NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Moody's: "A1"
S&P: "A+"
Fitch: "A+"
See "RATINGS" herein

*In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2023A-B Subordinate Bonds (as defined herein), 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 2023A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2023A Subordinate Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates and (2) interest on the Series 2023B Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2023B Subordinate Bonds are held by a person who is a "substantial user" of the Airport System or a "related person" as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts and estates. Bond Counsel to the City observes that, for tax years beginning after December 31, 2022, interest on the Series 2023A-B Subordinate Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2023A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2023A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See "TAX MATTERS" for a more detailed discussion.*

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

AIRPORT SYSTEM SUBORDINATE REVENUE BONDS

$316,050,000	**$270,785,000**
SERIES 2023A	**SERIES 2023B**
(NON-AMT)	**(AMT)**

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

The Airport System Subordinate Revenue Bonds, Series 2023A in the principal amount of $316,050,000 (the "**Series 2023A Subordinate Bonds**") and the Airport System Subordinate Revenue Bonds, Series 2023B in the principal amount of $270,785,000 (the "**Series 2023B Subordinate Bonds**" and together with the Series 2023A Subordinate Bonds, the "**Series 2023A-B Subordinate Bonds**") are being issued by authority of the City's home rule charter and ordinances adopted pursuant thereto in order to, together with other available Airport System moneys, (i) refund and redeem all of the outstanding Airport System Subordinate Revenue Bonds, Series 2013A and Series 2013B (the "**Refunded Bonds**") on a subordinate lien basis, (ii) make any necessary deposits to the Series 2023A-B Subordinate Bond Reserve Subaccount and (iii) pay the costs of issuing the Series 2023A-B Subordinate Bonds, all as further described herein. *Capitalized terms used on this cover page are defined herein.*

The Series 2023A-B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2023A-B Subordinate Bonds. Beneficial Ownership Interests in the Series 2023A-B Subordinate Bonds, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2023A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein. Investors may purchase Series 2023A-B Subordinate Bonds in book-entry form only.

The Series 2023A-B Subordinate Bonds will bear interest at the rates per annum set forth on the inside cover page hereof commencing from the date of delivery thereof to the Underwriters and payable beginning on May 15, 2024, and semiannually thereafter on each May 15 and November 15, and mature on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein.

The Series 2023A-B Subordinate Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Subordinate Bonds and Subordinate Obligations of the City and subordinate to Senior Bonds and Senior Obligations. None of the real properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2023A-B Subordinate Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2023A-B Subordinate Bonds. The Series 2023A-B Subordinate Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State.

The purchase and ownership of Beneficial Ownership Interests in the Series 2023A-B Subordinate Bonds involve investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS."

The Series 2023A-B Subordinate Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan Lovells US LLP, Denver, Colorado, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Kerry Tipper, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard, LLC, Denver, Colorado. It is expected that delivery of the Series 2023A-B Subordinate Bonds will be made through the facilities of DTC on or about November 22, 2023.

Ramirez & Co., Inc.

J.P. Morgan **Loop Capital Markets** **Morgan Stanley**

Dated: November 8, 2023

MATURITY SCHEDULES

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

(CUSIP© six-digit issuer No. 249182)

$316,050,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2023A (NON-AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP© No.
2024	$9,350,000	5.000%	3.520%	TP1
2025	6,885,000	5.000	3.440	TQ9
2026	15,560,000	5.000	3.390	TR7
2027	16,345,000	5.000	3.380	TS5
2028	17,160,000	5.000	3.330	TT3
2029	17,230,000	5.000	3.350	TU0
2030	16,795,000	5.000	3.390	TV8
2031	17,575,000	5.000	3.470	TW6
2032	18,455,000	5.000	3.470	TX4
2033	19,375,000	5.000	3.460	TY2
2034	13,665,000	5.000	3.530[1]	TZ9
2035	13,675,000	5.000	3.630[1]	UA2
2036	14,350,000	5.000	3.750[1]	UB0
2037	15,065,000	5.000	3.870[1]	UC8
2038	15,820,000	5.000	3.970[1]	UD6
2039	16,065,000	5.000	4.060[1]	UE4
2040	16,865,000	5.000	4.130[1]	UF1
2041	17,710,000	5.000	4.210[1]	UG9
2042	18,600,000	5.000	4.260[1]	UH7
2043	19,505,000	5.000	4.310[1]	UJ3

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[1] Yield to first optional call date of November 15, 2033.

MATURITY SCHEDULES

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

(CUSIP© six-digit issuer No. 249182)

$270,785,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2023B (AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP© No.
2024	$5,930,000	5.000%	4.270%	UK0
2025	3,995,000	5.000	4.240	UL8
2026	22,555,000	5.000	4.140	UM6
2027	23,690,000	5.000	4.130	UN4
2028	24,870,000	5.000	4.120	UP9
2029	22,730,000	5.000	4.140	UQ7
2030	17,965,000	5.000	4.200	UR5
2031	18,860,000	5.000	4.220	US3
2032	19,805,000	5.000	4.190	UT1
2033	18,145,000	5.000	4.200	UU8
2034	14,160,000	5.250	4.250[1]	UV6
2035	14,140,000	5.250	4.300[1]	UW4
2036	7,580,000	5.250	4.370[1]	UX2
2037	7,320,000	5.500	4.440[1]	UY0
2038	7,720,000	5.500	4.540[1]	UZ7
2039	7,450,000	5.500	4.580[1]	VA1
2040	7,800,000	5.500	4.600[1]	VB9
2041	8,225,000	5.500	4.650[1]	VC7
2042	8,685,000	5.500	4.680[1]	VD5
2043	9,160,000	5.500	4.730[1]	VE3

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[1] Yield to first optional call date of November 15, 2033.

SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

Michael Johnston

City Council

Jamie Torres, President

Flor Alvidrez
Diana Romero Campbell
Kevin Flynn
Stacie Gilmore
Serena Gonzales-Gutierrez
Chris Hinds
Paul Kashmann
Shontel M. Lewis
Sarah Parady
Amanda P. Sandoval
Amanda Sawyer
Jamie Torres
Darrel Watson

Auditor

Timothy M. O'Brien

Clerk and Recorder, *Ex-Officio* Clerk

Paul D. López

Cabinet Officials

Nicole Doheny[1]	Acting Chief Financial Officer
Andrew Amador[2]	Executive Director of the Department of General Services
Anne-Marie Braga	Executive Director of Human Services
Jill Jennings Golich[2]	Executive Director of the Department of Community Planning and Development
Laurie Matthews[2]	Interim Executive Director of the Department of Parks and Recreation
Robert M. McDonald[2]	Executive Director of the Department of Public Health and Environment
Adam Phipps[2]	Executive Director of the Department of Transportation and Infrastructure
Armando Saldate[2]	Executive Director of the Department of Safety
Kerry Tipper, Esq.[3]	City Attorney
Phillip A. Washington[3]	Chief Executive Officer of the Department of Aviation

Department of Aviation

Mike Nakornkhet	Executive Vice President/Chief Financial Officer
Andrea Albo	Executive Vice President/Interim Chief of Staff
Steve Jaquith	Executive Vice President/Chief Operating Officer
James Starling	Executive Vice President/Chief Construction and Infrastructure Officer
Penny May	Executive Vice President/Chief Commercial Officer
Everett B. Martínez, Esq.	Executive Vice President/General Counsel

Municipal Advisor
Frasca & Associates, LLC
New York, New York

Bond Counsel
Hogan Lovells US LLP
Denver, Colorado

Special Counsel
Ballard Spahr LLP
Denver, Colorado

[1] Nicole Doheny has been nominated by the Mayor as the new Chief Financial Officer pending consent by City Council.

[2] The officials in these positions are subject to reappointment by the Mayor and consent by the City Council. Alternatively, the Mayor may appoint a different official to serve in that position, subject to consent by the City Council.

[3] These officials have been reappointed by the Mayor, subject to consent by the City Council.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2023A-B Subordinate Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Municipal Advisor or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. The information contained in this Official Statement has been obtained from the City and other sources that are deemed reliable.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2023A-B Subordinate Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2023A-B Subordinate Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Neither the Securities and Exchange Commission nor any state securities regulatory authority has approved or disapproved of the Series 2023A-B Subordinate Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

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.

The Underwriters may offer and sell the Series 2023A-B Subordinate Bonds to dealers, institutional investors and others at prices lower or yields higher than the public offering prices or yields stated in the MATURITY SCHEDULE on the inside cover page and such public offering prices may be changed from time to time by the Underwriters.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendices thereto, contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "anticipate," "intend," "expect," "plan," "projected" and similar expressions identify forward–looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain such risks and possible variations in results, see "CERTAIN INVESTMENT CONSIDERATIONS."

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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 SUBORDINATE REVENUE BONDS

$316,050,000	**$270,785,000**
SERIES 2023A	**SERIES 2023B**
(NON-AMT)	**(AMT)**

INTRODUCTION

This Official Statement, which includes the cover pages, inside front cover, prefatory information and appendices, furnishes information in connection with the issuance and sale by the City and County of Denver, Colorado (the "**City**"), for and on behalf of its Department of Aviation (the "**Department**") of its Airport System Subordinate Revenue Bonds, Series 2023A in the principal amount of $316,050,000 (the "**Series 2023A Subordinate Bonds**") and its Airport System Subordinate Revenue Bonds, Series 2023B in the principal amount of $270,785,000 (the "**Series 2023B Subordinate Bonds**" and together with the Series 2023A Subordinate Bonds, the **"Series 2023A-B Subordinate Bonds"**).

Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE" and "APPENDIX B-2—THE SERIES 2023 SUPPLEMENTAL SUBORDINATE ORDINANCE", as applicable.

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 2022, the Airport was ranked as the 3rd busiest airport in the nation and the 3rd busiest airport in the world based on total passengers, servicing approximately 69.3 million passengers in 2022 compared to 58.8 million passengers in 2021. Of the 69.3 million total passengers serviced in 2022, approximately 66 million were domestic passengers and 3.3 million were international passengers (up 15.9% and 74.7% from 2021, respectively). The Airport maintained its national and global rankings compared to 2021. See "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. With a few exceptions (including during the COVID-19 ("**COVID-19**") pandemic), the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 34.6 million enplaned passengers (passengers embarking on airplanes) in 2022, constituting an approximately 17.8% increase compared to the approximately 29.4 million enplaned passengers served in 2021. The Airport served 25.4 million and 22.5 million enplaned passengers in the first eight months of 2023 and 2022, respectively. Airport passenger traffic for the first eight months of 2023 has exceeded passenger traffic for the first eight months of 2019, and the amount of connecting passengers at the Airport has increased during such period. See "AVIATION ACTIVITY AND AIRLINES—Aviation Activity" herein for more information on aviation activity and passenger traffic levels, including year-over-year comparisons and analysis.

For years 2022 and 2021, the Airport System had operating revenues of approximately $930.2 million and $716.4 million, respectively, reflective of the global aviation downturn caused by the COVID-19 pandemic and subsequent recovery through 2022. For the six-month period ended June 30, 2023, operating revenues at the Airport were $534.8 million, compared to $440.8 million during the same six-month period in 2022, and $327.8 million during the same six-month period in 2021. See "FINANCIAL INFORMATION—Management's Discussion and Analysis of Financial Performance" herein for more information on the Airport System operating revenues and expenses, including year-over-year and second quarter comparisons and analysis. See also "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."

Future levels of aviation activity and enplaned passenger traffic at the Airport will depend on many local, regional, national and international factors. These factors include economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, aviation industry workforce shortages, 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 FOR THE SERIES 2023A-B SUBORDINATE BONDS—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. As of August 31, 2023, 26 passenger airlines provide scheduled service at the Airport, including ten major/national passenger airlines, 11 foreign flag passenger airlines, and five regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines, including FedEx Corporation, United Parcel Service, and ABX Air/Amazon Prime provide service 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 46.4% of passenger enplanements at the Airport in 2022, and 46.9% of passenger enplanements at the Airport for the first eight months of 2023. The Airport is a primary connecting hub in United's route system both in terms of passengers and flight operations. Through the first eight months of 2023, the Airport ranked as the second busiest airport in the United route network based on scheduled flights. Under a Use and Lease

Agreement with the City, United currently operates 77 full service contact gates and five ground loading positions. Upon completion of the concourse expansion program and relocation of airlines to their gates, it is expected that United will be leasing 90 full service contact gates in Concourses A and B. See "DENVER INTERNATIONAL AIRPORT—Terminal Complex" and "CAPITAL PROGRAM" for additional information about the concourse expansion programs.

Southwest Airlines ("**Southwest**") had the second largest market share at the Airport in 2022. Since commencing its service at the Airport in 2006, Southwest has had strong and continued growth in airline service, accounting for 30.6% of passenger enplanements at the Airport in 2022 and 30.4% of passenger enplanements at the Airport for the first eight months of 2023. Through the first eight months of 2023, the Airport ranked as the busiest airport in the Southwest system based on scheduled flights. Southwest currently operates from 38 gates at the Airport under a Use and Lease Agreement with the City. Upon the completion of the concourse expansion programs and relocation of airlines to their gates, it is expected that Southwest will be leasing 40 full service contact gates in Concourse C. See "DENVER INTERNATIONAL AIRPORT—Terminal Complex" for additional information about the concourse expansion programs.

Frontier Airlines Inc. ("**Frontier**"), which has been operating as an ultra-low-cost carrier since 2015, had the third largest market share at the Airport in 2022, accounting for 9.8% of passenger enplanements at the Airport in 2022 and 9.6% of passenger enplanements at the Airport for the first eight months of 2023. The Airport serves as Frontier's only hub and through the first eight months of 2023, the Airport ranked as the busiest airport in the Frontier route network based on scheduled flights. Frontier currently operates nine full service contact gates, with an additional five gates currently under development, pursuant to a Use and Lease Agreement with the City. Upon the completion of the new expansion on Concourse A (East), Frontier will be leasing 14 ground loading positions on Concourse A (East). See "DENVER INTERNATIONAL AIRPORT—Terminal Complex" for additional information about the concourse expansion programs.

Delta Airlines ("**Delta**") and American Airlines Group ("**American**") were the Airport's fourth and fifth largest passenger carriers in 2022, respectively. In 2022, Delta and American accounted for 4.9% and 3.8% of passenger enplanements, respectively. In the first eight months of 2023, Delta and American each accounted for 4.9% and 3.6% of passenger enplanements at the Airport, respectively. Delta and American had no connecting enplaned passenger traffic at the Airport in 2022, and neither carrier uses the Airport as a hub.

Except for the United Group, Southwest, Frontier, Delta and American, no single airline accounted for more than 3.8% 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 2022.

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," and "CERTAIN INVESTMENT CONSIDERATIONS."

The Airport Capital Program. The Department is currently completing its $4.3 billion capital program for the years 2018-2022 (the "**2018-2022 Capital Program**"), which has been fully funded. Remaining projects in the 2018-2022 Capital Program include the second phase of the Great Hall Project and the Concourse A (East) expansion. See "CAPITAL PROGRAM – 2018-2022 Capital Program."

The Department's current capital program, for the years 2023 through 2027 (the "**2023-2027 Capital Program**"), includes approximately $2.9 billion of expansion for new infrastructure assets as well as major maintenance capital projects. The 2023-2027 Capital Program includes capital projects such as the completion phase of the Great Hall Project (defined below), development of the Center of Equity and Excellence in Aviation, as further described herein, expansion of the new Concourse A (East) ground load facility, rehabilitation of certain runways, taxiways and apron areas, including studies for the potential future addition of a new runway, various terminal and concourse projects, continued Peña Boulevard reconstruction, and other infrastructure assets and major maintenance projects, as described in "CAPITAL PROGRAM" herein.

Sustainability Initiatives and Social Responsibility. As part of the Airport's "Vision 100 Plan," which contemplates the Airport's eventual ability to serve 100 million passengers annually, the Airport's executive management team is striving to implement new environmental and sustainability initiatives and social programs over the next five years that are expected to complement a number of existing efforts already in place at the Airport. From an environmental perspective, the new initiatives will support the goals and policies set by former Denver Mayor Michael B. Hancock to reduce greenhouse gas emissions 65% by 2030 and to zero emissions by 2040, further electrify the City's transportation system to reduce its impact on climate change, increase waste diversion to 50% by 2027 and 70% by 2032, and transition the City to 100% renewable electricity by 2030. With respect to social programs, the Department has established a Center of Equity and Excellence in Aviation to link industry leaders in aviation with local community programs, including youth outreach programs, to support career pathways for marginalized communities while also offering internships for high school and college students. The Department also plans to continue to improve the Airport's donation programs, which collect and donate food and other necessities, such as car seats, unused toilet paper, and abandoned luggage to local non-profit organizations in the Denver community. See "ENVIRONMENTAL AND SOCIAL CONSIDERATIONS AT THE AIRPORT" herein for a description of the existing and planned sustainability initiatives and social programs at the Airport.

The Series 2023A-B Subordinate Bonds

Authorization. The Series 2023A-B Subordinate Bonds are being issued by authority of the City's home rule charter (the "**City Charter**"), the State's Supplemental Public Securities Act, the Amended and Restated Airport System General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented (the "**General Subordinate Bond Ordinance**"), and a supplemental subordinate bond ordinance (the "**Series 2023 Supplemental Subordinate Ordinance**") enacted before the issuance of the Series 2023A-B Subordinate Bonds by the Denver City Council (the "**City Council**"). The General Subordinate Bond Ordinance, the Series 2023 Supplemental Subordinate Ordinance and any ordinances supplementing the General Subordinate Bond Ordinance adopted by the City Council after the adoption of the Series 2023 Supplemental Subordinate Ordinance are referred to herein collectively as the "**Subordinate Bond Ordinance**." The covenants and undertakings of the City with respect to the Subordinate Bond Ordinance and the Series 2023A-B Subordinate Bonds are covenants and undertakings of the City, for and on behalf of the Department. See "THE SERIES 2023A-B SUBORDINATE BONDS—Authorization," and "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE."

Purpose. The proceeds of the Series 2023A-B Subordinate Bonds, together with other available Airport System moneys, are expected to be used to (i) refund and redeem the outstanding Refunded Bonds (defined below) on a subordinate lien basis, (ii) make any necessary deposits to the Series 2023A-B Subordinate Bond Reserve Subaccount and (iii) pay the costs of issuing the Series 2023A-B Subordinate Bonds. See "PLAN OF FINANCING."

Maturities, Principal, and Interest. The Series 2023A Subordinate Bonds and the Series 2023B Subordinate Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and mature on the dates and in the principal amounts set forth on the inside cover page hereof. Interest on the Series 2023A-B Subordinate Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2024, and semiannually thereafter on each May 15 and November 15 and on the maturity date (each an "**Interest Payment Date**"). The Series 2023A-B Subordinate Bonds are subject to redemption prior to maturity as described in "THE SERIES 2023A-B SUBORDINATE BONDS."

Book-Entry Only System. The Series 2023A-B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2023A-B Subordinate Bonds. Ownership interests in the Series 2023A-B Subordinate Bonds ("**Beneficial Ownership Interests**"), in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system ("**DTC Participants**"). Such Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("**Beneficial Owners**") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest, the receipt of notices and other communications, transfers and various other matters with respect to the Series 2023A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2023A-B SUBORDINATE BONDS—DTC Book-Entry System" and "APPENDIX C—DTC BOOK-ENTRY SYSTEM."

Special Obligations. The Series 2023A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts as described herein, on parity with other Subordinate Bonds and Subordinate Obligations (each as defined herein) and subordinate to Senior Bonds and Senior Obligations (each as defined herein). 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 2023A-B Subordinate Bonds and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2023A-B Subordinate Bonds. The Series 2023A-B Subordinate Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Subordinate Pledge of Net Revenues."

Subordinate Pledge of Net Revenues. The Series 2023A-B Subordinate Bonds are payable from Net Revenues on a basis that is (i) subordinate to bonds that have been issued or may be issued in the future and that are outstanding from time to time (collectively, the "**Senior Bonds**") under the General Bond Ordinance effective November 29, 1984, as amended and restated in its entirety pursuant to the provisions of Ordinance No. 0777, Series of 2018 (the "**General Bond Ordinance**") and Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds which have a lien on Net Revenues on a parity with the lien on the Senior Bonds (collectively, the "**Senior Obligations**"), and (ii) on a parity with all other bonds that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance (the "**Subordinate Bonds**"), and Subordinate Obligations that have been issued or may be issued in the future and that are outstanding from time to time under the Subordinate Bond Ordinance. The General Bond Ordinance, as it may be amended or supplemented from time to time is referred to herein as the "**Senior Bond Ordinance**." See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Subordinate Pledge of Net Revenues" and "FINANCIAL INFORMATION—Outstanding Subordinate Bonds" and "—Outstanding Senior Bonds." See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE" for the definitions of Hedge Facility Obligations and Credit Facility Obligations.

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

Further Information. For further information regarding the Series 2023A-B Subordinate Bonds, see generally "THE SERIES 2023A-B SUBORDINATE BONDS," "FINANCIAL INFORMATION," "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE" and "APPENDIX B-2—THE SERIES 2023 SUPPLEMENTAL SUBORDINATE ORDINANCE."

Tax Matters

In the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2023A-B Subordinate Bonds, under existing law and assuming compliance by the City, with certain requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") that must be met subsequent to the issuance of the Series 2023A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2023A Subordinate Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates, and (2) interest on the Series 2023B Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2023B Subordinate Bonds are held by a person who is a "substantial user" of the Airport System or a "related person" as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts and estates.. Bond Counsel to the City observes that, for tax years beginning after December 31, 2022, interest on the Series 2023A-B Subordinate Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax. Also, in the opinion of Bond Counsel to the City to be delivered upon the issuance of the Series 2023A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2023A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See "TAX MATTERS" for a more detailed discussion.

