	194	(11,035)
							Investment Income	(1,277)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, I	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(794)	665
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(751)	(7,908)
JP Morgan Chase Bank, N.A.	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6874%	70% LIBOR	Investment Income	(766)	(8,012)
Jackson Financial Products, LLC	11/15/2006	108.228	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(1,501)	(15,816)
Piper Jaffray Financial Products, I	11/15/2006	54.114	11/15/2025	2006A, 2007D	3.6560%	70% LIBOR	Investment Income	(751)	(7,908)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	151.100	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(3,066)	(23,390)
GKB Financial Services Corp.	11/15/2007	50.367	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(1,022)	(7,796)
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
JP Morgan Chase Bank, N.A.	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
Jackson Financial Products, LLC	11/15/2006	108.228	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	416	18,247
Piper Jaffray Financial Products, I	11/15/2006	54.114	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	208	9,123
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	100.733	11/15/2025	2007F-G(2), 2014A	4.0085%	70% LIBOR	Investment Income	(2,044)	(15,591)
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	(1,819)	(22,810)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(158)	(11,207)
							Investment Income	(957)	
Total									$ (150,479)

(1) Previously associated with the 2001 C1-C4. Swaps currently 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

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, 2016 and 2015. 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, 2016. 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 counter party 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, 2016, 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, 2016 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	BBB+	A3	A-
(Deutsche Bank, AG, New York Branch)			
Merrill Lynch Capital Services, Inc.	NR	Baa1	A
(Merrill Lynch & Co., Inc.)			
Royal Bank of Canada	AA-	Aa3	AA
Societe Generale, New York Branch	A	A2	A
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	NR	Baa1	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, 2016, 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, 2016):

Swaps	1999, 2002, 2009A	2005, 2006B	2006A, 2006B, 2008A	1998	2008B
Associated Debt	2002C, 2008B, 2009C	2007D, 2016A	2002C, 2007F-G, 2016A, 2016B	2008C2-C3	2002C, 2008C1
Payment to Counterparty:	6.3229%	4.8505%	4.0085%	4.7395%	4.7600%
Payment from Counterparty:	1.3090%	4.6257%	0.5402%	0.6402%	0.7985%
Net Swap Payment:	5.0139%	0.2248%	3.4683%	4.0993%	3.9615%
Associated Bond Interest Rate:	1.2179%	5.0000%	1.2534%	1.1500%	1.1487%
Net Swap & Bond Payment:	6.2318%	5.2248%	4.7217%	5.2493%	5.1102%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2016, 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:				
2017	$ 5,200	$ 4,736	$ 18,095	$ 28,031
2018	8,300	4,679	18,095	31,074
2019	43,435	4,576	16,468	64,479
2020	46,680	4,057	13,216	63,954
2021	48,625	3,499	9,695	61,819
2022-2026	156,955	10,454	13,384	180,792
2027-2031	90,805	3,335	-	94,140
Total	$ 400,000	$ 35,336	$ 88,953	$ 524,289

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2016.

(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. As of December 31, 2016 and 2015, Special Facility Revenue Bonds outstanding totaled $270,025,000.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2016 and 2015 are as follows ($ in thousands):

	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	

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amounts due within one year
Compensated absences payable	$ 8,903	$ 4,010	$ (3,841)	$ 9,071	$ 2,338
Less current				(2,338)	
Noncurrent portion				$ 6,733	

(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, 2016	December 31, 2015
Accumulated decrease in fair value of hedging activities	$ 16,482	$ 28,023
Deferred loss on refunding of debt	131,626	160,600
GASB 68 Deferred Outflow	49,373	20,809
Total Deferred Outflows	$ 197,481	$ 209,432
Deferred gain on refunding of debt	$ 2,207	$ 2,650
Total Deferred Inflows	$ 2,207	$ 2,650

(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 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, 2016 and 2015, were $64,345,000 and $60,180,229, respectively, which equaled the required contributions. The Airport's share of the total contributions is $9,176,176 and $9,109,429 for the year ended December 31, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016 and 2015, DEN reported a liability of $158,033,046 and $115,000,000, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2015 and 2014, 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, 2015, the Airport's proportion was 13.40067%, which was an increase of 0.27064% from its proportion measured as of December 31, 2014. As of December 31, 2014, the Airport's proportion was $13.13003%, which was an increase of 0.96397% from its proportion of 12.16606% as of December 31, 2013.

The components of the Airport's net pension liability related to DERP as of December 31, 2016 and 2015, respectively, are presented below ($ in thousands):

	2016	2015
Total pension liability	$ 418,766	$ 384,858
Plan fiduciary net position	(260,733)	(269,858)
Net pension liability	$ 158,033	$ 115,000

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

The change in net pension liability for the year ended December 31, 2015 was ($ in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 98,437	$ 24,433	$ 7,870	$ 115,000

For the years ended December 31, 2016 and 2015, pension expense recognized by the Airport was $23,645,566 and $12,733,418, respectively. At December 31, 2016, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources	Denver International Airport Deferred Outflows of Resources	Denver International Airport 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, 2015, DEN reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources	Denver International Airport Deferred Outflows of Resources	Denver International Airport Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 6,069	$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,631	-
Contributions subsequent to the measurement date	9,109	-
Total	**$ 20,809**	**$ -**

At December 31, 2016 and 2015, the Airport reported $9,176,176 and $9,109,429, 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
2017	$ 13,339
2018	12,464
2019	9,261
2020	5,133
2021	-
Thereafter	-
	$ 40,197

The total pension liability in the December 31, 2015 and 2014 actuarial valuations were determined using the actuarial assumptions as follows:

2015	**DERP**
Investment Rate of Return	7.75%
Salary Increases	3.25% to 7.25%
Inflation	2.75%

2014	**DERP**
Investment Rate of Return	8.00%
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, 2015 and 2014 these best estimates are summarized in the following table:

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%**	

2014

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	22.50%	4.90%
Non-US Developed Markets	15.50%	7.00%
Emerging Markets	8.00%	9.80%
Total Public Equity	**46.00%**	
Core Fixed Income	11.50%	1.30%
Debt	2.50%	5.80%
Private Debt	6.50%	8.40%
Total Fixed Income	**20.50%**	
Real Estate	8.00%	6.50%
Absolute Return	5.00%	3.90%
Energy MLP's	7.00%	7.30%
Private Equity/Other	13.50%	8.40%
Cash	0.00%	0.80%
Total	**100.00%**	

Discount Rate. A single discount rate of 7.75% and 8.00% was used to measure the total pension liability at December 31, 2015 and 2014, respectively. 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):

2015	1 % Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate share of net pension liability	$ 202,009	$ 158,033	$ 120,685

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 2015, 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 5 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.

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 $786,566, $856,914, and $770,126 for the years ended December 31, 2016, 2015, and 2014, 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, 2016, the Airport has the following contractual commitments for construction and professional services ($ in thousands):

Construction Projects	$	62,745
Construction Projects to be funded by bonded debt		20,179
Total commitments	$	82,924

(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 2016 or 2015.

(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 $12,189,520. 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 $7,793,515.

(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 2016 and 2015 was $92,755,096 and $82,155,236, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31 ($ in thousands):

2017	$	89,682
2018		35,158
2019		30,118
2020		26,967
2021		20,821
2022-2026		47,074
2027-2031		1,814
Total minimum future rentals	$	251,634

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 2016 or 2015. 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, 2016 and 2015, United Airlines group represented approximately 42.9% and 43.0% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 23.3% and 21.8% in 2016 and 2015, respectively. Frontier Airlines represented 9.7% and 10.4% in 2016 and 2015, 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 and Lease Agreement, United currently leases 52 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.0% and 42.3% of enplaned passengers at the Airport in 2016 and 2015, respectively.

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(UNAUDITED)

December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Denver International proportion of the net pension liability	13.400670%	13.130030%
Denver International proportionate share of the net pension liability	$ 158,033	$ 115,000
Denver International covered-employee payroll	$ 84,601	$ 75,900
Denver International proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	62.26%	70.11%

Note: 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: The discount rate used to measure the total pension liability at December 31, 2015 was changed from 8% at the prior measurement date to 7.75%.

Note: There were no benefit changes during the year.

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

(UNAUDITED)

December 31, 2016 and 2015 ($ in thousands)

	2016	2015
Contractually required contribution	$ 9,176	$ 9,109
Contributions in relation to the contractually required contribution	9,176	9,109
Contribution deficiency (excess)	$ -	$ -
Denver International covered-employee payroll	$ 85,209	$ 84,601
Contributions as a percentage of covered-employee payroll	10.77%	10.77%

Note: 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.

Notes:

There were no benefit changes during the year.

As of October 1, 2015, the valuation interest rate was lowered from 8% to 7.75%.

The latest experience study was conducted in 2013 covered 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 (Source: Denver Employees' Retirement Plan 2013 Actuarial Experience Study for the period ended December 31, 2012, Page 24, 25).

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS – SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

December 31, 2016 and 2015 ($ 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%

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF EMPLOYER CONTRIBUTIONS

(UNAUDITED)

December 31, 2016 and 2015

Year Beginning January 1	Annual Actuarially Required Contribution	Percentage Contributed
	Implicit Rate Subsidy	
2014	$ 4,987	105.1%
2015	$ 5,048	112.5%
2016	$ 5,479	95.0%

City and County of Denver
Municipal Airport System

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE AIRPORT REVENUE ACCOUNT

(UNAUDITED)

Year ended December 31, 2016 ($ in thousands)

Facility Rentals	$	234,578
Concession Income		67,408
Parking Income		176,949
Car Rental Income		66,727
Landing Fees		150,850
Aviation Fuel Tax		18,892
Other Sales and Charges		20,034
Customer Facility Fee Revenue		19,883
Interest Income		26,949
Designated Passenger Facility Charges		35,133
Hotel		43,262
Miscellaneous Income		2,461
Operation and gross revenue as defined in the ordinance:		863,126
Personnel Services		149,958
Contractual Services		212,699
Maintenance, Supplies, and Materials		27,547
Hotel		26,936
Operation and maintenance expenses as defined in the ordinance:		417,140
Net Revenues		445,986
Other Available Funds		51,574
Net Revenue	$	497,560
Debt Service Coverage - Senior Bonds		
Debt Service Requirements - Senior Bonds	$	276,561
Less: Committed Passenger Facility Charges		70,267
Net Debt Service Requirements - Senior Bonds	$	206,295
Debt Service Coverage - Senior Bonds	**241%**	
Debt Service Coverage - All Bonds		
Debt Service Requirements - Subordinate Bonds	$	88,619
Net Debt Service Requirements - Senior Bonds		206,295
Net Debt Service Requirements - All Bonds	$	294,914
Debt Service Coverage - All Bonds	**169%**	

Note: Debt Service Requirements are net of capitalized interest.

See accompanying independent auditors' report

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

(UNAUDITED)

Year ended December 31, 2016

(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 12/31/2016
Series 1992F-G	01/01/17	$ 30	$ 30
Series 2002C	01/01/17	24	24
Series 2007A	05/15/17	4,709	785
Series 2007C	05/15/17	771	128
Series 2007D	05/15/17	3,450	575
Series 2007F1-F2	01/01/17	66	66
Series 2007G1-G2	01/01/17	159	159
Series 2008A-1	05/15/17	167	28
Series 2008B	01/01/17	60	60
Series 2008C1	01/01/17	95	95
Series 2008C2-C3	01/01/17	203	203
Series 2009A	05/15/17	4,031	672
Series 2009B	05/15/17	2,094	349
Series 2009C	01/01/17	120	120
Series 2010A	05/15/17	4,111	685
Series 2011A	05/15/17	6,808	1,135
Series 2011B	05/15/17	1,206	201
Series 2012A	05/15/17	6,586	1,098
Series 2012B	05/15/17	11,955	1,993
Series 2012C	05/15/17	544	91
Series 2013A	05/15/17	8,416	1,403
Series 2013B	05/15/17	9,861	1,644
Series 2015A	05/15/17	2,102	350
Series 2016A	05/15/17	6,135	1,022
Series 2016B	01/01/17	82	82
			$ 12,998

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

(UNAUDITED)

Year ended December 31, 2016

(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 12/31/2016
Series 2002C	11/15/17	2,000	$ 167
Series 2007C	11/15/17	4,870	406
Series 2007D	11/15/17	18,100	1,508
Series 2008A	11/15/17	6,665	555
Series 2008B	11/15/17	3,200	267
Series 2010A	11/15/17	5,460	455
Series 2011A	11/15/17	27,340	2,278
Series 2011B	11/15/17	34,180	2,848
Series 2012A	11/15/17	10,075	840
Series 2012B	11/15/17	4,835	403
Series 2013A	11/15/17	4,930	411
Series 2013B	11/15/17	5,470	456
Series 2015A	11/15/17	14,470	1,206
Series 2016A	11/15/17	24,535	2,045
Series 2016B	11/15/17	3,915	326
			$ 14,171

(c) Sinking Account

Required deposit monthly to the Bond Sinking Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

(UNAUDITED)

Year ended December 31, 2016

(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, 2016, 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, 2016	$	27,528
Aggregate required bond account balance		27,169
Overfunded	$	359

(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, 2016 is $396,377,112. The minimum Bond Reserve Account requirement is $383,780,493.

(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, 2016.

Computation of minimum operation and maintenance reserve ($ in thousands):

2015 Operation and Maintenance expenses	$	436,803
Minimum operations and maintenance reserve requirement for 2015	$	72,800
Operation and maintenance reserve account balance December 31, 2016		88,942
Overfunded	$	16,142

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to four times the prior year's monthly average

City and County of Denver
Municipal Airport System

ANNUAL FINANCIAL INFORMATION (UNAUDITED)

LAST TEN FISCAL YEARS

(1) Condensed Schedule of Revenues and Expenses ($ in thousands)

	2007	2008	2009 *	2010	2011	2012 **	2013	2014	2015	2016
Operating revenues	$ 530,151	$ 540,760	$ 564,490	$ 601,402	$ 602,769	$ 624,673	$ 661,637	$ 711,491	$ 687,536	$ 742,529
Operating expenses, before depreciation and amortization	290,773	373,829	379,517	409,865	392,862	388,171	431,935	413,563	436,803	469,810
Operating income before depreciation and amortization	239,378	166,931	184,973	191,537	209,907	236,502	229,702	297,928	250,733	272,719
Depreciation and Amortization	159,309	168,026	177,583	181,496	179,070	178,567	184,721	183,560	163,714	179,692
Operating income (loss)	80,069	(1,095)	7,390	10,041	30,837	57,935	44,981	114,368	87,019	93,027
Nonoperating revenues (expenses)	(49,127)	(44,987)	(59,749)	(87,795)	(75,488)	(46,259)	(55,906)	(9,013)	9,106	12,108
Capital contributions, grants and transfers	2,426	14,393	38,621	30,200	34,702	22,996	31,412	20,533	20,483	3,553
Change in net position	$ 33,368	$ (31,689)	$ (13,738)	$ (47,554)	$ (9,949)	$ 34,672	$ 20,487	$ 125,888	$ 116,608	$ 108,688

* 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
2007	20,775	5.6%	3,945	4.1%	221	10.8%	24,941	5.4%
2008	21,514	3.6%	3,946	0.0%	190	(14.0%)	25,650	2.8%
2009	20,647	(4.0%)	4,239	7.4%	242	27.4%	25,128	(2.0%)
2010	21,032	1.9%	4,666	10.1%	327	35.1%	26,025	3.6%
2011	21,709	3.2%	4,440	(4.8%)	306	(6.4%)	26,456	1.7%
2012	21,984	1.3%	4,324	(2.6%)	289	(5.6%)	26,597	0.5%
2013	21,618	(1.7%)	4,437	2.6%	230	(20.4%)	26,285	(1.2%)
2014[1]	21,963	1.6%	4,767	7.4%	6	(97.4%)	26,737	1.7%
2015	22,713	3.4%	4,297	(9.9%)	9	50.0%	27,019	1.1%
2016	24,980	10.0%	4,156	(3.3%)	4	(55.6%)	29,140	7.9%

(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	2016	% of Total	2015	% of Total
United	8,549	27.7%	7,493	29.3%
United Express	3,697	14.5%	3,928	12.7%
Total United	12,246	42.3%	11,421	42.0%
Southwest	8,565	29.3%	7,929	29.4%
Frontier	3,567	12.5%	3,360	12.2%
American	1,644	6.1%	1,642	5.7%
Delta	1,490	4.9%	1,334	5.1%
Spirit	637	2.1%	564	2.2%
Other	990	2.8%	769	3.4%
Totals	29,140	100%	27,019	100%

(c) *Originating and Connecting Enplaned Passengers for the Year Ended December 31, 2016*

Airline	Originating	Connecting	Total
United	5,003	7,243	12,246
Other	13,524	3,370	16,894
Totals	18,527	10,613	29,140
Percent of total	64%	36%	100%

(d) Domestic and International Enplaned Passengers

Enplaned Passengers	2015	2016
Domestic	95.9%	96.1%
International	4.1%	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
2007	451,228	162,319	5,620	147	619,314	1.6%
2008	460,311	160,746	4,610	177	625,844	1.1%
2009	456,675	151,659	3,513	130	611,977	(2.2%)
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%

Aircraft operations are takeoffs, landings, or other communications with the control tower.