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

Upon the issuance of the Series 2023A-B Subordinate Bonds and assuming that all scheduled debt service payments on the Outstanding Senior Bonds are made on November 15, 2023, there will be approximately $4,062,190,000 aggregate principal amount of Outstanding Senior Bonds as of the date of issuance of the Series 2023A-B Subordinate Bonds. The City, for and on behalf of the Department, has entered into various Credit Facility Obligations in connection with the Credit Facilities that additionally secure certain of the outstanding Senior Bonds. See "FINANCIAL INFORMATION—Outstanding

Senior Bonds" for a description of outstanding Credit Facility Obligations which constitute Senior Obligations.

Upon the issuance of the Series 2023A-B Subordinate Bonds and the refunding and defeasance of the Refunded Bonds, and assuming that all scheduled debt service payments on the Outstanding Subordinate Bonds are made on November 15, 2023, there will be approximately $3,209,965,000 aggregate principal amount of Outstanding Subordinate Bonds as of the date of issuance of the Series 2023A-B Subordinate Bonds. The City, for and on behalf of the Department, in the past also has incurred Subordinate Contract Obligations and has entered into various Subordinate Hedge Facility Obligations (defined herein) relating to Senior Bonds that are secured by a pledge of Net Revenues that is subordinate to that of the Senior Bonds and Senior Obligations and on a parity with the Subordinate Bonds. See "FINANCIAL INFORMATION—Outstanding Subordinate Bonds, —Subordinate Obligations, and —Master Derivatives Policy."

The Senior Bond Ordinance and the Subordinate Bond Ordinance permit the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. Pursuant to the Senior Bond Ordinance and 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 (defined herein) under the Junior Lien Bond Ordinance. No Junior Lien Bonds (defined herein) have been issued by the City or are currently outstanding. See "FINANCIAL INFORMATION—Junior Lien Bonds and Junior Lien Obligations."

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

The City, for and on behalf of the Department, may issue additional Senior Bonds and incur additional Senior Obligations upon the satisfaction of conditions set forth in the Senior Bond Ordinance, may issue additional Subordinate Bonds and incur additional Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance, and may issue Junior Lien Bonds and incur additional Junior Lien Obligations upon the satisfaction of certain conditions set forth in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Additional Senior Bonds, —Additional Subordinate Bonds and Subordinate Obligations" and "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE 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 to the Series 2023A-B Subordinate Bonds in which it will agree to provide or cause to be provided annually via the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("**EMMA**") system certain additional financial information and operating data concerning the Airport System and to provide contemporaneous notice of certain specified events. See "CONTINUING DISCLOSURE" and "APPENDIX F—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 2023A-B Subordinate Bonds, the City, the Department, the Airport, the Airport System, 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. In addition, copies of the General Subordinate Bond Ordinance and the Series 2023 Supplemental Subordinate Ordinance are attached hereto as Appendices B-1 and B-2, respectively.

Investment Considerations

The purchase and ownership of Beneficial Ownership Interests in the Series 2023A-B Subordinate Bonds involve certain investment risks. Prospective purchasers should read this Official Statement in its entirety, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS."

Forward-Looking Statements

This Official Statement, including Appendices thereto, contains statements relating to future results that are "forward-looking statements" as defined in the Federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements."

Miscellaneous

The cover page, inside cover pages, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the City and the Department and from other sources believed to be reliable. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City, the Department or the Airport System since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement is not to be construed as a contract or agreement between the City, for and on behalf of the Department, or the Underwriters and the purchasers, Owners or Beneficial Owners of any of the Series 2023A-B Subordinate Bonds.

PLAN OF FINANCING

Purpose of the Series 2023A-B Subordinate Bonds

The proceeds of the Series 2023A-B Subordinate Bonds, together with other available Airport System moneys, are expected to be used to (i) refund and redeem all of the outstanding Airport System Subordinate Revenue Bonds, Series 2013A and Series 2013B, on a subordinate lien basis, (ii) make any necessary deposit to the Series 2023A-B Subordinate Bond Reserve Subaccount, and (iii) pay the costs of issuing the Series 2023A-B Subordinate Bonds.

A portion of the proceeds of the Series 2023A Subordinate Bonds will be applied on the date of issuance thereof to fund an escrow, to defease, refund and redeem all of the Subordinate Bonds listed in the table below.

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP©
2013B	2024	$ 7,335,000	5.000%	249182HY5
2013B	2025	7,605,000	5.000	249182HZ2
2013B	2026	16,315,000	5.250	249182JA5
2013B	2027	17,180,000	5.250	249182JB3
2013B	2028	18,080,000	5.250	249182JC1
2013B	2029	18,240,000	5.250	249182JD9
2013B	2030	17,900,000	5.250	249182JE7
2013B	2031	18,780,000	5.250	249182JF4
2013B	2032	19,765,000	5.250	249182JG2
2013B	2033	20,800,000	5.250	249182JH0
2013B	2043	180,830,000	5.000	249182JJ6

A portion of the proceeds of the Series 2023B Subordinate Bonds will be applied on the date of issuance thereof to fund an escrow, to defease, refund and redeem all of the Subordinate Bonds listed in the table below.

Series	Maturity (November 15)	Principal Amount Refunded	Interest Rate	CUSIP©
2013A	2024	$ 4,350,000	5.250%	249182HD1
2013A	2025	4,055,000	5.500	249182HE9
2013A	2026	22,640,000	5.500	249182HF6
2013A	2027	23,890,000	5.500	249182HG4
2013A	2028	25,200,000	5.500	249182HH2
2013A	2029	23,205,000	5.500	249182HJ8
2013A	2030	18,580,000	5.500	249182HK5
2013A	2031	19,600,000	5.500	249182HL3
2013A	2033	39,740,000	5.000	249182HM1
2013A	2043	104,035,000	5.250	249182HN9

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The bonds listed in the tables above are collectively referred to as the "**Refunded Bonds**."

A portion of the proceeds of Series 2023A-B Subordinate Bonds will be deposited into one or more irrevocable escrow accounts (the "**Escrow Accounts**") to be established pursuant to an escrow agreement to be entered into by the City, for and on behalf of the Department, and Zions Bancorporation, National Association, as escrow agent, and utilized to redeem and pay the Refunded Bonds on February 16, 2024.

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 2023A-B Subordinate Bonds.

Sources:	**Series 2023A Subordinate Bonds**	**Series 2023B Subordinate Bonds**	**Total**
Principal Amount	$316,050,000.00	$270,785,000.00	$586,835,000.00
Original Issue Premium[1]	26,229,739.50	14,339,180.60	40,568,920.10
Other Available Airport Moneys[2]	32,127,081.19	26,626,821.73	58,753,902.92
Total	$374,406,820.69	$311,751,002.33	$686,157,823.02
Uses:			
Refund or defease the Refunded Bonds[3]	$342,785,663.00	$285,420,509.00	$628,206,172.00
Deposit to the Series 2023A-B Subordinate Bond Reserve Subaccount	30,383,010.10	25,309,505.24	55,692,515.34
Costs of Issuance[4]	1,238,147.59	1,020,988.09	2,259,135.68
Total	$374,406,820.69	$311,751,002.33	$686,157,823.02

[1] See "UNDERWRITING" and "TAX MATTERS."
[2] Includes amounts released from the Subordinate Bond Reserve Account.
[3] To be used to refund, redeem and defease all of the outstanding Refunded Bonds.
[4] Includes Underwriters' discount, rating agencies' fees, legal fees and other costs of issuance for the Series 2023A-B Subordinate Bonds. See also "UNDERWRITING."

THE SERIES 2023A-B SUBORDINATE BONDS

The following is a summary of certain provisions of the Series 2023A-B Subordinate Bonds during such time as the Series 2023A-B Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2023A-B Subordinate Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE" for the Subordinate Bond Ordinance, including, without limitation, covenants of the City, the rights and remedies of the Owners of the Series 2023A-B Subordinate Bonds upon an Event of Default (as defined herein) under the Subordinate Bond Ordinance, provisions relating to amendments of the Subordinate Bond Ordinance, and procedures for defeasance of the Series 2023A-B Subordinate Bonds.

Authorization

Pursuant to the home rule article of the State constitution, the State's Supplemental Public Securities Act, and the City Charter and the Subordinate Bond Ordinance, the City, for and on behalf of the Department, may issue bonds payable solely from and secured by a subordinate pledge of Net Revenues to defray the cost of acquiring, improving and equipping municipal airport facilities. Such revenue bonds constitute special obligations, do not evidence a debt or indebtedness of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, charter or statutory provision or limitation and may be issued without prior voter approval.

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of the State constitution. The Department is owned by the City, and the Chief Executive Officer of the Department of Aviation (the "**Manager**") is the governing body of the Department. See "MANAGEMENT OF THE AIRPORT SYSTEM." The Department has the authority to issue its own revenue bonds or other financial obligations in the name of the City payable solely from revenues of the Airport System, as authorized by ordinance after approval and authorization by the Manager. The assets of the Airport System are owned by the City and operated by the Department as a self-sustaining business activity. The Department is not authorized to levy any taxes in connection with the Airport System.

The Series 2023A-B Subordinate Bonds will be issued pursuant to the Subordinate Bond Ordinance, including the Series 2023 Supplemental Subordinate Ordinance approved by the City Council prior to the issuance of the Series 2023A-B Subordinate Bonds and any amendments that may be adopted in accordance with the Series 2023 Supplemental Subordinate Ordinance after issuance of the Series 2023A-B Subordinate Bonds. See "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE."

The City has appointed Zions Bancorporation, National Association, Denver, Colorado, to serve as paying agent (the "**Paying Agent**") and registrar (the "**Registrar**") for the Series 2023A-B Subordinate Bonds.

DTC Book-Entry System

The Depository Trust Company ("**DTC**") will act as securities depository for the Series 2023A-B Subordinate Bonds. The Series 2023A-B Subordinate Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2023A-B Subordinate Bonds, each in the aggregate principal amount of such maturity (provided that if the aggregate principal amount of any single maturity exceeds $500,000,000, separate bond certificates shall be issued for each $500,000,000 and any amount in excess thereof and subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. Beneficial interests in the Series 2023A-B Subordinate Bonds may be held through DTC, directly as a participant or indirectly through organizations that are participants in such system. See "APPENDIX C—DTC BOOK-ENTRY SYSTEM" for a description of DTC and certain of its responsibilities, and the provisions for registration and registration of transfer of the Series 2023A-B Subordinate Bonds if the book-entry-only system of registration is discontinued.

Principal and interest payments with respect to the Series 2023A-B Subordinate Bonds are to be made by the Paying Agent to Cede & Co., as the Owner of the Series 2023A-B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX C—DTC BOOK-ENTRY SYSTEM."

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 a DTC Participant of any *notice that is permitted or required to be given to the Owners of the Series 2023A-B Subordinate Bonds under the Subordinate Bond Ordinance, (3) the payment by DTC or a DTC Participant of any amount received under the Subordinate Bond Ordinance with respect to the Series 2023A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2023A-B Subordinate Bonds or (5) any other related matter.*

The Series 2023A Subordinate Bonds and the Series 2023B Subordinate Bonds

General Provisions. The Series 2023A-B Subordinate Bonds will be issued in the aggregate principal amount, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the inside cover pages hereof. Interest on the Series 2023A-B Subordinate Bonds accrues from the date of delivery thereof to the Underwriters and is payable beginning on May 15, 2024, and semiannually on each Interest Payment Date thereafter, on any redemption date and on the maturity date. The Series 2023A-B Subordinate Bonds will be issued in fully registered form in denominations of $5,000 and any integral multiple thereof.

Principal and interest payments with respect to the Series 2023A-B Subordinate Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2023A-B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX C—DTC BOOK-ENTRY SYSTEM."

Optional Redemption Prior to Maturity. The Series 2023A-B Subordinate Bonds maturing on and after November 15, 2034, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2033, in whole or in part, in principal amounts equal to authorized denominations, at a price (the "**Redemption Price**") equal to 100% of the principal amount of the Series 2023A-B Subordinate Bonds to be redeemed plus accrued interest to the date of redemption (the "**Redemption Date**").

Partial Redemption. If less than all of the Series 2023A-B Subordinate Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the Treasurer will select the Series 2023A-B Subordinate Bonds or portions thereof to be redeemed by lot in such manner as the Treasurer deems equitable (giving proportionate weight to Series 2023A Subordinate Bonds or Series 2023B Subordinate Bonds in denominations larger than a single unit of Authorized Denomination). For purposes of such selection, the Series 2023A-B Subordinate Bonds of each series shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed.

The Series 2023 Supplemental Subordinate Ordinance provides that notwithstanding the foregoing, so long as the Series 2023A-B Subordinate Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2023A-B Subordinate Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository. See "DTC Book-Entry System" above and "APPENDIX C—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 2023A-B Subordinate Bonds to be redeemed at their addresses as shown on the registration records kept by the Registrar, or in the event that the Series 2023A-B Subordinate Bonds to be redeemed are registered in the name of the Securities Depository (initially DTC), such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2023A-B Subordinate Bonds.

Each notice of redemption must specify the Series 2023A-B Subordinate Bonds to be redeemed, the Redemption Price to be paid and the Redemption Date, and that from and after such date, interest on the Series 2023A-B Subordinate Bonds (or portions thereof) called for redemption will cease to accrue.

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 2023A-B Subordinate Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Owners of the Series 2023A-B Subordinate Bonds called for redemption.

Redemption of Beneficial Ownership Interests. The Registrar will be required to send notice of redemption of the Series 2023A-B Subordinate Bonds only to Cede & Co. (or subsequent nominee of DTC) as the registered owner thereof. Receipt of such notice initiates DTC's standard redemption procedures. In the event of a partial call, the Beneficial Ownership Interests to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as described in "APPENDIX C—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 2023A-B Subordinate Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS

Subordinate Pledge of Net Revenues

The Series 2023A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues on a parity with all other outstanding Subordinate Bonds and Subordinate Obligations. Series 2023A-B Subordinate Bonds are also payable under certain circumstances from the Series 2023A-B Subordinate Bond Reserve Subaccount as discussed in "— Series 2023A-B Subordinate Bond Reserve Subaccount" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Subordinate Bond Fund and the Series 2023A-B Subordinate Bond Reserve Subaccount to the payment of the Series 2023A-B Subordinate Bonds and, at the option of the City, other Subordinate Bonds that may be issued in the future (in which event the minimum amount in the Series 2023A-B Subordinate Bond Reserve Subaccount will be recomputed). The Series 2023A-B Subordinate Bonds do not constitute general obligations of the City, the State or any other political subdivision or agency of the State, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2023A-B Subordinate Bonds. None of the real properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2023A-B Subordinate Bonds.

The pledge of Net Revenues and funds on deposit in the Subordinate Bond Fund to the payment of the Subordinate Bonds, including the Series 2023A-B Subordinate Bonds, is expressly subordinate to the pledge of Net Revenues for the payment of Senior Bonds and Senior Obligations which may be issued and outstanding from time to time.

Upon the issuance of the Series 2023A-B Subordinate Bonds and the refunding and defeasance of the Refunded Bonds and assuming that all scheduled debt service payments on the Outstanding Senior Bonds and Outstanding Subordinate Bonds are made on November 15, 2023, the aggregate principal amount of all Outstanding Senior Bonds and Outstanding Subordinate Bonds as of the date of issuance of the Series 2023A-B Subordinate Bonds will be $4,062,190,000 and $3,209,965,000, respectively. The City, for and on behalf of the Department, has also incurred (1) Senior Obligations that have a lien on Net Revenues on parity with the lien of the Senior Bonds but senior to the lien of the Subordinate Bonds and Subordinate Obligations, (2) Subordinate Obligations that have a lien on Net Revenues on parity with the lien of Subordinate Bonds, but subordinate to the lien of the Senior Bonds and Senior Obligations and (3) Junior Lien Obligations that have a lien on Net Revenues subordinate to the lien of Senior Bonds, Senior Obligations, Subordinate Bonds and Subordinate Obligations. See "FINANCIAL INFORMATION—Outstanding Senior Bonds, —Outstanding Subordinate Bonds, —Subordinate Obligations, and —Junior Lien Bonds and Junior Lien Obligations."

"**Net Revenues**" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "**Gross Revenues**" generally constitute any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. "**Operation and Maintenance Expenses**" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System.

Gross Revenues do not include, among other things, grants derived directly from the United States, including Stimulus Funds (defined below), or any passenger taxes or other passenger charges, including passenger facility charges ("**PFCs**"), imposed to finance certain eligible projects of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Pursuant to Ordinance No. 18-0776, Series of 2018 adopted by the City Council (the "**PFC Supplemental Ordinance**"), beginning on January 1, 2019, the City has been including all PFC revenues (net of collection fees) received by the City in Gross Revenues under each of the Senior Bond Ordinance, Subordinate Bond Ordinance and Junior Lien Bond Ordinance (collectively, the "**Bond Ordinances**") until such time, if any, that the Manager determines, in his or her sole discretion, that all or a portion of such PFCs shall no longer be included in Gross Revenues for purposes of the Bond Ordinances, as further described under "FINANCIAL INFORMATION—Passenger Facility Charges." PFC revenues that are included in Gross Revenues may be applied for any lawful purpose authorized by PFC applications approved by the Federal Aviation Administration ("**FAA**"), including paying debt service on debt issued to finance PFC-eligible projects. The City's current authorization to impose PFCs permits it to use PFC revenues to pay Debt Service Requirements on certain outstanding Senior Bonds. The City may apply to the FAA for new authorizations and use PFCs to pay PFC-eligible debt service and/or project costs. The City has no obligation to continue including PFC revenues received by the City in Gross Revenues for purposes of the Bond Ordinances.

In addition, in any Fiscal Year, the City is permitted to transfer Other Available Funds from the Capital Fund to the Revenue Fund for purposes of meeting rate maintenance covenants for such Fiscal Year under the Senior Bond Ordinance and the Subordinate Bond Ordinance. The Subordinate Bond Ordinance defines "**Other Available Funds**," with respect to any Fiscal Year, as the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed 25% of the aggregate Debt Service Requirements for Senior Bonds or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year. See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE," "APPENDIX B-1—AMENDED AND RESTATED AIRPORT

SYSTEM GENERAL SUBORDINATE BOND ORDINANCE" and "—Rate Maintenance Covenants" below. For the complete definitions of Gross Revenues, Operation and Maintenance Expenses and Other Available Funds, see "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE."

Flow of Funds; Revenue Fund

The application of Gross Revenues is governed by the provisions of the Bond Ordinances. The Senior Bond Ordinance creates the "City and County of Denver, Airport System Fund" (the "**Airport System Fund**"), and within the Airport System Fund a special fund designated the "City and County of Denver, Airport System Gross Revenue Fund" (the "**Revenue Fund**"). See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues." 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. See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues" for the application of Gross Revenues. The flow of funds under the Bond Ordinances is illustrated in the following diagram.

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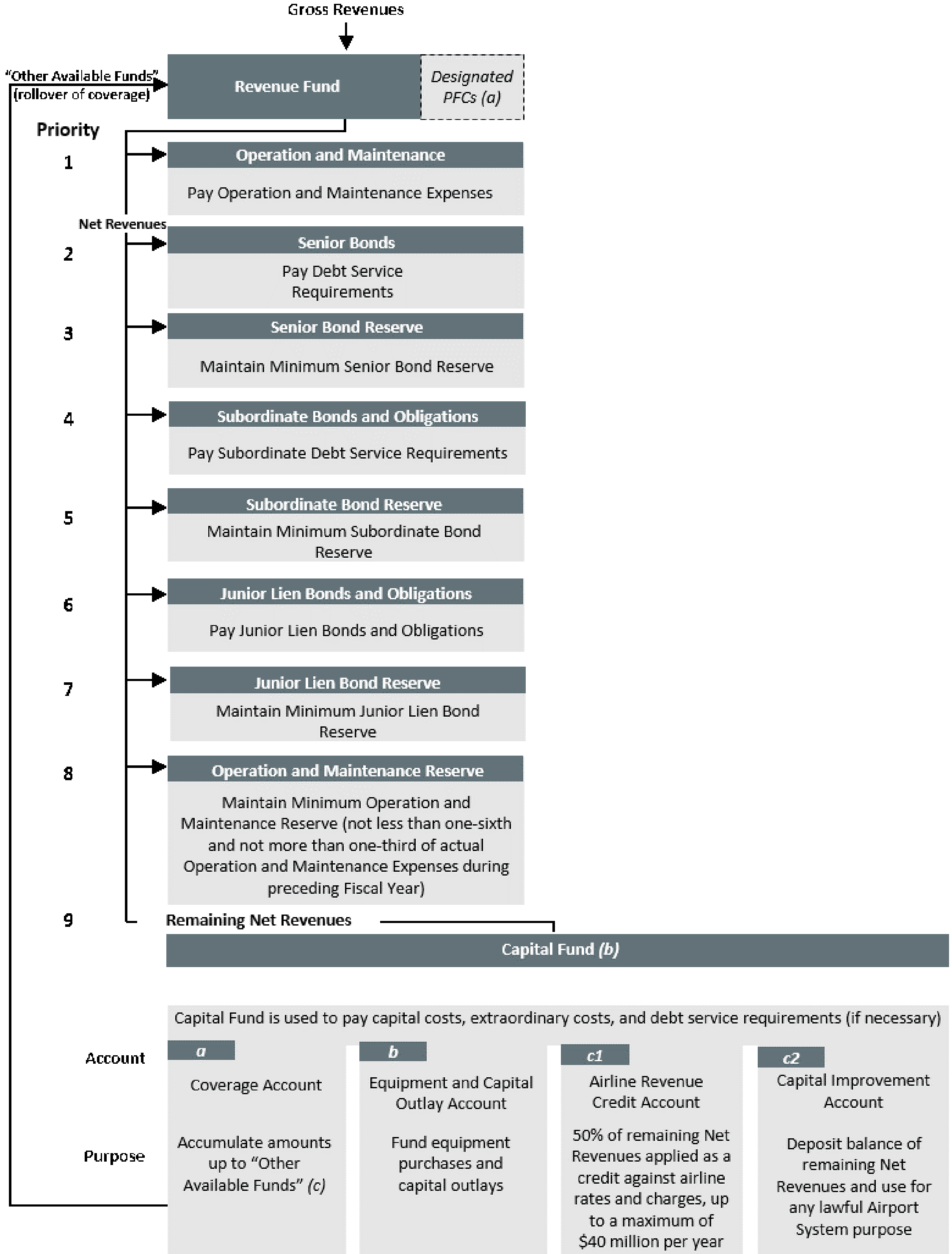
Flow of Funds Under the Bond Ordinances



(a) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues. See "FINANCIAL INFORMATION—Passenger Facility Charges."

(b) 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, the Subordinate Bond Ordinance, or the Junior Lien Bond Ordinance.

(c) Under the Senior Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements. Under the Subordinate Bond Ordinance, Other Available Funds determined by the Manager cannot exceed 25% of Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements.

Series 2023A-B Subordinate Bond Reserve Subaccount

The Subordinate Bond Ordinance creates the Subordinate Bond Reserve Account within the Subordinate Bond Fund and permits the City to establish separate subaccounts within the Subordinate Bond Reserve Account for a series of Subordinate Bonds or secure future Subordinate Bonds with an existing Subordinate Bond Reserve Account. Each separate reserve subaccount would be subject to the lien of only those particular series of Subordinate Bonds for which such subaccount was created and pledged. The City established separate accounts within the Subordinate Bond Reserve Account to secure each of the Series 2013 Subordinate Bonds, Series 2018 Subordinate Bonds, and Series 2019 Subordinate Bonds.

The Series 2023 Supplemental Subordinate Ordinance creates within the Subordinate Bond Reserve Account a debt service reserve subaccount for the Series 2023A-B Subordinate Bonds (the "**Series 2023A-B Subordinate Bond Reserve Subaccount**"). The Series 2023A-B Subordinate Bond Reserve Subaccount is to be funded with the proceeds of the Series 2023A-B Subordinate Bonds in the amount which is the lesser of (i) the maximum amount of Subordinate Bond Requirements with respect to the Series 2023A-B Subordinate Bonds in any Fiscal Year, or (ii) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2023A-B Subordinate Bonds, or (iii) 10% of the lesser of the proceeds or the stated aggregate principal amount of the Series 2023A-B Subordinate Bonds (the "**Series 2023A-B Minimum Subordinate Bond Reserve**").

Amounts on deposit in the Series 2023A-B Subordinate Bond Reserve Subaccount are available to pay debt service on the Series 2023A-B Subordinate Bonds. The Series 2023 Supplemental Subordinate Ordinance also allows any additional Subordinate Bonds that may be issued in the future (but not Subordinate Bonds that are currently outstanding) to be secured by the Series 2023A-B Subordinate Bond Reserve Subaccount and, upon such issuance, the Series 2023A-B Minimum Subordinate Bond Reserve is to be recalculated as provided in the definition of Series 2023A-B Minimum Subordinate Bond Reserve as of the issue date of any such additional Subordinate Bonds but shall also take into account the additional Subordinate Bonds so secured. In such an event, the City may rename the Series 2023A-B Subordinate Bond Reserve Subaccount to properly reflect the Subordinate Bonds secured thereby and each such series of Subordinate Bonds so secured will be secured on a pro rata basis with respect to all Subordinate Bonds secured by the Series 2023A-B Subordinate Bond Reserve Subaccount.

Accordingly, if the City decides to issue additional Subordinate Bonds in the future, the City may (a) establish a separate subaccount in the Subordinate Bond Reserve Fund, (b) secure such future Subordinate Bonds with an existing Series 2023A-B Subordinate Bond Reserve Subaccount (as described above), or (c) establish no reserve subaccount at all to secure such future Subordinate Bonds, all as provided in the supplemental subordinate bond ordinance authorizing such future Subordinate Bonds. See "APPENDIX B-1—AMENDED AND RESTATED GENERAL SUBORDINATE BOND ORDINANCE."

Pursuant to the Subordinate Bond Ordinance, the City is required, after making required monthly deposits to the Interest Account, the Principal Account, the Sinking Fund Account, and the Redemption Account of the Subordinate Bond Fund, to credit Net Revenues to the Series 2023A-B Subordinate Bond Reserve Subaccount in substantially equal monthly installments so as to accumulate the Series 2023A-B Minimum Subordinate Bond Reserve within 60 months of the first day of the month next succeeding each date on which the Series 2023A-B Subordinate Bonds are issued or on which the amounts credited to the Series 2023A-B Subordinate Bond Reserve Subaccount are less than the Series 2023A-B Minimum Subordinate Bond Reserve. Because the Series 2023A-B Minimum Subordinate Bond Reserve will be funded with the proceeds of the Series 2023A-B Subordinate Bonds upon issuance of the Series 2023A-B Subordinate Bonds, the City will not be required to fund it within 60 months from the date of issuance. Subject to certain limitations, a Subordinate Credit Facility may be deposited in the Series 2023A-B Subordinate Bond Reserve Subaccount in full or partial satisfaction of the Series 2023A-B Minimum Subordinate Bond Reserve, provided that any such Subordinate Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Series 2023A-B Subordinate Bond Reserve Subaccount. To date, the City has funded the Subordinate Bond Reserve Account solely with bond proceeds and available Airport System moneys.

Capital Fund

The Senior Bond Ordinance also creates the "City and County of Denver, Airport System Capital Improvement and Replacement Fund" (the "**Capital Fund**") within the Airport System Fund, which may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities (as defined in "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE"), 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 A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE") 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 the Senior Bond Ordinance, the Subordinate Bond Ordinance, or the Junior Lien 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 June 30, 2023 was approximately $912.7 million. Such amount has been designated for use by the City as follows: (1) $65.8 million for the Coverage Account (constituting Other Available Funds) and (2) $846.9 million for any lawful Airport System purpose. See "FINANCIAL INFORMATION—Cash and Liquidity." See also "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE V—Administration of and Accounting for Pledged Revenues" and "—ARTICLE X—Miscellaneous Protective Covenants," "CAPITAL PROGRAM—2018-2022 Capital Program", "—2023-2027 Capital Program" and "—Funding for the 2023-2027 Capital Program" herein.

Rate Maintenance Covenants

The City has covenanted in the Senior Bond Ordinance (the "**Senior Rate Maintenance Covenant**") to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each calendar year (each, a "**Fiscal Year**") Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either:

(1) the amounts needed for making the required cash deposits to the credit of several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of several accounts and subaccounts of the Subordinate Bond Fund (defined herein) and the Operation and Maintenance Reserve Account, or

(2) an amount equal to not less than 125% of the aggregate Debt Service Requirements on the Senior Bonds for the Fiscal Year.

See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE IX—Rentals, Rates, Fees, and Other Charges." See also "—Capital Fund" and "—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements."

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

In addition, the City has covenanted in the Subordinate Bond Ordinance (the "**Subordinate Rate Maintenance Covenant**") to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport in order that in each Fiscal Year Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either:

(1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account or any similar account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, and the Operation and Maintenance Reserve Account, or

(2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds and the aggregate debt service requirements with respect to Subordinate Obligations (as more fully described in the Subordinate Bond Ordinance, the "**Subordinate Debt Service Requirements**") for such Fiscal Year.

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

In order to meet the Senior Rate Maintenance Covenant or the Subordinate Rate Maintenance Covenant, or both, in addition to or in lieu of the foregoing, the City may, among other things, increase rentals, rates, fees and charges for the use of the Airport, reduce the Operation and Maintenance Expenses, and as permitted by the Senior Bond Ordinance and the Subordinate Bond Ordinance, reduce the Debt Service Requirements on Senior Bonds or Subordinate Debt Service Requirements or both by irrevocably committing additional amounts to pay Debt Service Requirements or Subordinate Debt

Service Requirements, respectively. See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE" for the definition of Debt Service Requirements, and "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE" for the definition of Subordinate Debt Service Requirements. See also "FINANCIAL INFORMATION—Federal Aid Related to COVID-19" relating to the irrevocable commitment of certain Stimulus Funds to Debt Service Requirements and Subordinate Debt Service Requirements.

Increasing rentals, rates, fees and charges for the use of the Airport or reducing Operation and Maintenance Expenses could be subject to contractual, statutory and regulatory restrictions as discussed in "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Federal Regulations and Funding —*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 have agreed that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds, must be sufficient to satisfy the Senior Rate Maintenance Covenant, and the Signatory Airlines have agreed to pay such rentals, rates, fees and charges. See also "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements."

For more information see "CERTAIN INVESTMENT CONSIDERATIONS—Ability to Meet Rate Maintenance Covenants" and "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE".

Further, the City has covenanted in the Junior Lien Bond Ordinance to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in order that in each Fiscal Year Gross Revenues, together with Other Available Funds (consisting of transfers from the Capital Fund to the Revenue Fund), will be at least sufficient to provide for the payment of Operation and Maintenance Expenses and for the greater of either (1) the amounts needed for making the required cash deposits to the credit of the several subaccounts of the Bond Fund (except the Redemption Account) and to the credit of the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of the several accounts and subaccounts of the Subordinate Bond Fund, the Junior Lien Obligations Fund, and the Operation and Maintenance Reserve Account, or (2) an amount equal to not less than 110% of the aggregate Debt Service Requirements on the Senior Bonds, the aggregate Subordinate Debt Service Requirements, and the aggregate debt service requirements for Junior Lien Bonds and Junior Lien Obligations for such Fiscal Year.

Additional Senior Bonds

The City may issue additional Senior Bonds under the Senior Bond Ordinance on a parity with other Senior Bonds ("**Additional Senior Bonds**") to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Bonds, Credit Facility Obligations (as defined herein), Subordinate Bonds, Subordinate Obligations or other securities or obligations. As described more fully in "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations," in order to issue Additional Senior Bonds, other than for any refunding of Senior Bonds, the City is required to satisfy certain requirements (the "**Additional Senior Bonds Test**"), including obtaining, among other things, a report of an Airport Consultant estimating the ability of the Airport System to meet the requirements of the Senior Rate Maintenance Covenant in each year of the forecast period identified in such report of the Airport Consultant, and a certificate of an Independent Accountant setting forth for the last audited Fiscal Year, or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Additional Senior Bonds, as determined by the Independent Accountant, (1) Net Revenues, together with any Other Available Funds, for such period and (2) the aggregate Debt Service Requirements for the Outstanding Senior Bonds, for such period; and demonstrating that for such period Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund for the Senior Bonds and to the credit of the Bond Reserve Fund for the Senior Bonds and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for the Outstanding Senior Bonds for such period.

The Senior Bond Ordinance provides that Debt Service Requirements on Senior Bonds that are payable from irrevocably committed amounts are excluded from the calculation of Debt Service Requirements for determining compliance with the requirements for the issuance of Additional Senior Bonds. See "—Rate Maintenance Covenants" above, "—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" below and "FINANCIAL INFORMATION—Outstanding Senior Bonds."

Under the Subordinate Bond Ordinance, the City has agreed for the benefit of the Owners of Subordinate Bonds that the City will not issue Additional Senior Bonds if, upon the issuance of such Additional Senior Bonds, the City would fail to comply with the Subordinate Rate Maintenance Covenant. See "—Rate Maintenance Covenants" above and "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE VII—Bond Liens, Additional Bonds and Obligations."

Additional Subordinate Bonds and Subordinate Obligations

The City may issue additional Subordinate Bonds and Subordinate Obligations under the Subordinate Bond Ordinance to pay the cost of acquiring, improving, or equipping Airport System facilities. Before the City can issue additional Subordinate Bonds or any Subordinate Obligations, including the Series 2023A-B Subordinate Bonds, (1) the Manager must certify that the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance, and (2) the City must file: (i) a certificate or opinion of an Independent Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such Subordinate Bonds or Subordinate Obligations, as determined by the Independent Accountant, certain information demonstrating that Net Revenues, together with Other Available Funds are at least equal to the larger of (A) the amounts needed to make the required deposits to several subaccounts of certain funds with respect to such Subordinate Bonds or Subordinate Obligations, or (B) the amount necessary in order to meet the requirements of the Subordinate Rate Maintenance Covenant for such period, and (ii) a report of the Airport Consultant demonstrating the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds for each of the five Fiscal Years of the forecast period to meet the requirements of the Subordinate Rate Maintenance Covenant in each year of the forecast period.

The additional bonds test is not applicable to the issuance of the Series 2023A-B Subordinate Bonds because they are issued for refunding purposes. See "PLAN OF FINANCING".

See "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE." See also "— Rate Maintenance Covenants" above, "— Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements" and "FINANCIAL INFORMATION — Outstanding Subordinate Bonds, — Subordinate Obligations, and — Junior Lien Bonds and Junior Lien Obligations."

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

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2018 through 2022, including recalculated debt service coverage assuming all annual PFC revenues in 2018 were Designated Passenger Facility Charges (as defined in the section entitled "FINANCIAL INFORMATION—Passenger Facility Charges") under the PFC Supplemental Ordinance. 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				
	2018	2019	2020	2021	2022
Gross Revenues, not including Designated Passenger Facility Charges[1]	$884,336[7]	$949,892[7]	$665,991[7]	$805,479[7]	$1,034,029[7]
Designated Passenger Facility Charges [2]	40,851	131,434	71,652	108,387	131,106
Gross Revenues [1]	925,187[7]	1,081,326[7]	737,643[7]	913,866[7]	1,165,135[7]
Operation and Maintenance Expenses [1]	(445,801)	(478,305)	(407,365)	(424,042)	(497,403)
Net Revenues	479,386	603,021	330,278	489,824	667,732
Other Available Funds [3]	43,901	68,365	39,848	35,051	35,613
Total Amount Available for Debt Service	$523,287	$671,386	$370,126	$524,875	$703,345
Senior Bond Debt Service [4]	$258,545	$273,460	$159,391	$140,205	$142,452
Committed Passenger Facility Charges [5]	(82,940)	0	0	0	0
Debt Service Requirements for the Senior Bonds	$175,605	$273,460	$159,391	$140,205	$142,452
Debt Service Coverage for the Senior Bonds	298%	246%	232%	374%	494%
Subordinate Debt Service Requirements [6]	$101,344	$102,805	$92,997	$116,785	$218,897
Debt Service Requirements for the Senior Bonds	175,605	273,460	159,391	140,205	142,452
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	$276,949	$376,265	$252,388	$256,990	$361,349
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	189%	178%	147%	204%	195%
Recalculated Debt Service Coverage Assuming Senior Debt Service was not Reduced by Committed Passenger Facility Charges					
Recalculated Debt Service Coverage for the Senior Bonds[8]	234%	N/A	N/A	N/A	N/A
Recalculated Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements[8]	168%	N/A	N/A	N/A	N/A

[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 A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE."

[2] Reflects that portion of PFC revenues included in the Airport System's Gross Revenues for Fiscal Year 2018. See "FINANCIAL INFORMATION—Passenger Facility Charges—*Prior Treatment of PFCs under the Prior PFC Supplemental Ordinances*."

[3] For description and definition of Other Available Funds see "— Pledge of Net Revenues" above and "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE."

[4] Senior Bond debt service is not reduced by the irrevocably committed Passenger Facility Charges in such Fiscal Years but is reduced by capitalized interest and certain other available moneys irrevocably committed to the payment of Senior Bonds Debt Service Requirements, including the debt service on certain Senior Bonds that have been economically defeased. See "FINANCIAL INFORMATION—Outstanding Senior Bonds" and "— Passenger Facility Charges." Senior Bond debt service is reduced by any estimated Build America Bond subsidy payments from the United States Treasury and the Stimulus Funds that were applied to the payment of Debt Service Requirements for Senior Bonds in the amounts of $72,710,325, and $67,519,539, for 2021 and 2022, respectively, and Subordinate Debt Service Requirements in the amounts of $66,372,545 and $33,647,128, for 2021 and 2022, respectively. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."

[5] Reflects that portion of PFC revenues which was irrevocably committed to the payment of Debt Service Requirements for Senior Bonds in Fiscal Year 2018. See "FINANCIAL INFORMATION—Passenger Facility Charges."

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

[7] These amounts exclude $20,019,006, $21,524,769, $10,621,397 $15,585,116 and $17,389,370 of rental car customer facility charges ("**CFCs**") received in 2018, 2019, 2020, 2021 and 2022, respectively. In 2018 through 2022 CFCs were included as gross revenues in the Airport System's audited financial statements attached hereto as "APPENDIX D," but for purposes of this table, they are excluded from calculations of Gross Revenues. In the future, CFCs may be pledged to Special Facilities Bonds and excluded from the definition of "Gross Revenues" (as defined in the Senior Bond Ordinance) by a Supplemental Ordinance. See "CAPITAL PROGRAM– Plans for Potential ConRac Facility" herein for a discussion of plans to construct a new consolidated rental car facility to be financed with CFCs.

[8] Reflects a re-computation of debt service coverage assuming all annual PFC revenues in 2018 were Designated Passenger Facility Charges under the PFC Supplemental Ordinance. See "FINANCIAL INFORMATION—Passenger Facility Charges."

Sources: Audited financial statements of the Airport System for Fiscal Years 2018-2022, and Department of Aviation management records.

MANAGEMENT OF THE AIRPORT SYSTEM

Under the City Charter, the management, operation and control of the Airport System are delegated to the Department of Aviation under the direction of the Manager appointed by and responsible directly to the Mayor. The Chief Financial Officer of the City, as the Manager of Finance/*ex-officio* Treasurer of the City is appointed by the Mayor and is consented to by the City Council. The Chief Financial Officer of the City is responsible for the issuance of Airport System debt and for the investment of Airport System funds. The Chief Executive Officer of the Department is appointed by the Mayor and is confirmed by the City Council. All other senior management of the Department is appointed by the Chief Executive Officer of the Department.

The following section describes the senior management of the Department.

Phillip A. Washington was appointed by former Mayor Michael B. Hancock and unanimously consented to by the City Council as Chief Executive Officer of the Department in July 2021. He was reappointed to this position by the new Denver Mayor Michael Johnston on September 13, 2023, subject to consent by the City Council. Prior to becoming the Chief Executive Officer of the Department, Mr. Washington served as the chief executive officer of the Los Angeles County Metropolitan Transportation Authority (2015-2021), where he managed a balanced budget of more than $8 billion and oversaw an agency with 11,000 employees that transported 1.2 million boarding passengers daily. Mr. Washington also served as chief executive officer of Denver Regional Transportation District (2009-2015), where he had worked as an assistant general manager for nearly ten years. In addition to his 20+ years of experience in the commercial aviation and transportation industries, Mr. Washington served for more than two decades in United States Army, achieving the rank of Command Sergeant Major, the highest non-commissioned officer rank an enlisted soldier can achieve. He retired from active duty, is a disabled veteran and was awarded the prestigious Defense Superior Service Medal for exceptional service to his country. He holds a B.A. in Business from Columbia College, an M.A. in Management from Webster University and is a graduate of the Harvard University Kennedy School for Senior Executives in State and Local Government. He is also a past chair of the American Public Transportation Association and a former member of the Executive Committee of the Transportation Research Board and the Eno Center for Transportation.

Nicole Doheny was appointed by the Mayor as Acting Chief Financial Officer of the City in October 2023. Once consented to by City Council, she will become the Chief Financial Officer of the City. Prior to her appointment, Ms. Doheny was a government finance professional and a registered municipal advisory principal advising cities, states, and other public agencies across the United States in support of major strategic initiatives. Ms. Doheny was a Senior Managing Director with Ernst & Young Infrastructure Advisors, an affiliate of Ernst & Young LLP, where she was a part of the government and public sector practice since 2013. Prior to that, Ms. Doheny was part of the public finance team at Lehman Brothers and Barclays Capital, working directly with state and local governments on capital strategies and public debt issuances. She holds a Master of Business Administration from Harvard Business School, and a Bachelor of Science in Symbolic Systems with a Secondary Major in Economics from Stanford University.

Mike Nakornkhet is the Chief Financial Officer of the Department of Aviation. Mr. Nakornkhet leads the business unit that includes Finance, Accounting, Internal Audit and Financial Planning and Analysis. In this role, he directs the financial and strategic management of the Airport's capital program and operating budget. Mr. Nakornkhet previously served as Deputy Chief Financial Officer of the Department. Before his arrival at the Department, Mr. Nakornkhet was the Acting Managing Director of Finance at San Francisco International Airport. Mr. Nakornkhet has over 20 years of experience in the aviation sector. He holds a degree in mechanical engineering from Purdue University and a Master of Business Administration from Indiana University, Kelley School of Business.