(4) Historical Passenger Facility Charge Revenues ($ in thousands)

Year	Amount	Year	Amount
2007	$ 97,191	2012	$ 105,472
2008	96,786	2013	103,032
2009	96,865	2014	103,959
2010	102,595	2015	106,007
2011	103,210	2016	114,230

(5) Enplaned Cargo Operations (in tons)

Year	Air Mail	Freight and Express	Total	% Change
2007	2,680	128,682	131,362	(6.3%)
2008	5,892	118,170	124,061	(5.6%)
2009	12,919	104,262	110,722	(10.8%)
2010	9,832	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	8,826	88,119	96,946	(18.8%)

ANNUAL FINANCIAL INFORMATION (UNAUDITED)

LAST TEN FISCAL YEARS

(6) Historical Net Revenues and Debt Service Coverage under the Bond Ordinance (in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross revenue	$ 616,106	$ 635,607	$ 631,592	$ 668,885	$ 702,157	$ 713,279	$ 743,101	$ 803,620	$ 808,781	$ 863,126
Operation and maintenance expenses	282,746	305,382	309,270	302,881	312,278	318,394	349,987	355,769	381,445	417,140
Net revenue	333,360	330,225	322,322	366,004	389,879	394,885	393,114	447,851	427,336	445,986
Other available funds	53,251	53,575	49,288	57,449	57,528	51,685	50,409	54,834	56,908	51,574
Total amount available for debt service requirements	$ 386,611	$ 383,800	$ 371,610	$ 423,453	$ 447,407	$ 446,570	$ 443,523	$ 502,685	$ 484,244	$ 497,560
Debt service requirements	$ 229,923	$ 240,028	$ 237,905	$ 235,244	$ 235,356	$ 247,563	$ 242,816	$ 268,422	$ 262,516	$ 294,914
Debt service coverage	168%	160%	156%	180%	190%	180%	183%	187%	184%	169%

City and County of Denver
Municipal Airport System

SUMMARY OF INSURANCE COVERAGE (UNAUDITED)

DECEMBER 31, 2016

Policy number	Company	Item covered	Expiration date	Annual premium	Coverage
AP 086448700-57	AIG/Chartis	Airport Liability	5/1/2019	$ 435,092	$ 500,000,000
ERAG93E16	AIG/Chartis	Pollution	5/1/2019	$ 215,232	$ 10,000,000
1011329	FM Global	Property	5/1/2017	$ 1,253,321	$ 4,000,000,000
106510089	Travelers/Barbican	Network Security	5/1/2017	$ 186,611	$ 20,000,000

APPENDIX G

UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

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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 nine months ended September 30, 2017, 2016 and 2015. 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 $578.3 million, an increase of $25.0 million, or 4.5%, for the nine month period ended September 30, 2017, as compared to the nine month period ended September 30, 2016. Airline revenue totaled $264.3 million, up $6.3 million, or 2.4% driven by an increase in landing fees due to an increase to the budgeted signatory landing fee rate. Additionally, non-airline revenue totaled $314.0 million, up $18.7 million, or 6.3%, in 2017 over prior year, driven by a 6.2% increase in total passengers. Non-airline revenue represented 55% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $321.6 million for the nine month period ended September 30, 2017, a decrease of ($7.3) million, or (2.2%), as compared to the nine month period ending September 30, 2016. The decrease over the prior year was driven by a decrease of ($20.8) million, or (70.0%), in repairs and maintenance projects due to fewer projects being expensed in 2017. This was partially offset by an increase in personnel expenses of $8.3 million, or 7.5%, as well as an increase in contractual services of $7.4 million, or 4.9%. These increases were primarily driven by a reduction in personnel vacancy rates, merit increases, as well as increases in key professional services contracts year-over-year.

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., 2017, 2016 and 2015).

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 September 30, 2017, 2016, and 2015

	2017	2016	2015	2017 / 2016 Change	2017 / 2016 % Change
Enplanements (in thousands)	23,134	21,771	20,129	1,364	6.3%
Passengers (in thousands)	46,232	43,519	40,222	2,713	6.2%
Cargo (in tons)	213,719	201,582	203,640	12,136	6.0%
Landed weight (in millions lbs)	25,517	24,131	22,366	1,386	5.7%

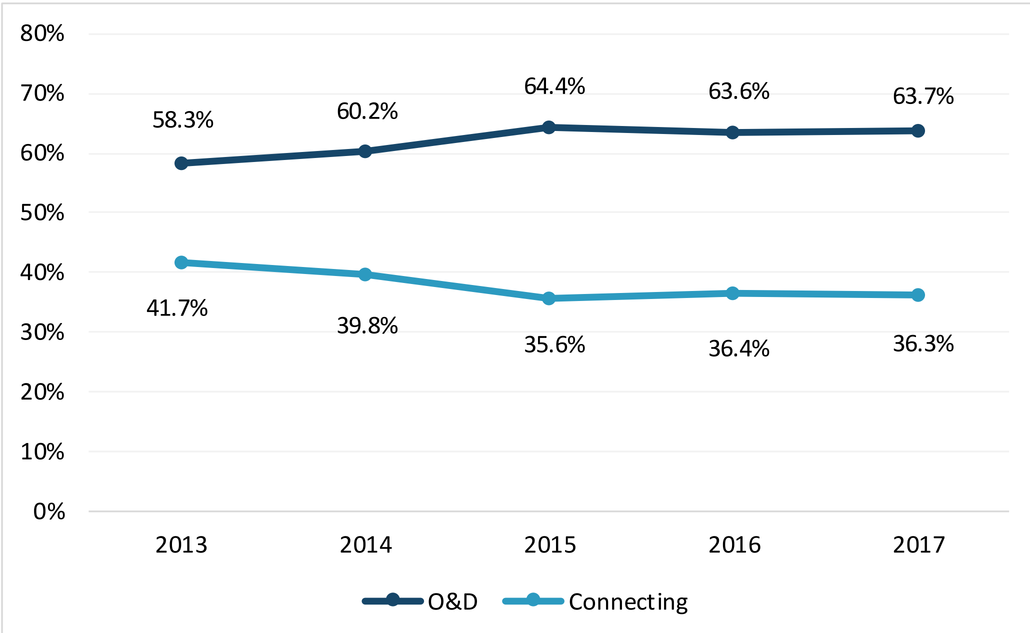
Year to Date Enplanements
as of September 30, 2017, 2016, and 2015

	2017	2016	2015	2017 / 2016 Change	2017 / 2016 % Change
United	9,751,854	9,128,162	8,492,963	623,692	6.8%
Southwest	6,809,975	6,372,398	5,907,297	437,577	6.9%
Frontier	2,703,625	2,664,659	2,438,066	38,966	1.5%
American	1,270,961	1,252,966	1,257,439	17,995	1.4%
Delta	1,230,623	1,120,208	995,243	110,415	9.9%
Spirit	452,804	488,129	437,758	(35,325)	(7.2%)
Other	914,622	744,141	599,891	170,481	22.9%
Total	23,134,464	21,770,663	20,128,657	1,363,801	6.3%