Andrea Albo has served as Interim Chief of Staff and Executive Vice President of the Airport since September 2023. Ms. Albo works closely with the Chief Executive Officer in the day-to-day management of the Airport, operationalizing the Vision 100 plan and other Chief Executive Officer priority initiatives. She serves on the executive management team where she oversees the external affairs unit and helps lead the Airport's governance, strategy, equity, diversity and inclusion efforts and employee focused initiatives, including the development of the Center of Equity and Excellence in Aviation and the Career Pathways Program. Ms. Albo recently served as the Deputy Chief of Staff at the Airport and previously as Chief of Staff for the Denver Sheriff Department and Deputy Executive Director of Denver Department of Human Services. These previous roles were within the City and County of Denver, Colorado. Ms. Albo holds her Bachelor of Arts degree from the University of Colorado, Boulder.

Penny May is the Chief Commercial Officer of the Department of Aviation. Ms. May leads the Airport's commercial program which consists of the Airport's Concessions Program, Aviation Commercial Business Development, Business Operations/Procurement and Business Technologies. Ms. May previously served as the Airport's Deputy Chief of Staff and as Interim Chief of Staff to former Denver Mayor Michael B. Hancock and Deputy Chief of Staff for 18 months. She has also served as the Executive Director of Denver Human Services, the agency serving the City's most vulnerable population. In addition, Ms. May has worked for Denver's Excise and Licensing Department where she implemented the licensure program for Denver's first licensed medical marijuana facilities. Ms. May holds a Bachelor of Arts from the University of Colorado and a Master in Business Administration from the University of Denver.

Steve Jaquith became Chief Operating Officer in June 2021 and is responsible for managing the Airport System's largest business unit, including airport operations, maintenance, sustainability, parking and ground transportation. Mr. Jaquith has nearly 40 years of airline experience working in customer service and operations. Prior to being appointed as Chief Operating Officer, Mr. Jaquith was the Vice President of Airport Operations for United Airlines where he had oversight of a $200 million annual budget and 4,000 employees. Prior to that, he served as the Managing Director for United Airlines Denver Hub and Rocky Mountain Region. He also worked for Continental Airlines in a number of different positions.

James Starling was named Chief Construction and Infrastructure Officer and Executive Vice President of the Airport in November 2021, bringing over 25 years of experience managing large and complex transportation projects in planning, design, construction and commissioning. He previously led several large projects including the Mid-Coast Corridor program in San Diego, the West Rail Line – part of the $6.9 billion FasTracks program and the Transportation Expansion Project. As the Chief Construction and Infrastructure Officer, Mr. Starling oversees Planning and Design, Airport Infrastructure Management, Sustainability, Real Estate, the Great Hall Project and the Gate Expansion Program.

Everett B. Martínez, Esq. became General Counsel to the Department in July 2022. In this capacity, Mr. Martinez is responsible for managing the legal staff and representing the Airport in various matters related to aviation, finance, real estate, and concessions. Mr. Martinez has been with the City since 2016, most recently as Assistant General Counsel. Prior to his tenure as General Counsel, Mr. Martinez was a public finance attorney, for a decade, at national law firms. Mr. Martinez earned an undergraduate degree from the University of Colorado and a Juris Doctor from Harvard Law School.

DENVER INTERNATIONAL AIRPORT

The Airport serves as the primary air carrier airport for the Denver air service region, and according to statistics compiled by Airports Council International for 2022, the Airport was ranked as the 3rd busiest airport in the nation and the 3rd busiest airport in the world based on total passengers, servicing 69.3 million passengers in 2022 compared to 58.8 million passengers in 2021. Of the 69.3 million total passengers serviced in 2022, approximately 66 million were domestic passengers and 3.3 million were international passengers (up 15.9% and 74.7% from 2021, respectively). The Airport maintained its national and global rankings compared to 2021. See "AVIATION ACTIVITY AND AIRLINES." The Airport site encompasses approximately 53 square miles located about 24 miles northeast of Denver's central business district. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road that connects with Interstate 70 and intersects with the E-470 toll highway.

Airfield

The Airport's airfield includes six runways and related aircraft parking ramps, taxiways and perimeter taxiways. Five of the Airport's runways are 12,000 feet long by 150 feet wide, and the sixth runway is 16,000 feet long by 200 feet wide, making it the longest commercial service precision-instrument runway in North America. The airfield can accommodate fully loaded jumbo jets and large airliners, including the Airbus A-380, and can provide unrestricted global access for any airline using the Airport. Four of the Airport's runways have north/south alignments and two have east/west alignments, and are able to accommodate simultaneous parallel arrivals during poor weather conditions when instrument flight rules are in effect. The runway/taxiway lighting system, with lights embedded in the concrete pavement to form centerlines and stop bars 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 (also referred to herein as "**Jeppesen Terminal**"), (2) three airside concourses (Concourse A, Concourse B and Concourse C) which includes a total of 152 full service contact gates, and 14 ground loading positions upon completion of the new Concourse A (East) ground load facility, (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 Jeppesen Terminal with the Airport Office Building and Concourse A. A shuttle bus system also is available for the emergency transportation of passengers between the Jeppesen Terminal and Concourses B and C. The Jeppesen Terminal encompasses approximately 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical space), and includes ticketing, baggage system facilities, including federal explosive detection systems installed "in-line" for the screening of checked baggage, passenger drop off/pick up, ground transportation, concessions and other general passenger support services. Renovations and reconfiguration of Jeppesen Terminal include improvements to the security screening area, curbside space, and commercial concessions. See "—Great Hall Project

Developments" below and "CAPITAL PROGRAM—2023-2027 Capital Program—*Major Projects in the 2023-2027 Capital Program—Jeppesen Terminal*" herein.

On May 29, 2018, the Airport began construction of approximately 1.1 million in additional square footage across all three concourses. Concourse A, nearest to the Jeppesen Terminal, encompasses approximately 1.86 million square feet, which includes approximately 0.5 million of square feet added as part of the Concourse A (West) expansion which was completed in early November of 2022. Concourse B encompasses approximately 2.2 million square feet, which includes approximately 0.1 million square feet added as part of Concourse B (East) expansion, which was completed in early November of 2022. Concourse C encompasses approximately 1.4 million square feet, which includes approximately 0.5 million square feet added as part of the Concourse C (East) expansion which was completed in May 2022. In August 2022, construction commenced on the expansion of the new Concourse A (East) ground loading facility, which includes approximately 10,000 new square feet. See "CAPITAL PROGRAM—2023-2027 Capital Program—*Major Projects in the 2023-2027 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."

The table below summarizes the number of full service contact gates and ground loading positions in all three concourses prior to the concourse expansion project and upon completion of the project.

Concourse Expansion Projects

	Prior to concourse expansion projects Number of Gates	Completed			Expected to be completed			Total Number of Gates
		Concourse Side	Date	Gates	Concourse side	Date	Gates	
Concourse A	28	West	Nov-22	12				40
Concourse A ground load facility[1]	9				East	Middle of 2024	5	14
Concourse B	56	West	Nov-20	4				60
Concourse B		East	Dec-22	7				7
Concourse C[1]	29	East	May-22	16				45
Total	122			39			5	166

[1] As construction of the facility is completed, the Department is in the process of relocating some of the carriers to new locations across the various concourses. These moves are expected to be completed by the end of 2024.

Source: The Department of Aviation.

Two multi-level parking structures adjacent to the Jeppesen Terminal provide in excess of 16,000 public parking spaces, as well as in excess of 9,000 surface parking spaces.

See "CAPITAL PROGRAM" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Public Parking.*"

Great Hall Project Developments

The City, for and on behalf of the Department, is undertaking renovations to the 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, expand passenger capacity and increase and improve concessions areas (the "**Great Hall Project**").

In October 2021, construction was completed on the initial phase of the Great Hall Project, which consisted generally of renovations to the central Great Hall area for new airline ticketing operations, self-bag drop units, renovated restrooms and new commercial spaces.

Two additional phases, the second phase and the completion phase, of the Great Hall Project are being constructed. In July 2021, construction began on a second phase of improvements consisting generally of a new security checkpoint, a widened balcony for more capacity and space at the new checkpoint, a new triple escalator from the security checkpoint to the train platform and installation of a new escalator on the west curbside. Substantial completion of the second phase of the Great Hall Project is expected to occur in December 2023 at an estimated total construction cost of $170 million and a total budgeted cost, including construction, design, and other costs, of $265 million. The second phase of the Great Hall Project is expected to be operational in February 2024.

In January 2022, the City approved development of the completion phase of the Great Hall Project, the construction of which is expected to be completed in 2028. The completion phase consists of a full buildout of improvements to the Jeppesen Terminal and relocation and addition of new screening lanes with enhanced technology, the addition of new modern and spacious ticketing spaces, a new concession area, renovations to restrooms, flooring, lighting, elevators/escalators and other critical infrastructure, and added leisure spaces for travelers. In addition, the completion phase includes the development of a new Center of Equity and Excellence in Aviation (the "**CEEA**") to be constructed at the Airport Hotel (defined below). The CEEA will engage, educate, empower, motivate, and provide opportunities for under-represented students and young people who are interested and passionate about careers in aviation. Total development costs for the completion phase of the Great Hall Project are currently estimated to be $1.3 billion with 80% of funding included in the 2023-2027 Capital Program and the remaining 20% expected to be included in a future capital program. See "—Social Responsibility" below for an additional description of the CEEA.

The construction costs for the second and completion phases of the Great Hall Project have been funded with a portion of the proceeds of the Series 2022A-B Bonds issued by the City, for and on behalf of the Department, in July 2022, a portion of the proceeds of the Series 2022C-D Bonds issued by the City, for and on behalf of the Department, in November 2022, and amounts on deposit in the Capital Fund, and are anticipated to be funded with future bond issuances.

See "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airport Facilities, Construction Risk and Availability of Funding—*Construction Risks Related to Projects Within the Capital Programs*" for a discussion of risks related to the Great Hall Project.

Hotel and Transit Center

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

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

Westin intend for the HMA to constitute a "Qualified Management Agreement" for purposes of the Tax Code.

The City has the right to terminate the HMA based on, among other things, failure of Westin (or any other permitted successor or assign under the HMA, the "**Hotel Manager**") to pay amounts due or to timely deposit revenues, as well as actions of Westin (or any other Hotel Manager) causing any Bonds issued to finance the capital costs of the Airport Hotel to lose their tax-exempt status. In addition, the HMA separately sets forth performance termination rights for failure of Westin (or any other Hotel Manager) to achieve certain performance tests in any two consecutive years. In the event of a termination, Westin (or any other Hotel Manager) is required to cooperate with the Airport System 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 (the "**CMA**") 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, provide that all Gross Operating Revenues (generally defined in the HMA as all revenue and income derived from operations at the Hotel) of the Airport Hotel will initially be deposited to a separate account created within the Revenue Fund for such purpose (the "**Hotel Operating Account**") and that such deposited amounts shall constitute Gross Revenues (as defined in the Senior Bond Ordinance).

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

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

See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Airport Hotel*" for information on the Airport Hotel annual revenues.

Airport Transit Center. The Airport Transit Center opened in April 2016 and serves as the terminus on RTD commuter rail service from downtown Denver to the Airport. RTD is responsible for the maintenance of the rail line, but the Department maintains the Airport Transit Center.

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 initially subleased to LSG Sky Chefs (the brand name of LSG Lufthansa Service Holding AG) and support facilities originally built for Continental Airlines

("**Continental**"), which has since merged with 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."

ENVIRONMENTAL AND SOCIAL CONSIDERATIONS AT THE AIRPORT

Sustainability Initiatives

As part of the "Vision 100 Plan," which contemplates the Airport's eventual ability to serve 100 million passengers annually (see "CAPITAL PROGRAM" herein), the Airport System's executive management team is striving to implement new sustainability initiatives and programs over the next five years. The new initiatives will support the goals and policies set by former Mayor Michael B. Hancock to reduce greenhouse gas emissions 65% by 2030 and to zero emissions by 2040, further electrify the City's transportation system to reduce its impact on climate change, increase waste diversion to 50% by 2027 and 70% by 2032, and transition the City to 100% renewable electricity by 2030. According to the Department's Chief Executive Officer, the new initiatives are expected to complement a number of sustainable programs already in place at the Airport, including:

- An ISO 14001-certified Environmental Management System ("**EMS**") covering all operations, which the Airport established before any other commercial service airport in the United States;

- One of the largest and most diversified solar energy programs of any airport in the world, which includes ground-mounted arrays, rooftop arrays, and Community Solar Gardens;

- A deicing fluid collection and recycling program that averages collecting more than 70% of aircraft deicing fluid applied and recycles the fluid at an on-site recycling plant that was recently upgraded to distill the fluid to a high enough quality to be reapplied to aircraft;

- More than 50 electric vehicle charging stations for both passenger and employee use;

- Certified Leadership in Energy and Environmental Design (LEED) Platinum Airport Hotel, LEED Gold Fire Station 35, and LEED Silver DEN Data Center; and

- Robust donation programs that collect and donate food and other necessities, such as car seats, unused toilet paper, and abandoned luggage to local non-profit organizations in the Denver community to support underserved families.

Some of the new initiatives the Department has initiated include:

- Ceasing oil and gas operations at the Airport by recently completing the plugging and abandoning of all wells;

- Implementing deep energy and water retrofits across existing Airport facilities, including LED lighting upgrades, heating and cooling improvements, and water reduction across restrooms that will reduce energy use by 20%, water use by 28%, and greenhouse gas emissions by 30,000 metric tons annually;

- Opening four sustainably designed, high-performance concourse expansion projects that will be certified to at least the Leadership in Energy and Environmental Design (LEED) Gold level;

- Constructing and energizing additional solar arrays including the two largest arrays in the city of Denver that were energized within the past year, and installing battery energy storage for the interconcourse train system, to power the Airport's growth with electricity that is low-carbon, cost-effective, reliable, and resilient;

- Planning for the transition to electric vehicles and installing additional charging stations for passengers, employees, transportation providers, and the Airport fleet;

- Building a new closed-loop aircraft de-icing fluid recycling plant to localize and strengthen the supply chain and reduce costs and environmental impacts; and

- Receiving approval to enter the Colorado Voluntary Cleanup and Redevelopment Program (administered by the Colorado Department of Public Health and Environment) to systematically develop a program to identify and remedy soil and groundwater impacts associated with the historic use of polyfluoroalkyl substances used primarily in firefighting foams ("**PFAS**") at the Airport.

Environmental Policy and Guidelines. The Airport System employs a staff of 18 persons dedicated to environmental sustainability activities, including a Senior Vice President of Sustainability, an environmental director and two environmental sustainability managers – one who leads water staff, and one who leads air quality, climate, and waste staff. The environmental staff carry out the key tenets of the Airport System's environmental policy which include protecting the environment, conserving energy and natural resources, preventing pollution, meeting or exceeding all compliance obligations and continually improving the Environment Management System. The Airport System's environmental policy is provided to all employees and business partners operating on the Airport premises.

In addition to its environmental policy, the Airport System has developed a series of environmental guidelines that provide context and guidance on how to manage activities in a manner that conforms with applicable environmental regulations and sustainability goals. These guidelines are provided along with the environmental policy to the Airport System's employees and partners and cover all properties and operations within the boundary lines of the Airport. Areas of focus include fueling, maintenance, deicing, chemical storage, power generation, construction, cleaning, waste disposal and remediation efforts, among others.

Environmental Awards and Achievements. The Department produces an annual environmental report highlighting key environmental achievements of the Airport System. According to the 2021 environmental report (the most recent report available as the report transitions to an Environmental, Social, and Governance focus for 2022), the Airport System received several awards and achievements, including:

- Awarded \$8.7 million in voluntary airport low emissions ("**VALE**") grant funding from the FAA under the Airport Improvement Program for purchase of 81 ground-power units and 75 pre-conditioned air systems, which are estimated to result in a 2,700-ton CO_2 emissions reduction over the useful life of the equipment;

- Utilized 5 megawatts of locally sourced wind and solar energy from offsite facilities, which generated approximately 13 million kilowatt hours of electricity;

- Replaced 67 lamps alongside Peña Boulevard with LED lighting upgrades;
- Diverted 2,000 tons of landfill waste through recycling and re-purposing;
- Collected over 70% of all deicing fluids for distillation and repurposing;
- Named one of the "Top Five Green Fleets in North America" in 2023 by the National Association of Fleet Administrators for its sustainable management of fleet operations.

For more information on the Airport's environmental policies, guidelines and environmental reports, visit (https://www.flydenver.com/about/administration/environmental_management), provided such reference to the Airport's website and the information found thereon is for informational purposes only and is not incorporated herein by reference. Neither the Department nor the City are obligated to continue to provide information on the Airport website, and the information found therein is not part of any continuing disclosure undertaking related to the Series 2023A-B Subordinate Bonds.

Social Responsibility

The Department has three full-time dedicated positions focused on equity, diversity, inclusion, and accessibility efforts ("**EDIA**"), including an Equity and Engagement Administrator, ADA/Title VI Administrator, and a Senior Director of Equity, Engagement, and Inclusion. In addition, the Airport has a 15-member employee volunteer team that works with other divisions to advance the Airport's EDIA goals, as well as a 21-member Employee Engagement Committee that works to advance social needs of the organizational culture. The Airport also has a formal "Equity Plan" that includes a wide range of projects and initiatives that focus on people, operations, and community; and it follows the Government Alliance on Race Equity model that normalizes, organizes, and operationalizes policy changes and training initiatives, and impacts business development within historically underserved communities.

Donation and Community Programs. In 2015, the Department established a food donation program to address the challenge of food waste, strategically locating coolers at the main Airport loading dock and on each passenger concourse to capture healthy, safe products from food and beverage concessions and flight kitchens that otherwise may have been landfilled. The Airport has since partnered with We Don't Waste, a leading Denver-based non-profit organization to facilitate the donations. According to the Airport System's 2021 environmental report (the latest report available), the Airport collected and donated 23 tons of food, 400 pounds of unused toilet paper, 384,000 face masks, 186 pieces of luggage and 42 abandoned car seats, strollers and baby gear for the benefit of the Denver Rescue Mission and the non-profit organization Weecycle in 2021. The Department has entered into a pilot partnership, known as New Heights ("**New Heights**") with the Colorado Department of Corrections ("**CDOC**") and a local non-profit, Bayaud Enterprises, to serve as a worksite for justice-involved individuals who are enrolled in CDOC programs that support the transitions into skill-building employment pathways. The individuals work on landside operations at the Airport. This program offers alternative employment pathways to marginalized community populations. The Department is transitioning from a pilot program to a long-term contractual service relationship with CDOC due to the success of New Heights.

Center of Equity and Excellence in Aviation. The Airport's planned development of its Center of Equity and Excellence in Aviation (as previously defined, the "**CEEA**") will provide a physical space as well as a set of programming initiatives that focuses on three key areas: business development, career pathways, and research and innovation. The CEEA operations have commenced and the focus areas are a wide range of programs geared toward reaching marginalized communities and promoting access, opportunity, and increasing generational wealth. The CEEA expands the Airport's youth outreach programs, including its elementary school workshops, and provide paid internships for high school and college students. In addition, the CEEA will involve partnering with industry leaders and community programs to build career pathways and employment pipelines to bring workers into the aviation industry and create an innovative environment where local community members and employees can build and implement best practices to advance the aviation industry. Development of the CEEA facilities is currently in the design phase, and development is included in the Department's 2023-2027 Capital Program.

CAPITAL PROGRAM

Overview

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. The Department is currently completing certain remaining projects in the 2018-2022 Capital Program and Airport management has commenced projects in the 2023-2027 Capital Program.

Typically, the projects included in Airport capital programs, including the 2023-2027 Capital Program, are periodically evaluated by the Department with respect to their scope, timing, costs, availability of funding, Department cash position, any environmental issues that may arise and other factors that might affect the implementation of the capital programs. Accordingly, timing and costs of projects included in a capital program, including the 2023-2027 Capital Program are subject to change. The "Vision 100 Plan," developed by the Airport's management in 2021, contemplates the Airport's eventual ability to serve 100 million passengers annually, which at the time was projected to occur around 2032. However, based on the significant growth of the passenger traffic at the Airport in 2022 compared to 2021 (17.8% increase) and in the first eight months of 2023 compared to the same period in 2022 (13.3% increase), the 100 million passenger level of traffic could be achieved sooner than originally projected. As a result, the Airport's management is currently evaluating a significant expansion of the scope of the 2023-2027 Capital Program to accommodate the faster passenger growth, where the expansion in scope would correspondingly increase the cost and extend the timing of completion of such capital program. There can be no assurances that any particular capital program, including the 2023-2027 Capital Program, will be expanded or that any particular projects will be included in such capital program, and the extent of any increase in cost will vary depending on the expansion of scope and timing.

Plans for Potential ConRac Facility

The Airport's management recently announced plans for the construction of a new consolidated rental car facility (the "**ConRac Facility**") for on-site rental car companies, which is expected to add approximately 3,370 parking spaces to the approximately 12,760 parking spaces currently used by the Airport's rental car program. The ConRac Facility is expected to be located on the current employee lot, which is located approximately one mile from the Jeppesen Terminal. The employee lot will be re-located nearby. Included in the ConRac Facility plans is the potential to extend an automated people mover from the Jeppesen Terminal to the ConRac Facility to serve additional public or employee parking, transportation modes, and commercial development, which could potentially eliminate the need for rental car shuttles at the Airport.

The ConRac Facility is expected to be funded from CFCs, and is, therefore, not included in the 2023-2027 Capital Program. However, the Airport has the ability to pledge Net Revenues of the Airport

System to pay for all or part of the costs associated with the ConRac Facility. If Net Revenues are pledged to finance the ConRac Facility, then the Airport's capital improvement program would be amended to include the ConRac Facility. See first footnote under "FINANCIAL INFORMATION— Cash and Liquidity" herein for discussion of CFCs.

2018-2022 Capital Program

The 2018-2022 Capital Program has been fully funded, and a majority of the 2018-2022 Capital Program has been completed. There are two key projects within the 2018-2022 Capital Program currently under construction – the second phase of the Great Hall Project, and the new Concourse A (East) ground loading facility expansion. The second phase of the Great Hall Project generally consists of a new security checkpoint, a widened balance for more capacity and space at the new checkpoint, a new triple escalator from the security checkpoint to the train platform and installation of a new escalator on the west curbside. The second phase of the Great Hall Project is expected to be substantially complete in December 2023 and operational in February 2024. The new Concourse A (East) ground loading facility is being expanded to include five additional full service contact gates for a total of 14 ground loading positions along with the new holdrooms and modifications to existing holdrooms, and will be subject to lease by Frontier under its new Use and Lease Agreement. This project is expected to be fully completed around the middle of 2024. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreement—*Frontier Use and Lease Agreement*" herein. All projects in the 2018-2022 Capital Program are fully funded. See "DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments" and "—Terminal Complex" for additional information about the Great Hall Project and concourse expansion programs, respectively.

2023-2027 Capital Program

General. Airport management has developed its next capital program for the Airport for the years 2023 through 2027 (the "**2023-2027 Capital Program**"), which includes projects with a total cost of approximately $2.9 billion (adjusted for inflation using the CPI through 2027) in the following areas of the Airport:

Table 2
2023-2027 Capital Program Total Cost

	in billions (estimate)
Jeppesen Terminal	$1.5
Airside	0.7
Concourses	0.5
Landside	0.2
TOTAL	$2.9

Source: Department of Aviation management records.

The portion of the total cost of the Jeppesen Terminal associated with the completion phase of the Great Hall Project is approximately $1.1 billion. The 2023-2027 Capital Program is currently expected to be completed by the end of 2029.

Major Projects in the 2023-2027 Capital Program. Major projects in the 2023-2027 Capital Program are described in the paragraphs below.

Jeppesen Terminal. Projects include construction and development of the Great Hall Project completion phase, as more particularly described in "DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments" herein, baggage handling system modernizations and improvements, along with upgrades to the screening system. The modernization project will replace transport conveyors, power turns, merges, high-speed diverters, motors and gearboxes, and automatic tag readers. Other improvements include replacing both domestic and international inbound/claim systems, which include eighteen domestic claims, six ski equipment claims, three international claims and one inbound oversize system, and the replacement of certain inbound and outbound lifts. Other improvements include the replacement of existing conveyors from curbside loading positions with stainless-steel conveyors, as well as inspections and repairs to the Jeppesen Terminal tent roof.

Airside. 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; upgrades to certain safety areas and airfield planning studies; improvements to the collection, storage and treatment of de-icing fluid, and environmental studies and design of a seventh runway and construction of a new taxiway.

Concourses. Projects include renovations to aged facilities across all concourses which began in 2020, such as remodeling of the public restrooms, conveyance replacement and passenger loading bridge programs, and replacement of fifteen (15) AGTS cars.

Landside. Projects include reconstruction, realignment, and widening of various sections of Peña Boulevard both east and west bound and associated roadways as well as the replacement of deteriorating concrete and the rehabilitation of six (6) surface parking lot locations. The 2023-2027 Capital Program also includes the plug and abandonment of all the existing oil and gas drilling wells and tank batteries and removal of all oil and gas flow lines.

In addition, projects under this category include the development of an approximately 30-acre mixed-used district which may include hospitality, retail and office space under the Department's real estate program, as well as complete replacement of the physical access control system used to restrict access throughout the Airport. The Department's real estate development plan contemplates certain infrastructure and utility construction within Airport boundary lines as well as surrounding real estate developments.

Funding for the 2023-2027 Capital Program

The 2023-2027 Capital Program is expected to be funded from: (i) a portion of the proceeds of the Series 2022C-D Bonds issued by the City, for and on behalf of the Department, in November 2022, in the approximate amount of $700 million; (ii) net proceeds from future issuances of Airport System Revenue Bonds in the amount of approximately $1.3 billion which bonds may be issued as Senior Bonds and/or Subordinate Bonds depending on certain factors existing at the time of issuance; (iii) approximately $280 million in Airport System cash; and (iv) grants-in-aid from the FAA (including under the Infrastructure Investment and Jobs Act) and the TSA, in the amount of approximately $616.3 million.

The Infrastructure Investment and Jobs Act, signed into law in 2021, includes provisions related to airports with $25 billion in funding over the next five years, including $15 billion for Airport Infrastructure Grants ("**AIG**"), $5 billion for a new Airport Terminal Program ("**ATP**"), and $5 billion for FAA facilities and equipment. The Airport submitted applications for available ATP funding for Fiscal Years 2022 and 2023. Under the ATP, the Airport has been awarded a total of $97.1 million, covering both Fiscal Year 2022 and 2023. Under the AIG, the Airport has been awarded a total of $121.1 million, covering both Fiscal Years 2022 and 2023. AIG funds will be used by the Airport for a pond relocation project, apron construction work, and rehabilitation and lighting work on a runway and taxiway. These awards provide funding for projects included in the 2023-2027 Capital Program.

AVIATION ACTIVITY AND AIRLINES

Denver Air Service Region

The primary region served by the Airport is the Denver metropolitan area, encompassing the counties of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The secondary region served by the Airport is defined by the location of (and the airline service provided from) other large-hub and medium-hub air carrier airports. The nearest such airports, by road miles, are in Albuquerque (440 miles to the south), Salt Lake City (530 miles to the west-northwest), Kansas City (590 miles to the east), Oklahoma City (620 miles to the southeast), Las Vegas (760 miles to the west-southwest), and Phoenix (810 miles to the southwest). For certain economic and demographic information with respect to the Denver metropolitan area, see "APPENDIX H—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Airlines Serving the Airport

As of August 31, 2023, the following 26 airlines provide scheduled passenger service at the Airport:

Major/National	Regional/Commuter	Foreign Flag
Alaska Airlines	American Eagle	AeroMéxico
Allegiant Air	Delta Connection	Air Canada
American	Denver Air Connection	Air France
Delta	Southern Airways Express	British Airways
Frontier	United Express	Cayman Airways
JetBlue Airways [1]		Copa Airlines
Southwest		Edelweiss
Spirit Airlines[1]		Icelandair
Sun Country Airlines		Lufthansa German Airlines
United		Volaris
		WestJet

[1] Proposed merger contemplated with Spirit Airlines. See "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Airline Operations and Activity—*Concentration of Airline Market Share—Prospective Merger*" herein.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the table above, as of August 31, 2023, several passenger charter airlines, and all-cargo airlines provide service at the Airport, including, among others, ABX Air Inc./Amazon Prime, Air Transport International, Alpine Air Express, Inc., Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Kalitta Air, LLC, Key Lime Air Corporation, Cargolux Airline and United Parcel Service. The regional/commuter airline brands listed in the table above include flights operated by Commutair, and SkyWest Airlines. Air Canada includes 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 February 2035, United will lease 90 full service contact gates in Concourses A and B, which will occur upon completion of the concourses expansion project and relocation of airlines to their gates. Currently, United operates 77 full service contact gates and five ground loading positions. See "CAPITAL PROGRAM—2023-2027 Capital Program" herein. In addition to the gate expansions, in October 2018 United expanded its Denver-based flight-training center, now the largest single-site flight training center in the world.

The United Group (United and United Express) accounted for approximately 46.4% and 43.9% of passenger enplanements at the Airport in 2022 and in 2021, respectively. In addition, through the eight months ended August 31, 2023, the Airport ranked as the 2nd busiest airport in the United route network based on scheduled flights.

The City makes no representations regarding the financial conditions of United Airlines Holdings or the United Group or their future plans generally or with regard to the Airport in particular. See also "— Aviation Activity, and "—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—Risks Related to Airline Operations and Activity—*Financial Condition of the Airlines"* and "*—Risk of Airline Bankruptcies*."

Southwest. Southwest had the second largest market share at the Airport in 2022 and 2021 and accounted for approximately 30.6% and 31.7% of passenger enplanements at the Airport in 2022 and 2021, respectively. Through the eight months ended August 31, 2023, the Airport ranked as the busiest airport in the Southwest system based on scheduled flights.

Under its Use and Lease Agreement, which expires in February 2035, Southwest will lease 40 gates on Concourse C, which is expected to occur upon completion of the concourse expansion project and relocation of airlines to their gates, and certain other Airport facilities. Currently, Southwest operates 38 gates. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements." In addition to leasing gates at the Airport, Southwest has constructed a $100 million aircraft maintenance hangar, which opened on March 24, 2022. The hangar was the seventh in Southwest's network.

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," and "—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—Risks Related to Airline Operations and Activity—*Financial Condition of the Airlines*" and "*—Risk of Airline Bankruptcies*."

Frontier. Frontier had the third largest market share at the Airport in 2022 and 2021, and accounted for approximately 9.8% and 11.0% of passenger enplanements at the Airport in 2022 and 2021, respectively. The Airport is Frontier's only hub. As a result of the change of Frontier's business model from a low-cost carrier to an ultra-low-cost carrier in 2015, the carrier has cut back its connecting traffic at the Airport, however, overall increases in passenger traffic have allowed Frontier to continue to grow.

The Use and Lease Agreement between Frontier and the City, with an effective date of May 2022 (the "**Frontier Use and Lease Agreement**") provides for Frontier's relocation to and lease of the new Concourse A (East) ground load facility, among other things, and expires 10 years after Frontier's occupancy of the new Concourse A (East) ground load facility, currently estimated to be around the middle of 2024. Currently, Frontier operates nine full service contact gates. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements."

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

Delta. Delta had the fourth largest market share at the Airport in 2022. Delta does not use the Airport as a connecting hub and accounted for 4.9% of passenger enplanements at the Airport in 2022.

American. American had the fifth largest market share at the Airport in 2022. With no connecting enplaned passenger traffic, American does not use the Airport as a major hub and accounted for 3.8% of passenger enplanements at the Airport in 2022.

Other Airlines. Other than the United Group, Southwest, Frontier, American and Delta, no single airline accounted for more than 3.8% of passenger enplanements at the Airport in 2022. 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, Southwest, Delta 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 U.S. Securities and Exchange Commission (the "**SEC**"). All such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. Reports, proxy statements and other information of registrants that file electronically with the SEC may be accessed and downloaded for free from the SEC's EDGAR website at https://www.sec.gov/edgar.shtml. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "**DOT**"). Information collected from these reports is available for inspection at the DOT's Bureau of Transportation Statistics, 1200 New Jersey Avenue, SE, Washington, D.C. 20590.

None of the City, the Department, the Municipal Advisor, 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 Depositary 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 2022, the Airport was ranked as the 3rd busiest airport in the nation and the 3rd busiest airport in the world based on total passengers, servicing 69.3 million passengers in 2022. Of the 69.3 million total passengers serviced in 2022, approximately 66 million were domestic passengers and 3.3 million were international passengers (up 15.9% and 74.7% from 2021, respectively). The Airport maintained its national and global rankings compared to 2021.

With a few exceptions (including during the COVID-19 pandemic), the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport served approximately 34.6 million enplaned passengers (passengers embarking on airplanes) in 2022, constituting an approximately 17.8% increase compared to the approximately 29.4 million enplaned passengers served in 2021. Airport passenger traffic in the first eight months of 2023 has exceeded passenger traffic for the first eight months of 2019. Approximately 58.8% of passengers originated or terminated their air travel at the Airport in 2022, which is the same percentage of passengers that originated or terminated their air travel at the Airport in 2021. The percentage of originating and terminating passengers in the first eight months of 2023 (57.9%) is less than the percentage of originating and terminating passengers in the first eight months of 2019 (64.7%). Approximately 41.2% of passengers made connecting flights at the Airport in 2022, compared to approximately 41.2% in 2021. Approximately 42.1% of passengers in the first eight months of 2023 were connecting passengers, compared to approximately 35.3% of connecting passengers during the first eight months of 2019. For the year ended December 31, 2022, international passengers increased 74.7%, amounting to 4.8% of total passengers in 2022 compared to 3.2% of total passengers in 2021. Total cargo, in tons, increased 7.4% during 2022 compared to the same period in 2021.

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The following table sets forth the number of enplaned passengers at the Airport by passenger type for Fiscal Years 2013 through 2022 and for the first eight months of 2022 and 2023.

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

Year	Enplaned Passengers (millions)	Percent Change	Percent Domestic	Percent International
2013	26.285[1]	(1.2)%	96.3%	3.7%
2014	26.737	1.7	95.8	4.2
2015	27.019	1.1	95.9	4.1
2016	29.140	7.9	96.1	3.9
2017	30.714	5.4	95.8	4.2
2018	32.259	5.0	95.4	4.6
2019	34.513	7.0	95.4	4.6
2020[2]	16.874	(51.1)	97.3	2.7
2021[2]	29.418	74.3	96.8	3.2
2022	34.643	17.8	95.3	4.7
Jan-Aug				
2022[3]	22.471	21.5	95.1	4.9
2023	25.442	13.2	94.7	5.3

[1] Compared to 26.597 million enplaned passengers in 2012.
[2] Data reflects reduced passenger volume due to COVID-19.
[3] Percentage changes are from the same period in 2021.

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 the economy of the Airport service region, national and local unemployment rates, 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, aviation industry workforce shortages, availability and the 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 other pandemics and natural and man-made disasters. See “CERTAIN INVESTMENT CONSIDERATIONS.”

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 eight months of 2022 and 2023.

Table 4
Enplaned Passengers by Airline Type

	Major/Mainline Airlines		Foreign Flag Airlines		Regional/Commuter Airlines		Charter/ Miscellaneous Airlines		Total Airlines	
Year	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**
2018[1]	27,372,672	4.1%	632,681	25.9%	4,252,809	8.4%	1,055	(14.9%)	32,259,217	5.0%
2019	29,288,442	7.0	675,558	6.8	4,547,258	6.9	1,696	60.8	34,512,954	7.0
2020	14,462,035	(50.6)	146,242	(78.4)	2,265,159	(50.2)	407	(76.0)	16,873,843	(51.1)
2021	25,601,302	77.0	259,602	77.5	3,556,567	57.0	411	1.0	29,417,882	74.3
2022	30,575,591	20.8	581,595	124.0	3,485,519	(9.2)	153	(62.8)	34,642,858	17.8
Jan-Aug										
2022[2]	19,762,726	24.2	384,618	197.1	2,323,715	(5.9)	-	(100.0)	22,471,059	21.4
2023	22,863,632	15.7	457,825	19.0	2,120,709	(8.7)	286	100.0	25,442,452	13.2

[1] Percentage changes are from 2017.
[2] Percentage changes are from the same period in 2021.

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 eight months of 2022 and 2023. Totals may not add due to rounding.

Table 5
Percentage of Enplaned Passengers by Airline

						January-August	
Airline	**2018**	**2019**	**2020**	**2021**	**2022**	**2022**	**2023**
United	30.9%	32.1%	29.0%	31.3%	36.9%	37.0%	38.9%
United Express	12.6	12.6	13.1	12.6	9.5	9.7	8.0
Total United Group	43.5	44.7	42.1	43.9	46.4	46.7	46.9
Southwest	29.1	27.4	30.3	31.7	30.6	30.3	30.4
Frontier	11.5	12.1	14.0	11.0	9.8	9.4	9.6
Delta	5.4	5.3	4.1	4.6	4.9	5.0	4.9
American	5.0	4.7	5.2	4.9	3.8	3.9	3.6
Other[1]	5.6	5.8	4.3	3.9	4.5	4.6	4.6
Total Non-United Group	56.5	55.3	57.9	56.1	53.6	53.3	53.1
Total[2]	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Includes other airlines with scheduled flights at the Airport.
[2] Columns may not add to totals shown because of rounding.

Source: Department of Aviation management records.

Summary of Aviation Activity. The table on the following page sets forth a summary of selected aviation activity at the Airport for the past five years and for the first eight months of 2023 and 2022. Totals may not add due to rounding.

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Table 6
Summary of Selected Aviation Activity

	2018	2019	2020	2021	2022	January - August 2022	January - August 2023
Enplaned Passengers (millions):							
United	9.963	11.084	4.891	9.208	12.783	8.319	9.909
United Express	4.064	4.353	2.216	3.706	3.284	2.184	2.032
Total United Group	14.028	15.436	7.107	12.915	16.067	10.503	11.941
Southwest	9.386	9.467	5.114	9.317	10.608	6.811	7.747
Frontier	3.696	4.177	2.355	3.226	3.397	2.121	2.435
Delta	1.728	1.837	0.697	1.354	1.687	1.119	1.246
American	1.620	1.633	0.875	1.446	1.319	0.886	0.908
Other	1.801	1.963	0.725	1.161	1.565	1.031	1.166
Total	32.259	34.513	16.874	29.418	34.643	22.471	25.442
Percent Change from Prior Year	*5.0%*	*7.0%*	*(51.1%)*	*74.3%*	*17.8%*	*21.4%*	*13.2%*
Originating Passengers (millions):	20.746	22.259	10.032	17.322	20.398	13.332	14.743
Percent of Total Enplaned	64.3%	64.5%	59.5%	58.9%	58.9%	59.3%	57.9%
Connecting Passengers (millions):	11.513	12.254	6.842	12.096	14.245	9.139	10.699
Percent Connecting of Total Enplaned	35.7%	35.5%	40.5%	41.1%	41.1%	40.7%	42.1%
United Group Passengers:							
Percent Originating	44.8%	45.1%	41.0%	40.7%	43.8%	43.7%	45.0%
Percent Connecting	55.2%	54.9%	59.0%	59.3%	56.2%	56.3%	55.0%
Southwest Passengers:							
Percent Originating	72.6%	72.5%	65.3%	62.1%	60.0%	61.3%	55.9%
Percent Connecting	27.4%	27.5%	34.7%	37.9%	40.0%	38.7%	44.1%
Frontier Passengers:							
Percent Originating	73.5%	77.5%	65.8%	74.1%	75.3%	76.6%	75.4%
Percent Connecting	26.5%	22.5%	34.2%	25.9%	24.7%	23.4%	24.6%
Delta Passengers:							
Percent Originating	95.3%	95.2%	96.2%	100.0%	100.0%	100.0%	100.0%
Percent Connecting	4.7%	4.8%	3.8%	0.0%	0.0%	0.0%	0.0%
American 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%
Average Daily Departures[1]:							
Passenger Airlines:							
United Express	226	245	162	219	181	123	107
United	182	198	117	184	237	156	179
Southwest	191	194	163	204	222	142	170
Frontier	63	71	50	58	59	37	41
Delta	36	36	22	32	33	22	23
American	30	30	20	28	25	17	17
Other	53	54	30	31	38	25	31
Total Passenger Airlines	781	828	562	756	795	521	568
All-Cargo Airlines	29	31	33	35	33	23	19
Total	810	859	596	792	829	544	587
Percent Change from Prior Year	*3.6%*	*6.1%*	*(30.6%)*	*32.9%*	*4.7%*	*6.8%*	*7.8%*
Landed Weight (billion pounds):							
Passenger Airlines:							
United	10.642	11.902	6.948	10.877	14.049	9.195	10.879
United Express	4.571	4.885	3.367	4.637	3.811	2.557	2.359
Southwest	9.333	9.456	8.009	10.128	11.021	7.030	8.505
Frontier	3.413	3.866	2.724	3.241	3.249	2.051	2.296
Delta	1.809	1.651	1.174	1.849	1.890	1.260	1.345
American Airlines	1.672	1.865	1.049	1.568	1.378	0.918	0.940
Other	2.286	2.396	1.059	1.441	1.968	1.304	1.432
Total Passenger Airlines	33.725	36.021	24.330	33.741	37.365	24.316	27.756
All-Cargo Airlines	1.491	1.647	1.816	1.873	1.806	1.181	1.053
Total	35.216	37.668	26.146	35.614	39.171	25.496	28.809
Percent Change from Prior Year	*3.9%*	*7.0%*	*(30.6%)*	*36.2%*	10.0%	*11.9%*	*13.0%*
Enplaned Cargo (million pounds)[2]	258.263	285.638	293.287	282.964	313.784	199.995	192.098
Percent Change from Prior Year	*8.1%*	*10.6%*	*2.7%*	*(3.5%)*	*10.9%*	*9.4%*	*(3.9%)*
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	462,276	487,725	343,922	471,690	510,345	332,118	376,281
Commuter/Military/Taxi/General Aviation	141,127	152,373	98,649	122,226	105,388	72,942	56,150
Total	603,403	640,098	442,571	593,916	615,733	405,060	432,431
Percent Change from Prior Year	*3.6%*	*6.1%*	*(30.9%)*	*34.2%*	*3.7%*	*5.4%*	*6.8%*

1 Year 2020 was a leap year and reflects daily usage based on 366 calendar days.

2 The weight of enplaned cargo does not impact the Airport System'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. See "Aviation Activity—*Summary of Aviation Activity*" above.

In 2022, approximately 20.4 million passengers, or 58.9% of the approximately 34.6 million enplaned passengers at the Airport originated at the Airport. United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 34.5%, 31.2%, and 12.5% of originating enplaned passengers at the Airport in 2022, respectively. For the first eight months of 2023, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 36.4%, 29.4%, and 12.4% of originating enplaned passengers at the Airport, respectively.

Most major airlines have developed their current route systems around connecting passenger hubs at particular airports. The Airport serves as an important hub in the route system of United and Southwest. In addition, the Airport is presently Frontier's only hub. Approximately 14.2 million passengers (41.1% of total enplaned passengers) connected from one flight to another in 2022. 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 63.4%, 29.8%, and 5.9% of the connecting enplaned passengers at the Airport in 2022, respectively. For the first eight months of 2023, United (including its regional airline affiliates operating as United Express), Southwest, and Frontier accounted for approximately 61.4%, 31.9%, and 5.6% of connecting enplaned passengers at the Airport, respectively. See "Aviation Activity—*Summary of Aviation Activity*" above.