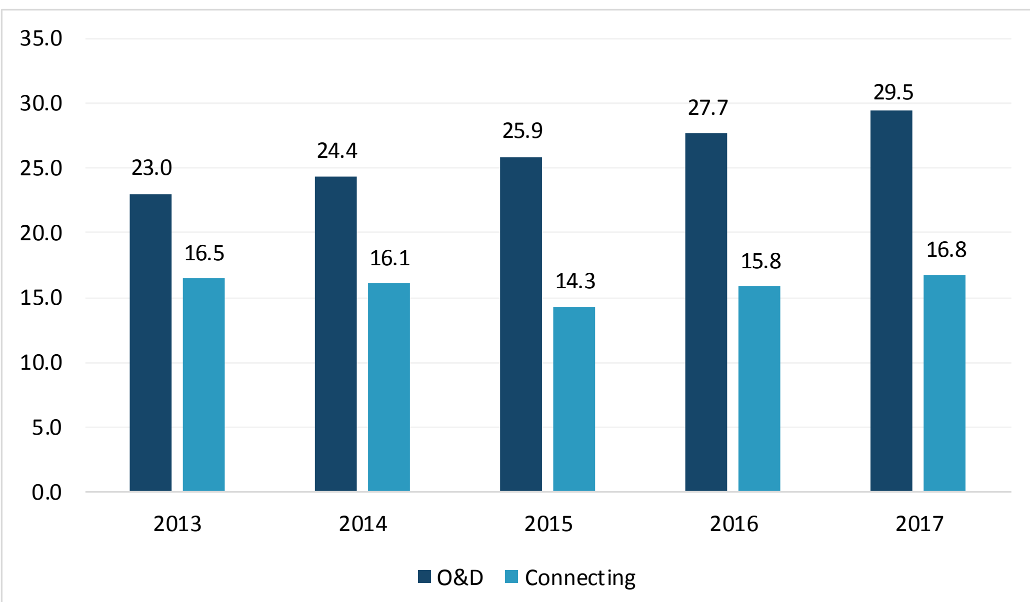
Year to Date Total Passengers
as of September 30, 2017, 2016, and 2015

	2017		2016		2017 / 2016	
Airline	**Total Passengers**	**% O&D**	**Total Passengers**	**% O&D**	**Change in Passengers**	**% Change**
United	19,463,724	42.5%	18,225,691	40.7%	1,238,033	6.8%
Southwest	13,587,539	72.2%	12,712,796	73.8%	874,743	6.9%
Frontier	5,407,331	74.4%	5,325,246	74.8%	82,085	1.5%
American	2,536,760	100.0%	2,516,824	100.0%	19,936	0.8%
Delta	2,474,122	95.8%	2,250,686	95.8%	223,436	9.9%
Spirit	914,601	98.7%	984,924	98.5%	(70,323)	(7.1%)
Other	1,848,330	84.1%	1,503,150	82.6%	345,180	23.0%
Total	46,232,407	63.7%	43,519,317	63.6%	2,713,090	6.2%

Origin and Destination (O&D) vs. Connecting Passengers by Percentage
as of September 30, 2017



Origin and Destination (O&D) vs. Connecting Passengers by Passenger Count
as of September 30, 2017



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 nine month period ended September 30, 2017, 2016 and 2015 ($ in thousands):

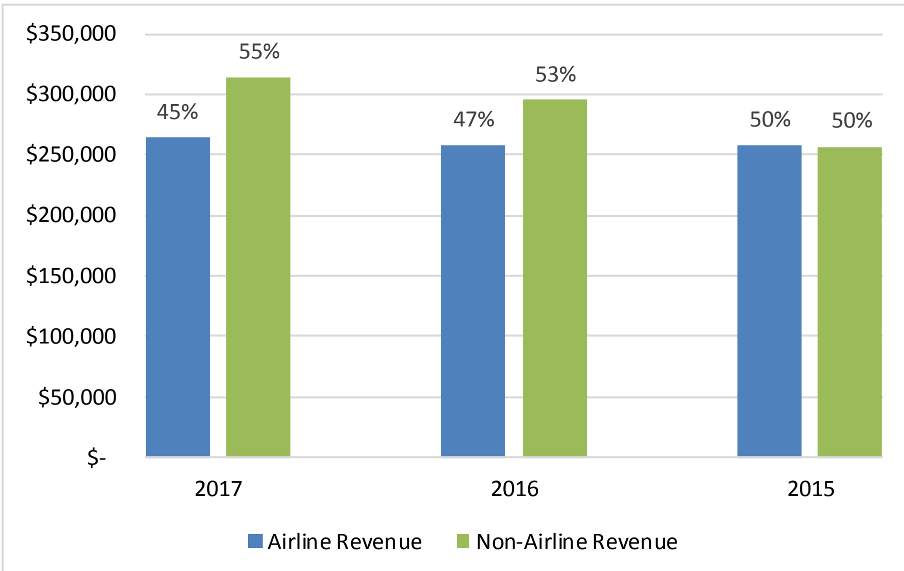
	2017	2016	2015	2017 / 2016 $ Change	2017 / 2016 % Change
Operating Revenue	$ 578,250	$ 553,265	$ 515,262	$ 24,985	4.5%
Less: Operating Expenses Before Depreciation and Amortization	321,637	328,910	301,667	(7,273)	(2.2%)
Operating Income Before Depreciation and Amortization	256,613	224,355	213,595	32,258	2.3%
Less: Depreciation and Amortization	132,290	126,984	122,736	5,306	4.2%
Operating Income	124,323	97,371	90,859	26,952	6.5%
Nonoperating Revenues	135,166	135,678	137,656	(512)	(0.4%)
Less: Non-Operating Expenses	127,959	169,575	142,855	(41,616)	(24.5%)
Capital Grants and Contributions	25,101	2,994	4,523	22,107	738.4%
Increase (Decrease) in Net Position	156,631	66,468	90,183	90,162	135.6%
Net Position, Beginning of Year	834,141	725,453	608,845	108,688	15.0%
Net Position, End of Period	$ 990,772	$ 791,921	$ 699,028	198,851	25.1%

Summary of Operating Revenues

The following is a summary of operating revenues for the nine month period ended September 30, 2017, 2016, and 2015 ($ in thousands):

	2017	2016	2015	2017 / 2016 $ Change	2017 / 2016 % Change
Operating Revenue:					
Airline Revenue					
Facility Rentals	$ 144,749	$ 149,209	$ 154,857	$ (4,460)	(3.0%)
Landing Fees	119,505	108,793	103,275	10,712	9.8%
Total Airline Revenue	264,254	258,002	258,132	6,252	2.4%
Non-Airline Revenue					
Parking	131,578	134,105	132,521	(2,527)	(1.9%)
Concession	53,572	48,907	44,383	4,665	9.5%
Car Rental	57,123	52,763	51,568	4,360	8.3%
Hotel	36,533	32,835	-	3,698	11.3%
Aviation Fuel Tax	15,611	12,171	14,277	3,440	28.3%
Ground Transportation	9,635	7,447	6,451	2,188	29.4%
Other Sales and Charges	9,944	7,035	7,930	2,909	41.4%
Total Non-Airline Revenue	313,996	295,263	257,130	18,733	6.3%
Total Operating Revenue	$ 578,250	$ 553,265	$ 515,262	$ 24,985	4.5%

Percentage of Total Operating Revenues
($ in thousands)



Total Operating Revenues (% of total)
As of September 30, 2017, 2016, and 2015

	2017	2016	2015
Airline Revenue			
Facility Rentals	25%	27%	30%
Landing Fees	20%	20%	20%
Total Airline Revenue	45%	47%	50%
Non-Airline Revenue			
Parking	23%	24%	26%
Concession	10%	10%	10%
Car Rental	9%	9%	9%
Hotel	6%	6%	0%
Aviation Fuel Tax	3%	2%	3%
Ground Transportation	2%	1%	1%
Other Sales and Charges	2%	1%	1%
Total Non-Airline Revenue	55%	53%	50%

2017/2016

Total Airline Revenues at the Airport totaled $264.3 million, an increase of $6.3 million, or 2.4%, for the nine month period ended September 30, 2017, as compared to the same period in 2016.

Facility Rentals decreased by ($4.5) million, or (3.0%), due to an (8.8%) reduction in the budgeted terminal complex rental rate in 2017. This was partially offset by a 1.8% increase in the rate charged for the use of the automatic guideway transit system (AGTS), as well as a 3.1% increase in the airline ramp rental rate.

Landing Fees increased by $10.7 million, or 9.8%, due to an increase in the budgeted signatory landing fee in order to fund the increases in debt service and amortization expenses related to the airfield. A mid-year adjustment was made, effective September 1, 2017, reducing the signatory landing fee from $5.08 to $4.71 per 1,000 pounds of landed weight compared to $4.53 in 2016.

Total Non-Airline Revenues at the airport totaled $314.0 million, an increase of $18.7 million, or 6.3% for the nine month period ended September 30, 2017, as compared to the same period in 2016.

Parking revenue decreased by ($2.5) million, or (1.9%), partially due to the offering of additional options and alternative methods of transportation (e.g. Uber, Lyft, RTD A-Line, Off Site Parking). Additionally, parking rates remained flat year over year.