AGREEMENTS FOR USE OF AIRPORT FACILITIES

The City, for and on behalf of the Department, has entered into numerous agreements in connection with the operation of the Airport. The Use and Lease Agreements with passenger airlines operating at the Airport and certain other such agreements are discussed below.

Passenger Airlines Use and Lease Agreements

Generally. Certain of the airlines, inclusive of cargo and passenger airlines, executed Use and Lease Agreements with the City, for and on behalf of the Department, (as previously defined, the "**Signatory Airlines**"). Of such Signatory Airlines, the following airlines have preferential use of leased gates pursuant to their Use and Lease Agreements: United, Southwest, Frontier, American, Delta, Spirit Airlines, and Alaska Airlines. As of September 1, 2023, 137 gates are leased on a preferential use basis by the above airlines and eight gates are controlled by the Airport and used on a non-preferential use basis by various airlines. Upon completion of the concourse expansion program (including the new Concourse A (East) ground loading facility) and relocation of airlines to these gates, it is expected that 158 gates will be leased on a preferential basis by the above airlines and eight gates will be controlled by the Airport and used on a non-preferential use basis by various airlines.

The following Signatory Airlines do not lease gates under their respective Use and Lease Agreements but, rather, either operate from gates pursuant to their affiliation with other Signatory Airlines that lease gates at the Airport, use gates or parking positions controlled by the City, use cargo facilities, or use common use international or commuter gates in Concourse C: AeroMéxico, Air Canada, Air France, British Airways, Cayman Airways, Copa Airlines, Denver Air Connection, Edelweiss, Icelandair, Jazz Aviation, JetBlue Airways Corporation, Lufthansa, SkyWest Airlines, Southern Airways

Express, Volaris, and WestJet. See "AVIATION ACTIVITY AND AIRLINES—Airlines Serving the Airport."

All Use and Lease Agreements with passenger Signatory Airlines expire on December 31, 2023 (with the exception of United and Southwest, each of which expires in 2035, and Frontier, which expires 10 years after the date of occupancy by Frontier of the new Concourse A (East) ground load facility). The City is negotiating the terms of new Use and Lease Agreements with the Signatory Airlines whose Use and Lease Agreements are expiring on December 31, 2023 and anticipates executing new Use and Lease Agreements with an effective date of January 1, 2024 with such Signatory Airlines. The new Use and Lease Agreements are anticipated to provide for two (2) one-year extension options following the initial one-year term.

In the passenger airline Use and Lease Agreements (1) each passenger Signatory Airline and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Senior Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year, and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

As described above, the City is permitted to adjust rates and charges at the beginning of and during each Fiscal Year. For adjustments at the beginning of each Fiscal Year, not later than 45 days prior to the end of the prior Fiscal Year, the City is required to furnish the Signatory Airlines with projections of the rentals, rates, fees and charges for the ensuing Fiscal Year for each cost center of the Airport and of each Signatory Airline's cost per enplaned passenger for the ensuing Fiscal Year. Not later than 30 days prior to the end of each Fiscal Year, the City and the Signatory Airlines are required to consult and review the projections of rentals, rates, fees and charges for the next ensuing Fiscal Year. For adjustments during a Fiscal Year, the City is required to furnish the Signatory Airlines in August (for United) or no later than September 1 of such Fiscal Year with a projection of rentals, rates, fees and charges (the "**Mid-Year Projection**"), which is required to reflect the most recently available information regarding current aircraft operations and enplaned passengers, as well as expenses actually incurred and revenues realized to date during such Fiscal Year. The City is also required to provide (i) a pro forma projection of revenues and expenses for the current Fiscal Year to each Signatory Airline and (ii) a projection of cost per enplaned revenue passenger to United. With respect to United, within 15 days of providing such projections, the City is required to convene a meeting with United to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year. With respect to the other Signatory Airlines, the City is required to convene a meeting with the Signatory Airlines to consult and review the Mid-Year Projection and any adjustments to the monthly rentals, rates, fees and charges for the Fiscal Year.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2018 through 2022 is set forth in the following table.

Table 7
Cost per Enplaned Passenger

Year	Airline Costs for CPE Calculation	Total Enplaned Passengers	Cost Per Enplaned Passenger	Percent Change
2018	$340,741,036	32,259,217	$10.56[1]	(2.1%)
2019	356,248,819	34,513,011	10.33	(2.2)
2020	337,580,934	16,873,843	20.01[2]	93.7
2021	303,363,308	29,417,882	10.31	(48.3)
2022	368,825,325	34,642,858	10.65	3.2%

[1] Compared to the cost per enplaned passenger of $10.69 in 2017.
[2] Reflects significant reduction in enplaned passenger volume due to the COVID-19 pandemic.

Source: Department of Aviation management records.

Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of $40 million, is required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year (the "**Revenue Share**"), with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. As part of the 2021 COVID-19 Relief Policies, the Department granted additional credit to certain Signatory Airlines, as described under "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."

The City may terminate a Use and Lease Agreement after a 15-day (in the case of payment defaults) or 30-day notice and cure period, as applicable, in the event that the airline either (1) fails to pay the rentals, rates, fees, charges or other money payments that it has agreed to pay pursuant to the Use and Lease Agreement, (2) uses its leased property at the Airport for any purpose not authorized by the Use and Lease Agreement or permits the use thereof in violation of any law, rule, or regulation to which the Signatory Airline has agreed to conform, (3) sublets its leased property at the Airport other than as permitted by the Use and Lease Agreement, (4) becomes subject to certain insolvency events, or (5) fails to comply with certain federal regulations in connection with the use of its leased property at the Airport. In addition, for Signatory Airlines other than United, the City may terminate the Use and Lease Agreement if any of the Signatory Airline's directors or officers assigned to or responsible for operations at the Airport shall be or have been convicted of any crime which is a disqualifying offense under federal statutes governing issuance of airport security badges.

An airline may terminate the Use and Lease Agreement after a 30-day notice and cure period, whether or not Senior Bonds, Subordinate Bonds or other obligations of the City or the Department are outstanding, in the event that: (1) its governmental authorization to operate aircraft in or out of the Airport is withdrawn, so long as (a) it did not request such withdrawal, (b) the City has been given the opportunity to appear before the appropriate governmental entity prior to such withdrawal, or (c) the airline has given the City reasonable advance notice of the possible occurrence of such withdrawal; (2) a court of competent jurisdiction issues an injunction against the City preventing the operation of the Airport and such injunction remains in effect for 90 days or more and is not stayed; or (3) the operation of the Airport is substantially restricted by reason of governmental action or casualty (not caused by the airline) and such restriction remains in effect for 90 days or more. Additionally, in the case of United,

United may also terminate its Use and Lease Agreement if (1) the City fails to observe or perform any material covenant in the United Use and Lease Agreement or (2) United's cost per enplaned revenue passenger for any Fiscal Year exceeds an average of $20 in 1990 dollars (which is approximately $47.10 in 2023 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. The United Use and Lease Agreement has been amended several times since 1992, including in 2014 when the term was extended to the current term ending February 2035 (the "**2014 Amendment**"). Pursuant to the United Use and Lease Agreement, United has agreed to lease, on a preferential basis, certain concourse and terminal space, full service contact gates, baggage system space, hangers, and various other areas at the Airport, including 23 full service contact gates on Concourse A and 67 full service contact gates on Concourse B. See also "AVIATION ACTIVITY AND AIRLINES—Airline Information—*The United Group*."

Under the 2014 Amendment, United agreed to maintain a minimum level of 9.1% of global United Available Seat Miles ("**ASMs**") subject to the calculations described in the 2014 Amendment. If United fails to meet those ASMs requirements, United is not in default under 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 $12 million per year in 2022-2025. United has met the ASMs requirement every year since the 2014 Amendment.

The United Use and Lease Agreement was most recently amended in 2023 (the "**2023 Amendment**") in order to, among other things, (a) authorize United to undertake certain tenant improvements (the "**Tenant Improvements**") within Concourses A and B for the purpose of renovating holdrooms and boarding gate areas and (b) authorize United to undertake certain work on Concourse A (West) for a new United club and related mezzanine expansion.

The 2023 Amendment grants the City an option (the "**Option**") to purchase certain Tenant Improvements (the "**Non-Proprietary Tenant Improvements**") from United thirty (30) days following their completion. The City may either pay a lump-sum cash payment equal to the amount of United's cost (without mark-up) for the Non-Proprietary Tenant Improvements, or offer United rent credits against rent owed under the United Use and Lease Agreement, in the same amount. If the City does not exercise the Option, United is granted the right to remove the Non-Proprietary Tenant Improvements and replace them with improvements and design elements United deems appropriate, subject to the review and approval of the City.

Southwest Use and Lease Agreement. Southwest leases gates under a new Use and Lease Agreement entered into on March 20, 2020 (as previously defined, the "**Southwest Use and Lease Agreement**") with substantially the same terms as the other passenger airlines' Use and Lease Agreements described in "*Generally*" above, but expanding the preferential gate capacity for Southwest in Concourse C. Under the Southwest Use and Lease Agreement, Southwest agreed to lease, on a preferential use basis, certain gates, holdrooms, and mezzanine, apron and other areas on Concourse C and areas in the terminal complex of the Airport, and, on an exclusive use basis, certain Southwest offices and other areas in the terminal complex of the Airport, all through February 2035. Southwest currently leases 38 full service contact gates on Concourse C. The Southwest Use and Lease Agreement contains a provision in which the City and Southwest agree that the Southwest Use and Lease Agreement will terminate at such time as the City completes negotiations for a new Airport Use and Lease Agreement to govern the use and leasing of facilities at the Airport by passenger air carriers (a "**New Use and Lease Agreement**"), and simultaneously with the termination of the current Southwest Use and Lease Agreement, the City and Southwest will enter into a new Southwest Use and Lease Agreement on the same business terms as the New Use and Lease Agreement, provided the new Southwest Use and Lease Agreement will have a term ending no earlier than February 28, 2035 and will continue to provide Southwest preferential rights to the existing 38 Southwest gates, plus two additional gates currently under construction for a total of 40 gates, and certain other Airport facilities as provided in the current Southwest Use and Lease Agreement.

Frontier Use and Lease Agreement. Effective as of May 2022, the City, for and on behalf of the Department, executed a new Use and Lease Agreement with Frontier. The new Use and Lease Agreement with Frontier is substantially similar to the other passenger airlines' Use and Lease Agreements described herein, but also expands the preferential gate capacity for Frontier in the new Concourse A (East) ground load facility. Under the Frontier Use and Lease Agreement, Frontier agreed to lease, on a preferential use basis, the new Concourse A (East) ground load facility, which is being expanded to include five additional ground loading positions (expected to be fully completed around the middle of 2024), for a total of 14 ground loading positions. Frontier also will lease approximately 18,000 square feet of support space in the general vicinity. The term of this lease will end 10 years from the date when Frontier occupies the 14^{th} gate in the new Concourse A (East) ground load facility. Such date has not yet been determined but will be memorialized in writing by the City and Frontier upon completion of the new Concourse A (East) ground load facility which is expected to be fully built and operational around the middle of 2024. Until such time, Frontier will continue to operate at the Airport under its existing Use and Lease Agreement. As part of a phasing plan, Frontier is expected to occupy the first four gates within the new Concourse A (East) ground load facility around the middle of 2024.

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: Air Transport International, Inc., ABX Air Inc./Amazon Prime, Bemidji Aviation Services, Inc., DHL Express (USA), Inc., FedEx Corporation, Key Lime Air Corporation, Southern Air and United Parcel Service. Alpine Air Express, Inc., Ameriflight and Kalitta Air, LLC 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 2029.

In August 2020, the City, acting for and on behalf of the Department, and Southwest entered into a hangar lease agreement, pursuant to which the City leased an approximately 24.7-acre site to Southwest for purposes of constructing and operating an aircraft maintenance hangar and related buildings, improvements, fixtures, and equipment. In addition, Southwest agreed to construct, at their expense, a taxiway connection to the hangar on the leased site. The hangar lease agreement has a term of 32 years, subject to early termination upon occurrence of certain events or upon expiration of the Use and Lease Agreement with Southwest.

On March 1, 2015, after the expiration of the Special Facilities Lease with LSG Sky Chefs, the north campus flight kitchen was leased to Southwest through February 29, 2020. This lease is currently in holdover and the Department expects to extend the agreement on substantially the same business terms as the existing lease. On June 30, 2018, the leases with Continental for an additional flight kitchen, cargo building, as well as a ground support equipment maintenance building expired, and the facilities were leased to LSG Sky Chefs through May 31, 2021, Swissport through December 31, 2022, and United Airlines, Southwest Airlines, and SkyWest Airlines through August 31, 2024. The lease with LSG Sky Chefs contained two one-year renewal options, which were exercised to extend the lease through May 31, 2023. The leases with LSG Sky Chefs and Swissport are currently in holdover, and the Department expects to extend the agreements on substantially the same business terms as the existing leases. 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— Risks Related to Airline Operations and Activity—*Risk of Airline Bankruptcies*."

Systems Leases

Certain systems at the Airport, including fueling, are being operated by the airlines. The City has leased the hydrant fueling system to certain of the airlines and cargo carriers, who have contracted with Aircraft Service International, Inc. to operate that system.

Other Agreements

The City has also entered into various agreements in addition to those described above that generate a significant portion of Gross Revenues. The following is a brief description of some of these additional agreements. The revenues received from the following agreements constitute only a portion of the concession, parking, rental car, and hotel revenue set forth in "FINANCIAL INFORMATION—Historical Financial Operations." See also "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."

Concessions, Advertising, and Other Services. Concessions, advertising, and other services are provided in the terminal complex and areas adjacent to Peña Boulevard by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy any Rate Maintenance Covenant.

The Airport continued its recovery since the start of the COVID-19 pandemic and all concessions were open to serve customers at the end of 2022. During Fiscal Years 2022 and 2021, revenues from concessions, advertising, and other services constituted approximately 11.09% and 9.65% of Airport System operating revenues, respectively, and approximately 8.92% and 7.90% of Airport Gross Revenues, respectively. 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.

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. Following the COVID-19 pandemic, the Airport reopened some parking operations driven by the increase in origin and destination passengers. East and west economy parking lots and all garage parking are currently in operation. The Pikes Peak shuttle lot reopened in the fourth quarter of 2021. The Mt. Elbert shuttle lot was decommissioned and is now the new Landside Employee Lot. On May 26, 2023, the Airport converted the old Landside Employee Lot into a public parking lot called Longs Peak, which will become the overflow shuttle parking for Pikes Peak.

Car Rentals. The City has car rental concession agreements with rental car companies to provide service at the Airport. Under the original concession agreements, which expired on December 31, 2020 and were on holdover with month-to-month terms until January 1, 2022, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Effective January 1, 2022, the City, for and on behalf of the Department, executed a second amendment and restatement of the agreements, incorporating all concessions terms and conditions under the previous agreements. The restatements terminate on the earlier of (i) December 31, 2027, or (ii) upon execution of a new agreement, and upon 180 days' termination notice provided by the Department. There can be no assurances that revenues received pursuant to new rental car concession agreements will continue to be pledged as Net Revenues in the future.

During 2022, the Department entered into a new operating permit with the car sharing companies operating at the Airport. Car sharing allows private car owners the ability to rent their own vehicles via an online and/or mobile interface. The new operating permit provided for an increase in the Department share of car sharing revenue from 5% to 10%.

For Fiscal Years 2022 and 2021, car rental revenues constituted approximately 9.50% and 10.57% of Airport System operating revenues, respectively, and approximately 7.74% and 8.44% of Gross Revenues, respectively.

Ground Transportation Services. The City charges operators of all commercial ground transportation vehicles operating at the Airport based on the frequency and duration of their use of the Jeppesen Terminal roadways and curbside. Commercial vehicle operators include buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, off-Airport parking vans, taxicab operators, and transportation network companies ("**TNCs**"), such as Uber and Lyft. Prior to COVID-19, the number of trips of commercial vehicle operators at the Airport had grown, due in part to the addition of TNCs servicing the Airport beginning in 2014. Ground transportation services revenues constituted approximately 2.12% and 1.93% of Airport System operating revenues and approximately 1.67% and 1.49% of Gross Revenues in 2022 and 2021, respectively.

Airport Hotel. The Airport Hotel is a full service hotel consisting of 519 rooms. All of the annual revenues, operating expenses, and Debt Service Requirements associated with the Airport Hotel are the responsibility of the City. Under the HMA between the City and Westin, which expires in 2030, all Airport Hotel revenues remaining after payment of operations and maintenance expenses as set forth in the HMA and CMA, are required to be transferred to the Revenue Fund each month in accordance with provisions of the Senior Bond Ordinance and the Hotel Ordinance. During Fiscal Years 2022 and 2021, Airport Hotel revenues represented approximately 7.00% and 6.10% of Airport System operating revenues, respectively. See "DENVER INTERNATIONAL AIRPORT—Hotel and Transit Center—*The Airport Hotel*."

Other. Other nonairline revenues include 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 tables set forth comparative operating results of the Airport System for Fiscal Years 2018 through 2022 and for the first six months of 2021 through 2023. See also "APPENDIX D—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021" and "—Management's Discussion and Analysis of Financial Performance" below.

Table 8-A
City and County of Denver Airport System
Statement of Revenues, Expenses and Changes in Net Assets
(Amounts in thousands. Totals may not add due to rounding.)

Fiscal Year Ended December 31[1]

	2018	2019	2020	2021	2022[2]
Operating Revenues:					
Facility Rentals[3]	$196,065	$210,836	$226,837	$187,007	$249,586
Concession income	83,297	85,703	45,216	69,120	103,189
Parking income	189,890	203,502	88,259	147,809	206,468
Car rentals	72,621	80,348	45,993	75,703	88,326
Landing fees	161,981	175,636	135,708	150,575	149,791
Aviation fuel tax	25,039	25,464	9,789	21,626	38,238
Hotel	53,304	62,088	24,481	43,674	65,078
Ground Transportation[4]	17,313	19,997	8,575	13,848	19,722
Other sales and charges	8,850	4,219	6,952	7,034	9,786
Total operating revenues	808,360	867,793	591,810	716,396	930,184
Operating Expenses:					
Personnel services	173,979	194,317	198,582	178,530	185,289
Contractual services	227,918	241,264	193,606	213,225	246,839
Repair and maintenance projects	19,423	32,296	29,229	22,372	47,095
Maintenance, supplies and materials	24,378	28,649	19,092	18,867	26,388
Hotel	28,616	31,446	17,378	22,458	30,523
Legal/Claim reserve expense	--	56,500	18,013	5,961	6,420
Total operating expenses before depreciation, amortization and asset impairment	474,314	584,472	475,900	461,413	542,554
Operating income before depreciation, amortization and asset impairment	334,046	283,321	115,910	254,983	387,630
Depreciation and amortization	193,009	203,321	210,513	226,852	274,187
Operating income	141,037	80,000	(94,603)	28,131	113,443
Nonoperating revenues (expenses)					
Passenger facility charges[5]	123,907	132,484	64,922	113,500	132,709
Customer Facility Fees	20,019	21,525	10,621	15,585	17,389
Investment income (loss)	73,802	171,096	150,043	(34,937)	(117,330)
Lease interest income	--	--	--	--	10,243
Interest expense	(214,799)	(270,394)	(247,293)	(221,738)	(257,069)
Stimulus Funds[6]	--	--	269,074	250,880	939
Grants	--	--	--	--	0
Other revenue (expense)[7]	(6,716)	(1,539)	(30,994)	(11,407)	(2,079)
Net nonoperating revenues (expenses)	(3,787)	53,172	216,373	111,883	(215,198)
Change in net assets before capital contributions	137,250	133,172	121,770	140,014	(101,755)
Capital grants	26,730	15,301	33,773	24,814	74,107
Special Item[8]	--	(65,793)	--	--	--
Change in net assets	$163,980	$82,680	$155,543	$164,828	$(27,648)

[Footnotes are after Table 8-B]

Table 8-B
City and County of Denver Airport System
Statement of Revenues, Expenses and Changes in Net Assets
(Amounts in thousands. Totals may not add due to rounding.)

	Six Months Ended June 30 (unaudited)[1]		
	2021	2022	2023[2]
Operating Revenues:			
Facility Rentals[3]	$108,062	$120,050	$152,457
Concession income	23,890	48,767	56,489
Parking income	58,553	93,397	113,940
Car rentals	30,852	43,233	44,399
Landing fees	73,213	73,128	96,194
Aviation fuel tax	6,836	17,386	17,861
Hotel	16,904	31,341	37,469
Ground Transportation[4]	5,298	8,893	11,802
Other sales and charges	4,184	4,615	4,149
Total operating revenues	327,792	440,810	534,760
Operating Expenses:			
Personnel services	84,502	91,181	103,430
Contractual services	99,435	114,874	135,274
Repair and maintenance projects	6,120	9,119	4,179
Maintenance, supplies and materials	8,875	10,491	12,819
Hotel	9,396	13,870	17,636
Legal/Claim reserve expense	0	3,175	3,466
Total operating expenses before depreciation, amortization and asset impairment	208,328	242,710	276,804
Operating income before depreciation, amortization and asset impairment	119,464	198,100	257,956
Depreciation and amortization	106,452	116,194	152,047
Operating income	13,012	81,906	105,909
Nonoperating revenues (expenses)			
Passenger facility charges[5]	54,854	67,445	73,447
Customer Facility Fees	6,623	8,190	20,836
Investment income	26,457	24,159	75,233
Lease interest income			4,920
Interest expense	(111,982)	(106,086)	(157,799)
Stimulus Funds[6]	34,843	0	0
Grants			
Other revenue (expense)[7]	(4,800)	1,689	618
Net nonoperating revenues (expenses)	5,995	(4,603)	17,255
Change in net assets before capital contributions	19,007	77,303	123,164
Capital grants	1,831	11,787	8,362
Change in net assets	$20,838	$89,090	$131,526

[Footnotes for Tables 8-A and 8-B are on the next page]

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

[2] On January 1, 2021, the Airport adopted GASB No. 87, *Leases* ("**GASB 87**") and the initial implementation was included in the December 31, 2022 Annual Comprehensive Financial Report ("**ACFR**"). This resulted in a restated December 31, 2021 ACFR Statement of Net Position and Statement of Cash Flows. For the December 31, 2022 ACFR, the Statement of Revenue, Expenses and Changes in Net Position reflected the implementation, but this statement did not require restatement for the December 31, 2021 ACFR because the amounts were determined to not be significant. In addition, none of the financial statements with quarter ending periods in 2022 and 2021 were restated to reflect the implementation of GASB 87.

[3] Pursuant to the Use and Lease Agreements, for Fiscal Years 2006 and thereafter, 50% of Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of $40 million, is required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rates and charges in the following Fiscal Year. A difference in facility rentals for Fiscal Year 2020 compared to Fiscal Year 2019 is due to the Department not accruing such credit in 2020 because the Net Revenues were not sufficient to generate the credit under the Use and Lease Agreements. For 2020, approximately $29.4 million out of the maximum $40.0 million of revenue credit was accrued and the facility rentals shown in the table are net of such amount. Under the terms of the 2021 COVID-19 Relief Policies and effective in 2022, the Department increased the maximum annual revenue credit to airlines from $40 million to $50 million.

[4] Year to year revenue increases (excepting COVID-19 impacted Fiscal Years 2020 and 2021) are driven primarily by increased use by travelers of TNCs. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Ground Transportation Services*."

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

[6] The Stimulus Funds reflects the debt service reimbursements under the Federal relief programs described under "FINANCIAL INFORMATION—Federal Aid Related to COVID-19." For 2020, the Airport recognized as nonoperating revenue $269.1 million of the CARES Act Funds received as reimbursement for debt service payments. For 2021, the Airport recognized nonoperating revenue of $250.9 million consisting of CRRSAA Funds received as reimbursement for debt service payments ($48.6 million) and CRRSAA Funds designated for concessionaire relief ($7.1 million), as well as ARPA Funds ($195.2 million) received as reimbursement for debt service payments. Of the $250.9 million, (i) $48.6 million of CRRSAA Funds were deposited into the CRRSAA Irrevocable Escrow and $195.2 million of ARPA Funds were deposited into the ARPA Act Irrevocable Escrow, each to be applied to Debt Service Requirements for Senior Bonds and/or Subordinate Debt Service Requirements and (ii) $7.1 million of the CRRSAA Funds were designated for concessionaire relief. See also "CERTAIN INVESTMENT CONSIDERATIONS—Ability to Meet Rate Maintenance Covenants."

[7] Includes expenses incurred since February 1995 to maintain and preserve the former airport site

[8] GASB issued pronouncement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments ("**GASB 34**"). GASB 34 defines Special Item as transactions or other events within the control of management that are significant and either unusual in nature or infrequent in occurrence. On August 12, 2019, the City, for and on behalf of the Department, exercised its right to terminate the development agreement with Denver Great Hall LLC, a Delaware limited liability company to design, construct, finance, operate and maintain certain specified areas within the Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall, for convenience, with an effective termination date of November 12, 2019. A portion of the cost associated with the termination payments were determined not to be capitalizable costs.

Sources: Audited financial statements of the Airport System for Fiscal Years 2018-2022; Department of Aviation for unaudited figures for the period ended June 30, 2020-2023 and Department of Aviation management records.

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Federal Aid Related to COVID-19

CARES Act. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act stimulus package (the "**CARES Act**") was signed into law. Under the CARES Act, the FAA awarded funds to airports based on enplanements and other metrics related to cash reserves and debt service. In April 2020, the City, for and on behalf of the Department, executed a CARES Act grant with the FAA, and in 2020 and 2021 it received an aggregate total of $269.1 million in CARES Act funding ("**CARES Act Funds**"). The Department used the CARES Act Funds to reimburse debt service payments and all CARES Act Funds were fully applied to reimbursement of debt service payments by the end of 2021.

Coronavirus Response and Relief Supplemental Appropriation Act. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act (the "**CRRSAA Act**") was signed into law. Under the CRRSAA Act, the FAA awarded funds to airports based on calendar year 2019 enplanements. These funds may be used for costs related to operations, personnel, cleaning sanitization, janitorial services, combating the spread of pathogens at the Airport, and debt service payments, including reimbursement of debt service. The CRRSAA Act includes relief from rent and minimum annual guarantees ("**MAG**") for eligible airport concessions. Under the CRRSAA Act, the FAA provides funding through the Airport Coronavirus Relief Grant Program (the "**ACRGP**").

On March 25, 2021, the City for and on behalf of the Department, executed an ACRGP grant with the FAA and was eligible to receive a total of $48.6 million (the "**ACRGP Grant**"). The Department used the ACRGP Grant funds as a reimbursement of debt service payments and established an irrevocable trust escrow account (the "**CRRSAA Irrevocable Escrow**") to restrict such funds, which were fully applied to reimbursement of debt service payments by the end of 2022. On March 31, 2021, the City, for and on behalf of the Department, executed an ACRGP Concessions Relief Addendum with the FAA and was eligible to receive a total of $7.2 million (the "**ACRGP Concessions Grant,**" and together with the ACRGP Grant, the "**CRRSAA Funds**"). The ACRGP Concessions Grant may be used to provide credit relief to eligible concessions based on criteria established by the FAA. A portion of these funds, up to two percent, may be used to reimburse the Airport for administrative costs. In April 2021, the Department granted $7.1 million in credit relief to eligible concessions under this ACRGP Concessions Grant. The remaining amount, $0.1 million, is to reimburse the Airport for costs to administer the ACRGP Concessions Grant.

The American Rescue Plan Act of 2021. On March 11, 2021, the American Rescue Plan Act of 2021 ("**ARPA**," and together with the CARES Act and the CRRSAA Act, the "**Stimulus Acts**") was signed into law. ARPA included $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to COVID-19. The Airport received an award totaling $204.3 million of general grant funding, as well as an additional $28.8 million reserved for concessionaire rent relief (together, the "**ARPA Funds**"). Department management determined to use the $204.3 million in the general grant funding of ARPA Funds as a reimbursement of debt service payments. As of December 31, 2021, the City, for and on behalf of the Department, had been reimbursed $195.2 million, which was recognized as non-operating revenue in 2021. In July 2022, the City, for and on behalf of the Department, was reimbursed the remaining $9.1 million. On April 22, 2022, the City, for and on behalf of the Department, executed the ARPA Act Irrevocably Committed Escrow Agreement (the "**ARPA Act Irrevocable Escrow**") to restrict all the reimbursed general grant funding under ARPA Funds solely for future application to senior and/or subordinate debt service payments and deposited the full amount of the general grant funding under the ARPA Funds into the ARPA Act Irrevocable Escrow. Approximately $50.3 million of the ARPA Act Irrevocable Escrow was utilized for debt service payments in 2022. As of December 31, 2022, approximately $154.0 million of the ARPA Act Irrevocable Escrow remains available for future debt service. The City, for and on behalf of the Department, anticipates utilizing approximately $101.0 million of the available ARPA Act Irrevocable Escrow for 2023 debt service payments. Any remaining funds, approximately $53.0 million, are expected to be utilized for 2024 debt service payments.

The CARES Act Funds, CRRSAA Funds, and the ARPA Funds received by the Airport are collectively defined as the "**Stimulus Funds**."

2021 Rent Relief Policy. Issued in November 2020 and effective in January 2021, the Department implemented relief policies ("**2021 COVID-19 Relief Policies**") for revenue contracts providing payment deferrals and certain fee waivers. For the Signatory Airlines, participants were required to maintain payment compliance through the policy term and were required to pay 75% of their fixed and variable rate billings as outlined in the Use and Lease Agreements for 2021. The remaining 25% of these billings must be paid over the next five years in equal annual installments starting in 2022 and any outstanding balance is charged interest at the U.S. Treasury Note rate set at 1.63% as of February 1, 2022. As of December 31, 2021, fifteen (15) Signatory Airlines were under the 2021 COVID-19 Relief Policies. As of December 31, 2022, and December 31, 2021, there was approximately $13.6 million and $92.9 million of deferred payments outstanding, respectively. As of October 21, 2023, the outstanding deferred payment balance was $7.1 as some of the airlines paid their outstanding deferred balances in full. Also, for each of the five Fiscal Years during which a Signatory Airline is repaying the 25% deferral, if the Net Revenues available for the Revenue Share (as defined and described in "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements") in that Fiscal Year exceed the Fiscal Year 2019 Net Revenues available for Revenue Share with the Signatory Airlines, in addition to the existing Revenue Share (in the amount of up to $40 million) the Department will credit up to 25% of the annual $40 million maximum of the Revenue Share to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against the Signatory Airline's rentals, fees and charges in the following Fiscal Year.

For the concessionaires, the minimum annual guarantees, contractually due on a monthly basis, were waived for Fiscal Year 2021 and were charged only for the contractual percentage of the concessionaires' gross sales. For rental car companies, the minimum annual guarantees, contractually due on a monthly basis, were waived for Fiscal Year 2021 and rental car companies were charged the contractually percentage of their gross sales. Rental car companies were provided a three-month payment deferral of the ground and facility billings for January, February, and March 2021. Deferred ground and facility payments were due by December 31, 2021, and were collected.

Cash and Liquidity

The table below shows the Airport System's fund balances for Fiscal Years 2022, 2021 and 2020.

Fund	December 31, 2022	December 31, 2021	December 31, 2020
Revenue Fund	$ 315,921,967	$ 282,454,366	$ 295,106,622
Capital Fund	883,328,897	1,016,985,653	702,768,663
Restricted Funds [1]	2,745,655,357	1,413,502,652	1,948,944,576
Other Available Funds [2]	65,760,442	65,760,442	65,760,442

[1] Restricted Funds include proceeds of prior bonds on deposit in the project funds, funds and accounts described in the chart titled "Flow of Funds under the Bond Ordinances" under priority 1 through 8 (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Flow of Funds—Revenue Fund"), funds held for defeased bonds in 2020 and 2019, PFCs, CFCs and certain other funds, including for December 31, 2020, funds on deposit in the CARES Act Irrevocable Escrow ($139.1 million), and for December 31, 2021, funds on deposit in the CARES Act Irrevocable Escrow ($130 million), the CRRSAA Irrevocable Escrow ($48.6 million) and the full ARPA Funds award amount ($204.3 million). See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19." The CARES Act Irrevocable Escrow was fully expended in 2021 and the CRRSAA Irrevocable Escrow was fully expended by the end of 2022.
[2] The City has internally designated $65.8 million of the Capital Fund, as allowed by the General Bond Ordinance, as Other Available Funds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Capital Fund" herein.

Source: Department of Aviation management records.

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 2018 through 2021 as well as six months ended on June 30, 2022 and June 30, 2021. All figures presented below are approximate unless otherwise stated.

Six Months Ended June 30, 2023 vs. Six Months Ended June 30, 2022. Operating revenues of the Airport System totaled $534.8 million, an increase of $94.0 million, or 21.3%, for the six-month period ended June 30, 2023, as compared to the six-month period ended June 30, 2022. Airline revenue totaled $248.7 million, an increase of $55.5 million, or 28.6%. Non-airline revenue totaled $286.1 million, an increase of $38.5 million, or 15.5%. Non-airline revenue represented 53.5% of total operating revenue during the six-month period ended June 30, 2023.

Operating expenses, exclusive of depreciation and amortization, totaled $276.8 million for the six-month period ended June 30, 2023, an increase of $34.1 million, or 14.0%, as compared to the six-month period ended June 30, 2022. The increase in operating expenses compared to prior year was primarily driven by a $20.4 million, or 17.8%, increase in contractual services, and a $12.2 million, or 13.4%, increase in personnel costs.

Total non-operating revenues increased by $73.2 million, or 71.5%, for the six months ended June 30, 2023, as compared to the same period in 2022. The increase is primarily attributable to higher investment earnings as well as increases in net unrealized gains/losses on investments.

Total non-operating expenses increased $51.4 million, or 48.0%, for the six months ended June 30, 2023, as compared to the same period in 2022. This is primarily due to an increase in interest expense associated with an overall increase in the Airport's debt portfolio.

For the six-month periods ended June 30, 2023 and June 30, 2022, capital grants totaled $8.4 million and $11.8 million, respectively, representing FAA-funded AIP funds for airfield improvement projects and certain equipment replacement.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2023 compared to the same period in 2022 is included as part of the financial statements of the Airport System appearing as "APPENDIX E—UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022."

2022 vs. 2021. Operating revenue at the Airport totaled $930.2 million, an increase of $213.8 million, or 29.8%, for the year ended December 31, 2022, as compared to the same period in 2021. Airline revenue totaled $399.4 million, an increase of $61.8 million, or 18.3%. The overall increase was primarily due to an increase in facility rental revenue, partially offset by a decrease in landing fee revenue. Non-airline revenue totaled $530.8 million, an increase of $152.0 million, or 40.1%, primarily due to an increase in overall passengers. Non-airline revenue represented 57.0% of total operating revenue.

Operating expenses, excluding depreciation and amortization, amounted to $542.6 million for the year ending December 31, 2022, reflecting an increase of $81.1 million or 17.6% compared to the year ending December 31, 2021. This increase from the previous year can be attributed mainly to higher expenditures in contractual services, repair and maintenance, as well as hotel expenses.

Total non-operating expenses increased $36.6 million, or 15.4%, for the year ended December 31, 2022, as compared to the same period in 2021. This is primarily due to an increase in interest expense associated with an overall increase in the Airport's debt portfolio.

In 2022 and 2021, capital grants totaled $74.1 million and $24.8 million, respectively. These grants are FAA AIP funds used for airfield improvement projects and certain equipment replacement.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2022 compared to 2021 is included as part of the financial statements of the Airport System appearing as "APPENDIX D—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021."

2021 vs. 2020. Operating revenue at the Airport totaled $716.4 million, an increase of $124.6 million, or 21.1%, for the year ended December 31, 2021, as compared to year ended December 31, 2020. Airline revenue totaled $337.6 million, a decrease of $25.0 million, or 6.9%, primarily due to a decrease in the signatory terminal complex rental rates and an increase in airline revenue credit. The decrease is offset by an increase in landing fee revenue. Non-airline revenue totaled $378.8 million, an increase of $149.5 million, or 65.2%, primarily due to a 74.4% increase in overall passengers. Non-airline revenue represented 52.9% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $461.4 million for the year ended December 31, 2021, a decrease of $14.5 million, or 3.0%, as compared to the year ended December 31, 2020. The decrease compared to the prior year was primarily driven by a reduction in personnel costs primarily due to reduction in pension and OPEB expenses.

Total non-operating revenues, net of non-operating expenses, decreased by $104.5 million in 2021. The decrease is primary attributable to a decrease in investment income due to changes in the market value of investments.

In 2021 and 2020, capital grants totaled $24.8 million and $33.8 million, respectively. The 2021 capital grants included TSA grant funding for a capital project to improve the throughput of the checked baggage handling system. The 2020 capital grants included pavement rehabilitation on the airfield as well as infrastructure grants.

Pension Plan

The Airport System 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 System's share of the City's total contributions to DERP was approximately $16.7 million for Fiscal Year 2022 and approximately $13.8 million for Fiscal Year 2021. As of December 31, 2022 and 2021, the Airport System reported a liability of approximately $166.2 million and $187.8 million, respectively, for its proportionate share of the net pension liability related to DERP.

For additional information about DERP and the Airport System's pension liability, see Note 17 of the Airport System's audited financial statements in "APPENDIX D—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEARS 2021 AND 2022."

Outstanding Senior Bonds

The following table sets forth principal amounts of the Senior Bonds that are Outstanding prior to the issuance of the Series 2023A-B Subordinate Bonds, assuming that all scheduled debt service payments on the Outstanding Senior Bonds are made on November 15, 2023.

Table 9
Outstanding Senior Bonds
(assuming November 15, 2023 debt service payments are made)

Issue	Amount Prior to Series 2023A-B Subordinate Bonds Issuance
Series 2002C Bonds[1,2]	$13,510,000
Series 2008B Bonds[1,2]	24,100,000
Series 2009B Bonds	65,290,000
Series 2009C Bonds[1,2]	45,255,000
Series 2012A Bonds	25,970,000
Series 2012B Bonds	150,315,000
Series 2012C Bonds	30,285,000
Series 2016A Bonds	126,545,000
Series 2017A Bonds	144,130,000
Series 2017B Bonds	21,280,000
Series 2019C Bonds	120,005,000
Series 2020A1 Bonds	29,225,000
Series 2020A2 Bonds	18,095,000
Series 2020B1 Bonds	17,055,000
Series 2020B2 Bonds	24,060,000
Series 2020C Bonds	387,340,000
Series 2021A Bonds[1, 2]	12,100,000
Series 2021B Bonds[1, 2]	10,000,000
Series 2022A Bonds	1,465,560,000
Series 2022B Bonds	175,570,000
Series 2022C Bonds	338,690,000
Series 2022D Bonds	817,810,000
Total	$4,062,190,000

1 These Senior Bonds bear interest at variable interest rates indexed to the SOFR Index.
2 These Senior Bonds are owned by certain financial institutions as described in "—Credit Facility Obligations Related to Senior Bonds" below. The City's repayment obligations to those financial institutions constitute Credit Facility Obligations under the Senior Bond Ordinance.

Sources: The Department of Aviation and the Municipal Advisor.

All or certain maturities of certain series of the Senior Bonds have been additionally secured by policies of municipal bond insurance. The related bond insurers have been granted certain rights under the Senior Bond Ordinance with respect to the Senior Bonds so insured that are not granted to Owners of the Senior Bonds.

Credit Facility Obligations Related to Senior Bonds. The following series of Senior Bonds were purchased by certain financial institutions pursuant to reimbursement agreements entered into with the City, for and on behalf of its Department of Aviation: Series 2002C, Series 2007G1-G2, Series 2008B, Series 2009C, Series 2021A, and Series 2021B. The reimbursement agreements constitute Credit Facilities as defined by the Senior Bond Ordinance and the City's repayment obligation pursuant to such Credit Facilities constitute Credit Facility Obligations, as defined in the Senior Bond Ordinance, which have a lien on Net Revenues on a parity with the Senior Bonds and any other Senior Obligations issued under the Senior Bond Ordinance. Each of the reimbursement agreements include representations, covenants, and agreements in addition to those contained in the Senior Bond Ordinance. A breach of any of these covenants could result in a default under the related reimbursement agreement and the Senior Bond Ordinance. See "CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds and Subordinate Bonds."

Table 10
Credit Facility Obligations Related to Senior Bonds

Senior Bonds	Outstanding Principal Amount[1]	Current Interest Rate Mode	Final Maturity Date	Financial Institution	Last Day of the Initial Period[2]
Series 2002C	$13,800,000	Daily SOFR Index Floating Rate	11/15/2031	Banc of America Preferred Funding Corporation	4/28/2028
Series 2008B	29,600,000	Daily SOFR Index Floating Rate	11/15/2031	Bank of America, N.A.	7/01/2028
Series 2009C	45,255,000	Daily SOFR Index Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2028
Series 2021A	12,100,000	Daily SOFR Index Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2028
Series 2021B	10,000,000	Daily SOFR Index Floating Rate	11/15/2031	Bank of America, N.A.	04/28/2028
Total	$110,755,000				

[1] As of October 31, 2023.
[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.

Sources: The Department of Aviation and the Municipal Advisor.

Outstanding Subordinate Bonds

The following table sets forth principal amounts of the Subordinate Bonds that are Outstanding prior to the issuance of the Series 2023A-B Subordinate Bonds, including the Refunded Bonds, and assuming all scheduled debt service payments on the Outstanding Subordinate Bonds will be made on November 15, 2023.

Table 11
Outstanding Subordinate Bonds
(assuming November 15, 2023 debt service payments are made)

Issue	Amount Prior to Series 2023A-B Subordinate Bonds Issuance
Series 2013A Bonds[1]	$285,295,000
Series 2013B Bonds[1]	342,830,000
Series 2015A Bonds[2]	67,520,000
Series 2018A Bonds	2,295,930,000
Series 2018B Bonds	183,350,000
Series 2019A Bonds[3]	76,330,000
Series 2023A Bonds	--
Series 2023B Bonds	--
Total	$3,251,255,000

[1] A portion of the Series 2023A-B Subordinate Bonds will be applied to refund all of the Series 2013A Bonds and Series 2013B Bonds. See "PLAN OF FINANCING—Purpose of the Series 2023A-B Subordinate Bonds."
[2] The Series 2015A Bonds include a Credit Facility and Reimbursement Agreement with Bank of America, N.A.
[3] The Series 2019A Bonds include a Credit Facility and Reimbursement Agreement with State Street Public Lending Corporation.

Sources: The Department of Aviation and the Municipal Advisor.

Following the issuance of the Series 2023A-B Subordinate Bonds and assuming all scheduled debt service payments on the Outstanding Subordinate Bonds will be made on November 15, 2023, the Subordinate Bonds will be Outstanding in the aggregate principal amount of $3,209,965,000.