Concession revenue increased $4.7 million, or 9.5%, due to an increase of 1.4 million, or 6.3%, in total enplaned passengers, of which 0.1 million were international enplaned passengers, an increase of 10.6% vs. 2016. The openings of new locations, as well as the refresh of existing locations, also helped drive incremental revenue growth.

Car Rental revenue increased by $4.3 million, or 8.3%, due to a 6.5% 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 $3.7 million, or 11.3%. The majority of the increase is due to an increase in total occupancy from 62.8% in 2016 to 71.8% in 2017, as well as a 5.8% increase in food and beverage revenue due to increased restaurant traffic and banquet events.

Aviation Fuel Tax increased by $3.4 million, or 28.3% primarily due to an increase in the price of fuel over the prior year. Additionally, landed weight increased by 1.4 billion pounds, or 5.7%, in 2017, driving an increase in the amount of fuel sold. 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 $2.2 million, or 29.4%, due to Uber and Lyft growth, as well as a 6.5% increase in O&D passenger traffic.

Other Sales and Charges increased by $2.9 million, or 41.4%, due to an increase in oil and gas royalties as well as an increase in interest charged.

2016/2015

Total Airline Revenues at the airport totaled $258.0 million, a decrease of ($0.1) million, or (0.1%), for the nine month period ended September 30, 2016, as compared to the same period in 2015.

Facility Rentals decreased by ($5.6) million, or (3.6%) due to changes in leased space. Both stub periods for 2015 and 2016 include a $30 million airline revenue credit. In the 2015 audited financials, the full year, $40 million airline revenue credit was recognized in Q4. Beginning in September, 2016, the revenue credit is accrued for on a monthly basis.

Landing Fees increased by $5.5 million, or 5.3%, which is attributable to a 7.9% increase in landed weight and a slight decrease in the budgeted signatory rate when compared to the prior period.

Total Non-Airline revenues at the airport totaled $295.3 million, an increase of $38.1 million, or 14.8% for the nine month period ended September 30, 2016, as compared to the same period in 2015.

Concession revenue increased by $4.5 million, or 10.2%, as compared to 2015, primarily due to an increase in enplaned passengers, as well as new concessions coming on line.

In its first nine full months of operations, the Hotel brought in revenues of $32.8 million. The Hotel opened in November 2015.

Aviation Fuel Tax decreased for the first nine months of 2016 by ($2.1) million, or (14.7%). The State portion of the fuel tax is based on gross revenue, which correlates with the price of fuel.

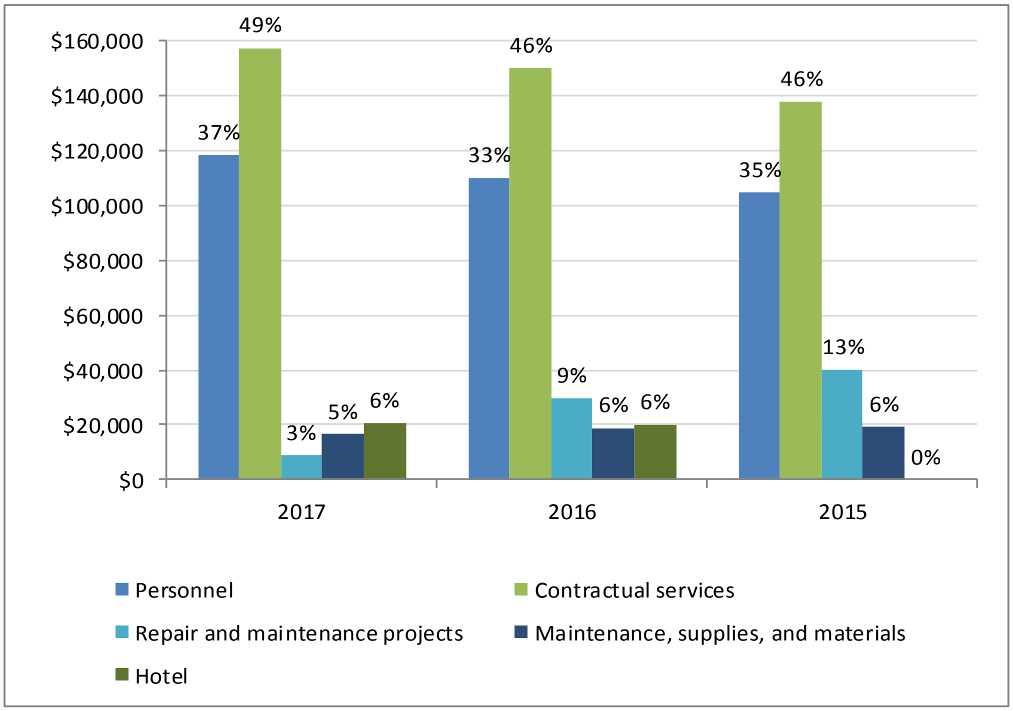
Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the nine month period ended September 30, 2017, 2016 and 2015 ($ in thousands):

	2017	2016	2015	2017 / 2016 $ Change	2017 / 2016 % Change
Personnel	$ 118,284	$ 109,989	$ 104,550	$ 8,295	7.5%
Contractual Services	157,354	149,960	137,677	7,394	4.9%
Repair and Maintenance Projects	8,918	29,739	40,142	(20,821)	(70.0%)
Maintenance, Supplies, and Materials	16,474	18,990	19,298	(2,516)	(13.3%)
Hotel[1]	20,607	20,232	-	375	1.9%
Total Operating Expenses Before Depreciation and Amortization	$ 321,637	$ 328,910	$ 301,667	$ (7,274)	(2.2%)

[1]Hotel opened November 2015

Total Operating Expenses Before Depreciation and Amortization (% of total)



2017/2016

Operating expenses, exclusive of depreciation and amortization, were $321.6 million for the nine month period ended September 30, 2017, a decrease of ($7.3) million, or (2.2%), as compared to the same period in 2016.

Personnel increased $8.3 million, or 7.5%, in 2017, primarily due to a decrease in YTD vacancy rates from 9.1% in 2016 to 6.9% in 2017, as well as a 3.15% merit increase in annual salaries and benefits.

Contractual Services increased by $7.4 million or 4.9%, primarily due to increases in budgeted key professional services to support long-term growth and development initiatives.

Repair and Maintenance decreased by ($20.8) million or (70.0%) 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 and therefore were capitalized, primarily due to the types of capital projects.

Maintenance, Supplies and Materials decreased by ($2.5) million, or (13.3%), due to decreased spend on snow removal chemicals. 10.4 inches of snow fell during the first nine months of 2017, compared to the 50.2 inches during the first nine months of 2016.

Hotel expenses between 2017 and 2016 increased $0.4 million, or 1.9%, due to an 8.3% increase in occupancy over prior year.

2016/2015

Operating expenses before depreciation and amortization increased by $27.2 million, or 9.0%, to $328.9 million in the first nine months of 2016.

Personnel increased $5.4 million, or 5.2%. The increase is a result of a 3.2% merit raise as approved by the City Council, a 3.5% increase in uniformed salaries due to collective bargaining agreement terms, and an increase in the number of employee retirements resulting in higher benefit pay outs such as sick and vacation balances.

Contractual Services increased by $12.3 million, or 8.9%, primarily due to an increase in the number of snow events resulting in higher snow removal expenses, and an increase in professional consulting services.

Repair and Maintenance projects decreased by ($10.4) million, or (25.9%), primarily due to variances in project scope when compared to the prior year. In the first nine months of 2015, more monies were expended on repair projects that did not extend the life of discrete assets. During 2016, more projects were deemed to extend asset lives, and were therefore considered to be capital improvements.

Non-Operating Revenues and Expenses, Capital Grants and Capital Contributions

2017/2016

Total Non-Operating Revenues decreased by ($0.5) million, or (0.4%). The Passenger Facility Charges increase is due to the 6.3% increase in enplaned passengers, but this is offset by a decrease in other revenues related to fewer parcels of Stapleton land being sold in 2017.

Total Non-Operating expenses decreased ($41.6) million, or (24.5%), primarily due to a decrease in interest expense.

In 2017 and 2016, capital grants totaled $25.1 million and $3.0 million, respectively. The increase in 2017 is primarily driven by the receipt of $19.5 million of Transportation Security Administration grant funding for a capital project to improve the throughput of the checked baggage handling system.

2016/2015

Total Non-Operating Revenues decreased by ($2.0) million, or (1.4%). The variance is primarily due to a ($11.2) million, or (33.2%) decrease in investment income. The primary offset to this decrease is a $4.9 million, or 6.1% increase in passenger facility charges attributable to the 8.2% increase in passenger traffic.

Total Non-Operating expenses increased by $21.4 million, or 15.0%, primarily due to an increase in interest expenses.

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 September 30, 2017, 2016, and 2015 (in thousands):

	2017	2016	2015	2017 / 2016 $ Change	2017 / 2016 % Change
Assets:					
Current assets, unrestricted[1]	$ 160,555	$ 145,483	$ 122,471	$ 15,072	10.4%
Current assets, restricted	157,719	130,032	103,272	27,687	21.3%
Noncurrent investments, unrestricted	627,141	650,222	757,338	(23,081)	(3.5%)
Noncurrent Investments, restricted	870,513	703,670	793,556	166,843	23.7%
Long-term receivables	7,092	7,041	10,409	51	0.7%
Capital assets, net	3,572,680	3,538,597	3,482,899	34,083	1.0%
Bond insurance costs, net	1,505	1,725	3,063	(220)	(12.7%)
Interest rate swaps	33,206	33,206	46,282	-	0.0%
Total assets	5,430,411	5,209,976	5,319,290	220,435	4.2%
Deferred outflows of resources	180,409	197,481	209,432	(17,072)	(8.6%)
Liabilities:					
Current liabilities, unrestricted	207,365	159,341	145,944	48,024	30.1%
Current liabilities, restricted	230,312	215,149	253,178	15,163	7.0%
Bonds payable, noncurrent	3,852,106	3,865,703	4,070,819	(13,597)	(0.4%)
Interest rate payable swaps, noncurrent	154,486	154,486	196,761	-	0.0%
Notes payable, noncurrent	8,667	11,193	12,184	(2,526)	(22.6%)
Compensated absences payable, noncurrent	7,204	7,204	6,733	-	0.0%
Net pension liability	158,033	158,033	115,000	-	0.0%
Total liabilities	4,618,173	4,571,109	4,800,619	47,064	1.0%
Deferred inflows of resources	1,875	2,207	2,650	(332)	(15.0%)
Net position (deficit)					
Net investment in capital assets	(389,830)	(392,998)	(626,147)	3,168	(0.8%)
Restricted	779,890	614,644	669,009	165,246	26.9%
Unrestricted	600,712	612,495	682,591	(11,783)	(1.9%)
Total net position	$ 990,772	$ 834,141	$ 725,453	$ 156,631	18.8%

[1] Accounts receivable net of allowance for doubtful accounts of $236 and $2,687, respectively

2017/2016

Total assets increased by $220.4 million, or 4.2%, compared to December 31, 2016. This was primarily due to an increase of $161.0 million, or 10.4%, in total cash and investments, as well as a $24.2 million, or 63.9%, increase in accounts receivable. Total deferred outflows of resources decreased by ($17.1) million, or (8.6%) due to the amortization of deferred losses on refundings.

Total liabilities increased by $47.1 million, or 1.0%, compared to December 31, 2016. This was primarily attributed to an increase in accrued interest of $15.9 million, as interest is paid semi-annually in May and November, as well as a $46.3 million increase in other liabilities. This was partially offset by a ($13.6) million decrease, or (9.4%) in net unamortized premiums of revenue bonds.

Of the Airport's 2017 total net position, 78.7% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $769.7 million for debt service and $10.2 million for capital projects, respectively.

At September 30, 2017, the remaining net position consist of unrestricted balance of $600.7 million and net investment in capital of ($389.8) million. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness. 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.

2016/2015

During the first nine months of 2016, total assets increased by $133.3 million, or 2.5%, primarily due to increases in restricted investments of $98.0 million, or 12.4%. Additionally, accounts receivable increased by $37.0 million, or 97.3%, primarily due to the reclassification of 2015 airline revenue credits to revenue credit payable. 2014 airline revenue credits residing in the 2015 accounts receivable balance within current assets, unrestricted, have not been reclassified to current liabilities, unrestricted. Buildings increased by $368.4 million, or 15.9%, due to new facilities and facility improvements entering service during 2016 (primarily the transit center and RTD platform). The increase in buildings is largely offset by a ($278.7) million, or (51.8%) decrease in the construction in process balance. The remaining offset is related to recording depreciation expense of $116.3 million for the first nine months of 2016.

Total deferred outflow decreased by ($22.3) million, or (10.6%) due to changes in the fair value of swap derivatives and the amortization of deferred losses on refundings.

During the first nine months of 2016, total liabilities increased by $44.9 million, or 0.9%. The increase was primarily due to the $33.7 million increase in revenue credit payable, as previously noted. Additional increases include a $39.2 million increase in accrued interest and matured coupons due to the 2015 year-end position reflecting a November payment of interest. Offsets to these increases include a $24.2 million decrease in vouchers payable (unrestricted and restricted combined), related to the timing, size, and scope of payments.

Of the Airport System's 2016 total net position, 96% is restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent $642.7 million; $50.3 million is restricted for capital projects.

As of September 30, 2016, the remaining net position includes unrestricted net position of $642.7 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $65.8 million of its unrestricted net position amounts as allowed in the 1984 Airport System General

Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($612.4) million represents the Airport's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

Long-Term Debt

As of September 30 2017, 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 $365.2 million in 2016.

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, 2016 and 2015 were 169% and 184% of total debt service, respectively.

In the 4th quarter of 2017, the Airport will be pricing Series 2017A and Series 2017B Bonds. The Series 2017A and Series 2017B Bonds will be used to refund Series 2007A and Series 2007D Bonds, and Series 2007C Bonds, respectively.

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.

On November 20, 2015, the Airport issued $195.9M of Series 2015A Bonds in a fixed rate mode to refund all of the outstanding Series 2005A Bonds via direct placement with Bank of America, resulting in a net present value savings of approximately $38 million.

Capital Assets

As of September 30, 2017 and December 31 2016, the Airport had approximately $3.6 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. 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. 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.

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 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 September 30, 2017, the Airport had outstanding contractual construction and professional services commitments of approximately $119.2 million.

Passenger Facility Charges (CFC)

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, 2016 a total of $1.9 billion has been remitted to the Airport, (including interest earned), of which $106.2 million has been expended on approved projects. $1.8 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $33.8 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 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.

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.

Statements of Net Position

September 30, 2017 and December 31, 2016 ($ in thousands)

	2017	2016	$ Change	% Change
Assets				
Current assets:				
Cash and cash equivalents	$ 31,174	$ 32,321	$ (1,147)	(3.5%)
Investments	52,368	54,295	(1,927)	(3.5%)
Accounts receivable[1]	61,964	37,808	24,156	63.9%
Accrued interest receivable	1,947	6,496	(4,549)	(70.0%)
Customer facility charges receivable	1,089	3,127	(2,038)	(65.2%)
Inventories	10,370	10,716	(346)	(3.2%)
Prepaid expenses and other	1,643	720	923	128.2%
Total current unrestricted assets	160,555	145,483	15,072	10.4%
Restricted assets:				
Cash and cash equivalents	51,725	45,373	6,352	14.0%
Investments	72,690	58,758	13,932	23.7%
Accrued interest receivable	509	770	(261)	(34.0%)
Prepaid expenses and other	7,710	6,363	1,347	21.2%
Grants receivable	1,581	557	1,024	183.8%
Passenger facility charges receivable	23,504	18,211	5,293	29.1%
Total current restricted assets	157,719	130,032	27,687	21.3%
Total current assets	318,274	275,515	42,759	15.5%
Noncurrent assets:				
Investments	627,141	650,222	(23,081)	(3.5%)
Long-term receivables, net of current portion	7,092	7,041	51	0.7%
Capital assets (depreciable):				0.0%
Buildings and Improvements	5,277,298	5,259,993	17,305	0.3%
Machinery and equipment	868,795	859,589	9,206	1.1%
	6,146,093	6,119,582	26,511	0.4%
Less: accumulated depreciation and amortization	3,202,675	3,076,221	126,454	4.1%
	2,943,418	3,043,361	(99,943)	(3.3%)
Capital assets (non-depreciable):				
Art	6,977	6,841	136	2.0%
Capacity rights	12,400	12,400	-	0.0%
Construction in progress	314,183	180,693	133,490	73.9%
Land, land rights and air rights	295,702	295,302	400	0.1%
Total capital assets	3,572,680	3,538,597	34,083	1.0%
Prepaid bond insurance, net of accumulated amortization	1,505	1,725	(220)	(12.7%)
Interest rate swaps	33,206	33,206	-	0.0%
Investments - restricted	870,513	703,670	166,843	23.7%
Total noncurrent assets	5,112,137	4,934,461	177,676	3.6%
Total assets	5,430,411	5,209,976	220,435	4.2%
Deferred outflows of resources	180,409	197,481	(17,072)	(8.6%)

[1] Accounts receivable net of allowance for doubtful accounts of $236 and $2,687, respectively

See accompanying notes to financial statements

Statements of Net Position

September 30, 2017 and December 31, 2016 ($ in thousands)

	2017	2016	$ Change	% Change
Liabilities				
Current liabilities:				
Unrestricted				
Vouchers payable	$ 49,991	60,767	$ (10,776)	(17.7%)
Due to other City agencies	21,441	8,124	13,317	163.9%
Compensated absences payable	2,299	2,299	-	0.0%
Other liabilities	62,719	16,421	46,298	281.9%
Revenue credit payable	30,000	40,000	(10,000)	(25.0%)
Advance rent	40,915	31,730	9,185	28.9%
Total current unrestricted liabilities	207,365	159,341	48,024	30.1%
Restricted				
Vouchers payable	5,047	5,837	(790)	(13.5%)
Retainages payable	9,678	9,670	8	0.1%
Accrued interest and matured coupons	37,475	21,543	15,932	74.0%
Notes payable	3,565	3,552	13	0.4%
Other liabilities	4,502	4,502	-	0.0%
Revenue bonds	170,045	170,045	-	0.0%
Total current restricted liabilities	230,312	215,149	15,163	7.0%
Total current liabilities	437,677	374,490	63,187	16.9%
Noncurrent liabilities:				
Bonds payable:				
Revenue bonds, net of current portion	3,720,850	3,720,850	-	0.0%
Plus: net unamortized premiums	131,256	144,853	(13,597)	(9.4%)
Total bonds payable, noncurrent	3,852,106	3,865,703	(13,597)	(0.4%)
Interest rate swaps	154,486	154,486	-	0.0%
Notes payable	8,667	11,193	(2,526)	(22.6%)
Compensated absences payable	7,204	7,204	-	0.0%
Net pension liability	158,033	158,033	-	0.0%
Total noncurrent liabilities	4,180,496	4,196,619	(16,123)	(0.4%)
Total liabilities	4,618,173	4,571,109	47,064	1.0%
Deferred inflows of resources	1,875	2,207	(332)	(15.0%)
Net Position				
Net investment in capital assets (deficit)	(389,830)	(392,998)	3,168	(0.8%)
Restricted for:				
Capital projects	10,201	10,153	48	0.5%
Debt service	769,689	604,491	165,198	27.3%
Unrestricted	600,712	612,495	(11,783)	(1.9%)
Total net position	$ 990,772	$ 834,141	$ 156,631	18.8%

See accompanying notes to financial statements

Statements of Revenue, Expenses, and Changes in Net Position

September 30, 2017 and 2016 ($ in thousands)

	Three Months Ended			
	Q3 2017	Q3 2016	$ Change	% Change
Operating revenues:				
Facility rentals	$ 47,727	$ 30,691	$ 17,036	55.5%
Concession	19,178	18,491	687	3.7%
Parking	44,129	46,253	(2,124)	(4.6%)
Car rental	22,927	21,691	1,236	5.7%
Landing fees	37,617	39,532	(1,915)	(4.8%)
Aviation fuel tax	3,311	5,199	(1,888)	(36.3%)
Hotel	13,052	12,189	863	7.1%
Ground transportation	3,438	2,393	1,045	43.7%
Other sales and charges	3,785	2,575	1,210	47.0%
Total operating revenues	195,164	179,014	16,150	9.0%
Operating expenses:				
Personnel	39,182	38,718	464	1.2%
Contractual services	60,192	50,871	9,321	18.3%
Repair and maintenance projects	5,473	10,507	(5,034)	(47.9%)
Maintenance, supplies and materials	5,264	5,824	(560)	(9.6%)
Hotel	6,982	7,270	(288)	(4.0%)
Total operating expenses, before depreciation and amortization	117,093	113,190	3,903	3.4%
Operating income	78,071	65,824	12,247	18.6%
Depreciation and amortization	43,760	45,294	(1,534)	(3.4%)
Operating income	34,311	20,530	13,781	67.1%
Nonoperating revenues (expenses):				
Passenger facility charges	33,421	31,379	2,042	6.5%
Customer facility charges	6,086	6,093	(7)	(0.1%)
Investment income	7,362	7,572	(210)	(2.8%)
Interest expense	(13,800)	(60,092)	46,292	(77.0%)
Grants	155	-	155	100.0%
Other revenues (expenses)	(955)	11,030	(11,985)	(108.7%)
Total nonoperating revenues (expenses), net	32,269	(4,018)	36,287	(903.1%)
Change in net position before capital grants and contributions	66,580	16,512	50,068	303.2%
Capital grants	7,306	1,791	5,515	307.9%
Change in net position	73,886	18,303	55,583	303.7%
Net position, as of July 1	916,886	773,618		
Net position, as of September 30	990,772	791,921	198,851	25.1%

See accompanying notes to financial statements

Statements of Revenue, Expenses, and Changes in Net Position

September 30, 2017 and 2016 ($ in thousands)

	Nine Months Ended			
	2017	2016	$ Change	% Change
Operating revenues:				
Facility rentals	$ 144,749	$ 149,209	$ (4,460)	(3.0%)
Concession	53,572	48,907	4,665	9.5%
Parking	131,578	134,105	(2,527)	(1.9%)
Car rental	57,123	52,763	4,360	8.3%
Landing fees	119,505	108,793	10,712	9.8%
Aviation fuel tax	15,611	12,171	3,440	28.3%
Hotel	36,533	32,835	3,698	11.3%
Ground transportation	9,635	7,447	2,188	29.4%
Other sales and charges	9,944	7,035	2,909	41.4%
Total operating revenues	578,250	553,265	24,985	4.5%
Operating expenses:				
Personnel	118,284	109,989	8,295	7.5%
Contractual services	157,354	149,960	7,394	4.9%
Repair and maintenance projects	8,918	29,739	(20,821)	(70.0%)
Maintenance, supplies and materials	16,474	18,990	(2,516)	(13.3%)
Hotel	20,607	20,232	375	1.9%
Total operating expenses, before depreciation and amortization	321,637	328,910	(7,273)	(2.2%)
Operating income	256,613	224,355	32,258	14.4%
Depreciation and amortization	132,290	126,984	5,306	4.2%
Operating income	124,323	97,371	26,952	27.7%
Nonoperating revenues (expenses):				
Passenger facility charges	90,589	85,287	5,302	6.2%
Customer facility charges	15,254	14,921	333	2.2%
Investment income	21,980	22,522	(542)	(2.4%)
Interest expense	(122,096)	(164,261)	42,165	(25.7%)
Grants	155	-	155	0.0%
Other revenues (expenses)	1,325	7,634	(6,309)	(82.6%)
Total nonoperating revenues (expenses), net	7,207	(33,897)	41,104	(121.3%)
Change in net position before capital grants and contributions	131,530	63,474	68,056	107.2%
Capital grants	25,101	2,994	22,107	738.4%
Change in net position	156,631	66,468	90,163	135.6%
Net position, beginning of year,	834,141	725,453		
Net position, as of September 30	990,772	791,921	198,851	25.1%

See accompanying notes to financial statements

Statements of Cash Flows

September 30, 2017 and 2016 ($ in thousands)

	2017	2016
Cash flows from operating activities:		
Receipts from customers	$ 560,080	$ 547,095
Payments to suppliers	(151,844)	(221,222)
Interfund activity payments to other funds	(12,545)	(12,402)
Payments to employees	(120,392)	(87,406)
Net cash provided by operating activities	275,299	226,065
Cash flows from noncapital financing activities:		
Operating grants received	155	823
Net cash provided by noncapital financing activities	155	823
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(2,513)	(1,064)
Interest paid on revenue bonds	(103,283)	(124,879)
Bond insurance and issue costs paid	163	(7)
Interest paid on notes payable	(206)	(232)
Capital grant receipts	24,077	2,786
Passenger Facility Charges	85,296	70,271
Customer Facility Charges	17,291	13,785
Purchases of capital assets	(152,189)	(111,793)
Payments from accrued expenses for capital assets	(15,345)	(18,482)
Proceeds from sale of capital assets	5,526	462
Net cash provided by (used in) capital and related financing activities	(141,183)	(169,153)
Cash flows from investing activities:		
Purchases of investments	(1,729,154)	(2,371,140)
Proceeds from sales and maturities of investments	1,573,387	2,280,861
Proceeds from sales of assets held for dispostion	142	12,343
Payments to maintain assets held for disposal	(233)	(4,250)
Insurance recoveries for Stapleton environmental remeditiation	-	2,179
Interest and dividends on investments and cash equivalents	26,791	27,179
Net cash used in investing activities	(129,067)	(52,828)
Net increase (decrease) in cash and cash equivalents	5,204	4,906
Cash and cash equivalents, beginning of the year	77,694	78,486
Cash and cash equivalents, end of the year	$ 82,898	$ 83,392

Statements of Cash Flows

September 30, 2017 and 2016 ($ in thousands)

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 124,324	$ 97,370
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	132,290	126,984
Miscellaneous income/(Expense)	(3,148)	2,855
Changes in assets and liabilities:		
Receivables, net of allowance	(24,207)	(35,847)
Inventories	346	137
Prepaid expenses and other	(2,329)	(2,827)
Vouchers and other payables	(10,776)	(5,022)
Deferred rent	9,185	(6,829)
Due to other City agencies	13,317	15,224
Other operating liabilities	36,297	34,020
Net cash provided by operating activities	$ 275,299	$ 226,065

Noncash activities:

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 gain (loss) on investments	$ 22,559	$ -
Unrealized gain (loss) on derivatives	-	(4,543)
Capital assets added through incurrence of vouchers and retainages payable	14,724	24,849
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	3,363	10,460

(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 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. 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

Cash and cash equivalents, which the City primarily manages, consist principally of cash on hand, demand deposits, certificates of deposit, local government investment pools, and state and local government securities with original maturities of less than 90 days. See note 3 for further discussion.

(c) Investments

Investments, which the City managers, are reported at fair value, as defined by Government Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application (GASB 72), which is primarily determined based on significant other observable inputs at September 30, 2017 and December 31, 2016.

(d) Inventories

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

(e) Capital Assets

Capital assets are recorded at 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. 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 capitalized interest incurred for 2016 and 2015 was $50.9 million and $47.1 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

(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 exceeded liabilities by $990.8 million as of September 30, 2017, a $198.9 million increase in net position from the prior year-end. Of the Airport's 2017 net position, 78.7% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $769.7 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 $600.7 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, ($389.8 million) represents the Airport's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2016

The Airport System assets exceeded liabilities by $791.9 million as of September 30, 2016, a $66.5 million increase in net position from the prior year-end. Of the Airport System's 2016 net position, 96% are restricted for future debt services and capital construction. The bond reserve account and bond accounts represent $711.3 million and are externally restricted for debt service. The net position restricted for capital projects represent $50.3 million.

The remaining net position included unrestricted net position of $642.7 million which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System 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, ($612.4) million represents the Airport System'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, interest 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.

50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year with an annual cap of $40M are to be credited in the following year to the airline rates and charges. The Net Revenues credited to the airlines totaled $40M for both 2016 and 2015. Liabilities for these amounts were accrued as of December 31, 2016 and 2015, 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.

(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 September 30, 2017 and 2016, is comprised of interest income on investments of $22.0 million and $22.5 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). Through September 30, 2017, and for the years ended December 31, 2016 and 2015, United Airlines group represented approximately, 43.4%, 42.9%, and 43.0% of the Airport's airline operating revenue respectively. Southwest Airlines represented 24.3%, 23.3%, and 21.8% in 2017, 2016, and 2015, respectively. Frontier Airlines represented 8.2%, 9.7%, and 10.4% in 2017, 2016, and 2015, 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 Airline's, one of the world's largest airlines. Pursuant to the United Use and Lease Agreement, United currently leases 52 full-service contact gates on Concourse B and 14 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 42.2% and 42.0% of enplaned passengers at the Airport as of September 30, 2017 and December 31, 2016, respectively.

(6) Pension Plan

Substantially all of the Airport'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 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, 2016 and 2015, were $64.3 million and $60.2 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $9.2 million and $9.1 million for the year ended December 31, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the Airport reported a liability of $158.0 million for its proportionate share of the net pension liability related to DERP. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Airport's proportion of the net pension liability was based on contributions to DERP for the calendar year 2015 relative to the total contributions of participating employers to DERP.

At 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, 2016 and 2015, respectively, are presented below (in thousands):

	December 31 2016	December 31 2015
Total pension liability	$ 418,766	$ 384,858
Plan fiduciary net position	260,733	269,858
Net pension liability	$ 158,033	$ 115,000

The change in net pension liability for the year ended December 31, 2016 was:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
$ 115,000,000	$ 52,209,222	$ 9,176,176	$ 158,033,046	$ -

The change in net pension liability for the year ended December 31, 2015 was:

Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
$ 98,437,252	$ 25,672,177	$ 9,109,429	$ 115,000,000	$ -

For the year ended December 31, 2016 pension expense recognized by the Airport is $23.6 million. 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	5,150	-
Contributions subsequent to the measurement date	9,176	-
Total	$ 49,372	

For the year ended December 31, 2015 pension expense recognized by the Airport is $12.7M. At December 31, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Denver International Airport	
Sources	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 6,068,481	$ -
Changes in proportion	5,631,126	-
Contributions subsequent to the measurement date	9,109,429	-
Total	**$ 20,809,036**	**$ -**

As of December 31, 2016, the $9.2M reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below:

Year Ended December 31,	**Denver International Airport**
2017	$ 13,338,733
2018	12,464,400
2019	9,261,487
2020	5,131,896
2021	-
Thereafter	-
	$ 40,196,516

The total pension liability in the December 31, 2015 actuarial valuation was determined using the actuarial assumptions as follows:

	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 weighting 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, 2015 these best estimates are summarized in the following table:

Asset Allocation

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. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. 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:

Denver International Airport	1 % Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Proportionate Share of net pension liability	$ 202,008,763	$ 158,033,046	$ 120,684,577

Pension Plan Fiduciary Net Position: Detailed information about DERP's fiduciary net position is available in DERP's separately issue of financial reports

APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Disclosure Undertaking**") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "**City**"), in connection with the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017A (AMT)" in the aggregate principal amount of $254,225,000 (the "**Series 2017A Bonds**"), and "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017B (Non-AMT)" in the aggregate principal amount of $21,280,000 (the "**Series 2017B Bonds**" and, together with the Series 2017A 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 Bond Ordinance effective in November 1984, as amended and supplemented, and Ordinance No. 17-1223, Series of 2017 adopted by the City Council of the City (collectively, the "**Ordinance**").

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

Section 1. Definitions. The definitions set forth in the Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means (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 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 the 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 November 29, 2017, 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, 2017, and each Fiscal Year thereafter while the Bonds remain outstanding under the 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 another 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, <u>if material</u>:

(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 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 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 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 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.

* * *

[Dates and Signatures]

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 4 through 7 under the heading "AVIATION ACTIVITY AND AIRLINES — Aviation Activity," and (iv) Tables 9 through 11 and Table 14 under the heading "FINANCIAL INFORMATION."

* * *

APPENDIX I

FORM OF OPINION OF BOND COUNSEL

December 7, 2017

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
City and County Building
Denver, Colorado 80202

Raymond James & Associates, Inc.
As Representative of the Underwriters

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2017A – $254,225,000 (AMT)
Series 2017B – $21,280,000 (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 $254,225,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017A" (the "Series 2017A Bonds") and $21,280,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017B" (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017A-B Bonds") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 17-1223, Series of 2017, with respect to the Series 2017A-B Bonds (collectively, the "Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2017A-B Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2017A-B Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2017A-B 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 2017A-B Bonds, the forms of the Series 2017A-B 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 2017A-B 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 2017A-B Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Ordinance and issue the Series 2017A-B Bonds for and on behalf of the Department.

2. The Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2017A-B Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2017A-B Bonds, on a parity with the lien thereon of other 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 2017A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2017A 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 corporations.

The interest on the Series 2017B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following sentence, corporations. For corporations only, interest on the Series 2017B 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 2017A-B 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 2017A-B Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A-B Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2017A-B Bonds.

6. To the extent interest on the Series 2017A-B 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 2017A-B Bonds, including whether interest on the Series 2017A-B 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 2017A-B Bonds and the enforceability of the Series 2017A-B Bonds and the Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2017A-B 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 2017A-B Bonds.

Respectfully submitted,

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CITY AND COUNTY OF DENVER

SEAL