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

The table on the following page sets forth the City's current estimated Debt Service Requirements for the Senior Bonds and the Subordinate Debt Service Requirements upon the issuance of the Series 2023A-B Subordinate Bonds.

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

Fiscal Year Ending December 31	Total Outstanding Senior Bonds Debt Service Requirements [1, 2, 4]	Outstanding Subordinate Bonds Debt Service Requirements [4]	Series 2023A-B Subordinate Bonds Principal	Series 2023A-B Subordinate Bonds Interest	Total Subordinate Bonds Debt Service Requirements	Total Senior Bonds and Subordinate Bonds Debt Service Requirements [1, 2, 3, 4]
2024	$301,341,366	$214,050,340	$15,280,000	$29,135,492	$258,465,832	$559,807,199
2025	386,938,164	211,678,699	10,880,000	28,949,250	251,507,949	638,446,113
2026	372,930,060	188,830,105	38,115,000	28,405,250	255,350,355	628,280,415
2027	367,301,169	188,767,785	40,035,000	26,499,500	255,302,285	622,603,454
2028	375,014,948	188,694,915	42,030,000	24,497,750	255,222,665	630,237,613
2029	363,359,110	188,508,015	39,960,000	22,396,250	250,864,265	614,223,375
2030	353,222,776	183,443,735	34,760,000	20,398,250	238,601,985	591,824,761
2031	339,484,832	182,600,925	36,435,000	18,660,250	237,696,175	577,181,007
2032	303,545,915	182,603,425	38,260,000	16,838,500	237,701,925	541,247,840
2033	262,891,859	182,599,675	37,520,000	14,925,500	235,045,175	497,937,034
2034	211,572,408	182,569,175	27,825,000	13,049,500	223,443,675	435,016,083
2035	211,213,950	180,577,525	27,815,000	11,622,850	220,015,375	431,229,325
2036	211,363,946	180,575,475	21,930,000	10,196,750	212,702,225	424,066,171
2037	215,468,884	180,571,975	22,385,000	9,081,300	212,038,275	427,507,159
2038	214,737,707	180,576,325	23,540,000	7,925,450	212,041,775	426,779,482
2039	214,421,833	168,225,500	23,515,000	6,709,850	198,450,350	412,872,183
2040	192,318,350	157,310,750	24,665,000	5,496,850	187,472,600	379,790,950
2041	192,454,725	152,866,000	25,935,000	4,224,600	183,025,600	375,480,325
2042	191,380,463	148,391,750	27,285,000	2,886,725	178,563,475	369,943,938
2043	190,457,500	148,388,000	28,665,000	1,479,050	178,532,050	368,989,550
2044	139,824,994	148,389,750	-	-	148,389,750	288,214,744
2045	110,102,163	148,386,000	-	-	148,386,000	258,488,163
2046	109,612,550	148,384,500	-	-	148,384,500	257,997,050
2047	109,112,356	148,386,250	-	-	148,386,250	257,498,606
2048	109,111,850	148,386,500	-	-	148,386,500	257,498,350
2049	109,110,488	-	-	-	-	109,110,488
2050	88,468,988	-	-	-	-	88,468,988
2051	88,468,794	-	-	-	-	88,468,794
2052	88,463,363	-	-	-	-	88,463,363
2053	86,188,838	-	-	-	-	86,188,838
Total*	$6,509,884,347	$4,333,763,094	$586,835,000	303,378,917	5,223,977,011	$11,733,861,358

[Footnotes for Table 12 are on the next page]

* Totals may not add due to rounding.
1 Variable rate interest is computed assuming SOFR equals 6.00%.
2 Debt service excludes estimated Build America Bond subsidy payments from the United States Treasury.
3 Does NOT exclude approximately $151.6 million of Stimulus Funds within the ARPA Act Irrevocable Escrow to be used to pay debt service on the Senior Bonds and Subordinate Bonds in 2023 and 2024. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."
4 Excludes debt service on bonds paid and/or refunded with proceeds of the Series 2023A-B Subordinate Bonds.

Source: The Municipal Advisor.

Subordinate Obligations

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

Subordinate Contract Obligations and Subordinate Hedge Facility Obligations generally are comprised of contracts, agreements or obligations payable from all or a designated portion of Net Revenues on a basis subordinate to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations, but do not include Subordinate Bonds, Subordinate Credit Facility Obligations, obligations that may be treated as Operation and Maintenance Expenses under U.S. generally accepted accounting principles, and obligations incurred and payable in full within a single

Fiscal Year (whether or not such obligations may be treated as Operation and Maintenance Expenses). Subordinate Credit Facility Obligations generally comprise repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of Net Revenues on a basis that is subordinate only to Senior Bonds and Senior Obligations and on a parity with Subordinate Bonds and other Subordinate Obligations.

For purposes of this Official Statement, the following definitions apply:

"**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 Senior 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 Hedge Facility**" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Senior Bonds or any Subordinate Bonds.

"**Subordinate Hedge Facility Obligations**" means payment obligations of the City in respect of any Subordinate Hedge Facility, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Senior Bonds and any Credit Facility Obligations.

"**Subordinate Obligations**" means Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

Subordinate 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. In connection with a direct purchase of the 2015A Subordinate Bonds by Bank of America, N.A., the City, for and on behalf of the Department, has entered into a Subordinate Credit Facility with Bank of America, N.A. with respect to such bonds, and in connection with a direct purchase of the Series 2019A and Series 2019B Subordinate Bonds by State Street Public Lending Corporation, the City, for and on behalf of the Department, has entered into a Subordinate Credit Facility with State Street Public Lending Corporation with respect to such bonds. The City's obligations to the financial institutions providing such Subordinate Credit Facilities constitute Subordinate Credit Facility Obligations under the Subordinate Bond Ordinance. Each of such Subordinate Credit Facilities include representations, covenants, and agreements in addition to those contained in the Subordinate Bond Ordinance. A breach of any of these representations, covenants and agreements could result in a default under the related Subordinate Bonds and the Subordinate Bond Ordinance. See "CERTAIN INVESTMENT CONSIDERATIONS —Additional Rights of Certain Owners of Senior Bonds and Subordinate Bonds."

Junior Lien Bonds and Junior Lien Obligations

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

For purposes of this Official Statement, the following definitions apply:

"**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 Senior 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 Senior 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 Senior 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.

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

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

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

Special Facilities Bonds

The City has issued various series of Special Facilities Bonds to finance the acquisition and construction of certain facilities at the Airport. These bonds are payable solely from designated payments received under lease agreements and loan agreements for the related Airport special facilities and are <u>not</u> payable from Gross Revenues.

United financed and subsequently refinanced its support facilities at the Airport (aircraft and ground support equipment, maintenance and air freight facilities and a flight kitchen that is subleased to Dobbs International Services) largely through the issuance by the City, for and on behalf of the Department, of its Special Facilities Bonds. United currently leases all of the support facilities and certain tenant finishes and systems on Concourse B under a lease which terminates on October 1, 2032, 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."

Rentals, Fees and Charges for the Airport

Using compensatory and residual rate-making methodologies in its existing Use and Lease Agreements, the City has established rentals, fees and charges for premises and operations at the Airport. These include landing fees, terminal complex rentals, baggage system fees, concourse ramp fees, AGTS charges, international facility fees, and fueling system charges, among others. The City also collects substantial revenues from other sources such as public parking, rental car operations and retail concession operations. For non-Signatory Airlines, the City assesses rentals, fees and charges following procedures consistent with those outlined in the Use and Lease Agreements, at a premium of 20% over Signatory Airline rates. In addition, non-Signatory 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 FOR THE SERIES 2023A-B SUBORDINATE BONDS—Rate Maintenance Covenants" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements."

Passenger Facility Charges

General. Public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) are permitted to charge each enplaning revenue passenger using the airport with a passenger facility charge ("**PFCs**") for the purpose of developing additional capital funding resources for the expansion of the national airport system. The proceeds from PFCs must be used to finance eligible airport-related projects that serve or enhance the safety, capacity or security of the national airport transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers, including associated debt service. Public agencies desiring to impose and use PFCs are required to apply to the FAA for such authority and satisfy the requirements of 49 U.S.C. § 40117 (the "**PFC Enabling Act**"). Applications by certain public agencies, including the Department, after October 1, 2000, also require an acceptable airport competition plan.

The City first began imposing a PFC on enplaned revenue passengers on July 1, 1992, at the rate of $3.00, which was increased to $4.50 effective April 1, 2001. The PFC is collected by air carriers as part of the price of a ticket and then remitted to the City. The air carriers are permitted by the PFC Enabling Act to retain a portion of each PFC collected as compensation for collecting and handling PFCs.

Currently, the collection fee equals $0.11 of each PFC collected. PFC revenues received by the Airport are net of this collection fee. See also "CERTAIN INVESTMENT CONSIDERATIONS—Risks Related to Federal Regulations and Funding—*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 2018 through 2022 and the first six months of 2023 and 2022 are set forth in the following table.

Table 13
PFC Revenues

Year	PFC Revenues (thousands)[1]	Percent Change
2018	$123,907	4.7[2]
2019	132,484	6.9
2020	64,922	(51.0)
2021	113,500	74.8
2022	132,709	16.9%
Jan-June		
2022[3]	67,445	23.0
2023[3]	73,447	8.9%

[1] These amounts constitute the revenues derived from the entire $4.50 PFC net of the collection fees retained by the airlines.
[2] Compared to PFC revenues of $118,333 in 2017.
[3] PFC revenues collected through June 30, 2022 and June 30, 2023, respectively.
Sources: Audited financial statements of the Airport System for Fiscal Years 2018-2022 and Unaudited Quarterly Financial Report for the period ended June 30, 2023 and 2022

The City's authorization to impose the PFC (obtained pursuant to the existing PFC applications approved by the FAA) expires upon the earlier of October 1, 2031, or the collection of approximately $3.6 billion of PFC revenues, net of collection fees. Through December 31, 2022, the City collected approximately $2.5 billion in PFC revenues, constituting approximately 70% of the total authorized amount. In addition, the City's authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Bond Ordinances, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduce or terminate the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds, the Subordinate Bonds and Junior Lien Bonds and to comply with the Senior Rate Maintenance Covenant, the Subordinate Rate Maintenance Covenant, and the similar covenant contained in the Junior Lien Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Rate

Maintenance Covenants," and "CERTAIN INVESTMENT CONSIDERATIONS— Risks Related to Federal Regulations and Funding—*Availability of PFCs*."

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

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

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

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

Current Treatment of PFC Under PFC Supplemental Ordinance; Designated Passenger Facility Charges. The PFC Supplemental Ordinance, Ordinance No. 18-0776, Series of 2018, adopted by the City Council in August of 2018 and effective January 1, 2019, (i) terminated the Committed Passenger Facility Charges and related irrevocable commitments to the payment of the Debt Service Requirements of Senior Bonds, and (ii) included all PFCs received by the City pursuant to all existing and future PFC applications, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such PFC revenues (the "**Designated Passenger Facility Charges**"), in Gross Revenues under the Bond Ordinances. The amounts resulting from the collection of the Designated Passenger Facility Charges are to continue to be included in Gross Revenues in each Fiscal Year until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges, or a portion thereof, are no longer to be included in Gross Revenues for purposes of the Bond Ordinances. PFC revenues that are included in Gross Revenues may be applied by the City to any lawful purpose authorized by PFC applications approved by the FAA, including paying debt service on debt issued to finance PFC eligible projects. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Pledge of Net Revenues; "—Flow of Funds; Revenue Fund;" and "—Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements."

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, for and on behalf of the Department, on a monthly basis and may be used by the City, for and on behalf of the Department, 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, for and on behalf of the Department, as Gross Revenues. State aviation fuel tax receipts remitted to the City, for and on behalf of the Department, were approximately, $7.8 million in 2020, $13.9 million in 2021, and $29.8 million in 2022, such changes resulting primarily from fluctuations in jet fuel prices.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but which is subject to certain federal requirements on the use of such revenue for certain Airport related costs. A portion of such aviation fuel tax ($0.02 for each gallon of fuel purchased) is remitted to the City, acting for and on behalf of the Department, and treated as Gross Revenues as defined in the Senior Bond Ordinance. Such tax receipts deposited into the Airport Revenue Fund were approximately $2.0 million in 2020, $7.7 million in 2021 and $8.5 million in 2022.

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 Reauthorization Act of 2018 (the "**2018 Reauthorization Act**") enacted into law in October, 2018. The 2018 Reauthorization Act was most recently extended through December 31, 2023 pursuant to the Continuing Appropriations Act 2024, and Other Extensions Act (the "**Extension Act**"), which included a measure to fund the AIP at approximately $842,000,000 for the period beginning on October 1, 2023 and ending on December 31, 2023. The U.S. Senate is currently considering a U.S. House bill that would extend the 2018 Reauthorization Act for five additional years.

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.

Intergovernmental Agreement with Adams County

The City and the County of Adams, Colorado ("**Adams County**"), the county from which land for the Airport was annexed into the City, entered into an Intergovernmental Agreement on a New Airport, dated April 21, 1988 (the "**Adams County IGA**"), that, among other things, governs land use in and around the Airport and establishes maximum levels of noise referred to in the Adams County IGA as Noise Exposure Points standards (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, 2019 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 City, however, has received Notices of Violation from Adams County (based on non-ARTSMAP system) and in 2018, Adams County, the City of Aurora and the City of Brighton filed a lawsuit against the City in the Jefferson County District Court of Colorado (the "**Court**") alleging, among other things, breach by the City of the Adams County IGA based on the City's continued use of ARTSMAP. See "LITIGATION—Current Litigation and Controversy Relating to the Adams County IGA" for information on the status of litigation. See also "CERTAIN INVESTMENT CONSIDERATIONS—Monetary Liability for Noise Standards Violations Under the Adams County IGA."

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 A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE."

In addition to the Senior Bond Ordinance, provisions of the City Charter regulate the investment of Airport System funds. In accordance with the City Charter, the City's Chief Financial Officer is responsible for the management of the investment of City funds, including Airport System funds. The City's Chief Financial Officer is authorized to invest in the following securities: obligations of the United States Government; obligations of United States Government agencies and United States Government sponsored corporations; prime bankers' acceptances; prime commercial paper; insured certificates of deposit issued by banks and savings and loan institutions which are eligible public depositories as defined under Colorado Law. Uninsured certificates of deposit are 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 September 30, 2021 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 U.S. Government, its agencies and enterprises, supranationals, local agency government investment pools, money market funds and repurchase agreements; (2) the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the credit quality, liquidity or yield of the portfolio in response to market conditions or risk preferences; and (3) if securities owned by the City are downgraded by a nationally recognized rating agency to a level below the credit rating required by the City's investment policy, it will be the policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. The decision will be based on current maturity for such securities, the economic outlook for the issuer, and other relevant factors, including certain restrictions related to the duration of such investments, maximum limits within asset portfolios, rating restrictions, and diversification requirements. The City's Chief Financial Officer will be notified of any such downgrades and the decision made by the City's investment team.

Master Derivatives Policy

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

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

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

The Master Derivatives Policy requires the City to make its best efforts to work with qualified swap counterparties that (i) have a general credit rating of at least "Aa3" or "AA-" by two of the nationally recognized rating agencies, or (ii) are a triple-A rated derivative products subsidiary as rated by at least two nationally recognized credit rating agencies, but not a terminating structure (continuation structures may be approved). For lower rated counterparties, the City will 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 (including motor vehicles and mobile equipment) with a reported insured value of approximately $8 billion, excepting certain real property for which the City contracts with its lessees to provide such insurance. The Airport and the City share a property insurance program with a total loss blanket limit of $2.5 billion, which includes coverage for business interruption, and is subject to a minimum $250,000 per occurrence deductible. Valuation of most Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. A separate property insurance policy is maintained to cover certified and non-certified acts of terrorism. Airport management has determined that it is not cost effective to maintain property insurance on the Airport's runways, taxiways, and roadways. An Airport Owners and Operators Liability policy is maintained with a $500 million per occurrence limit; War Risk and Allied Perils is included in this coverage with a $150 million sublimit and certified terrorism risk is included at full policy limits. The Airport also maintains various other insurance policies including environmental pollution liability with a total loss limit of $10 million policy aggregate, network security and cyber liability with a total loss limit of $10 million policy aggregate, crime insurance with a total loss limit of $5 million policy aggregate shared with the City, and fine arts coverage shared with the City with a total loss limit of $500 million policy aggregate. The City maintains a Workers' Compensation insurance program, including coverage for Airport employees, which complies with requirements of the State of Colorado's Workers' Compensation Act; the program carries a $2.5 million retention and the City self-insures for claims that fall below the retention.

Continued Qualification as an Enterprise

Pursuant to the City Charter, the City by ordinance has designated the Department as an "enterprise" within the meaning of Article X, Section 20 of the State constitution, the effect of which is to exempt the Department from the restrictions and limitations otherwise applicable to the City under such constitutional provision. "Enterprises" are defined as government-owned businesses authorized to issue their own revenue bonds and receiving fewer than 10% of their annual revenues in grants from all State and local governments combined. The constitutional provision contemplates that qualification as an "enterprise" is to be determined on an annual basis, and while the City regards the possibility to be remote that the Department might be disqualified as an "enterprise," such disqualification would have the effect, during such period of disqualification only, of requiring inclusion of the Airport System in the City's overall spending and revenue base and limitations, and of requiring voter approval for various actions, including, with certain exceptions, the issuance of additional bonds payable from Net Revenues. One of such exceptions is the ability to refund bonds at a lower interest rate.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2023A-B Subordinate Bonds involve investment risks and considerations. Prospective investors should read this Official Statement, including appendices thereto, in its entirety. The factors set forth below, among others, may affect the security for the Series 2023A-B Subordinate Bonds. The information below does not purport to be a comprehensive or exhaustive discussion of all risks or other considerations that may be relevant to an investment in the Series 2023A-B Subordinate Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase and ownership of the Series 2023A-B Subordinate Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Furthermore, additional risk factors not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Net Revenues. There can be no assurance that other risks or considerations not discussed herein are or will not become material in the future.

Risks Related to Airline Operations and Activity

Dependence on Levels of Airline Traffic and Related Activity

The Series 2023A-B Subordinate Bonds are payable solely from and secured by a subordinate pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the General Bond Ordinance. Gross Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors including: national and international economic conditions, the 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, public health concerns and pandemics, such as the spread of COVID-19, influenza, severe acute respiratory syndrome, Monkeypox or other communicable diseases, 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, aviation industry workforce shortages, capacity of the national air transportation system and of the Airport, business travel substitutes, including teleconferencing, videoconferencing and web-casting; accidents involving commercial passenger aircraft, visa requirements and other limitations on the ability of foreign citizens to enter the United States, currency exchange rates, climate change events and other natural and man-made disasters, some of which are discussed in further detail hereafter in this section. As a result of these and other factors, many airlines have operated at a loss in the past and certain airlines (including some that operated at the Airport) have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, certain airlines have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets. See also "AVIATION ACTIVITY AND AIRLINES" above.

The COVID-19 pandemic and resulting restrictions on human activities severely disrupted the economies of the United States and other countries, and particularly demand for passenger air travel. In addition, the COVID-19 pandemic resulted in operational difficulties of certain airlines as they have increased capacity to meet demand. In some cases, this has resulted in higher flight cancellation rates and reductions in previously planned additions of scheduled capacity. These difficulties have resulted from a variety of factors, including, but not limited to, delays in re-hiring or hiring sufficient personnel as a result of generally prevailing labor shortages, increased customer service demands due to ongoing changes in ticketing rules and informational technology disruptions.

While the national public health emergency due to the COVID-19 pandemic was officially ended on May 11, 2023, and air travel volumes at the Airport have recovered since mid-2020, the City and the Department cannot predict the ongoing impact, if any, of many factors related to COVID-19 that could continue to materially adversely affect the Airport System's financial condition or results of operations, including, but not limited to: (a) any continued COVID-19 cases, or another outbreak, pandemic, or force majeure event; (b) the scope of any mitigation measures; (c) the extent of long-term effects of COVID-19 on manufacturing, supply chain, construction, concessionaire, travel or employee matters; or (d) the potential for any additional federal funding beyond the Stimulus Funds already received.

In addition to revenues received from the airlines, the Airport System derives a significant portion of its revenues from parking and from concessionaires including merchandisers, car rental companies, restaurants, and others. Severe financial difficulties affecting a concessionaire could lead to a reduction in, or failure to pay, rent due under its lease agreement with the City or could lead to the cessation of operations of such concessionaire. Declines in Airport passenger traffic in the past and also the COVID-19 pandemic have adversely affected, and future declines may adversely affect, parking revenues and the commercial operations of many of such concessionaires. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Other Agreements—*Public Parking*" and "—*Car Rentals"* herein.

Under the 2021 COVID-19 Relief Policies, Signatory Airlines and car rental companies were permitted to defer certain payments under their Use and Lease Agreements and concession agreements, respectively. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19—*2021 Rent Relief Policy*." While deferred payments have all been collected for rental car companies, certain deferred payments for some Signatory Airlines remain outstanding. The Department does not anticipate implementing any further relief policies; however, there can be no assurances that additional relief policies will not be implemented or necessary, that airlines may not request additional relief or rent deferrals or abatements, and that any remaining deferred payments under the 2021 COVID-19 Relief Policies will be made on time or at all. Failure to repay deferred payments may have an adverse effect on the operations or financial condition of the Airport System or the airlines serving the Airport. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19."

The Airport has experienced growth in recent years in ground transportation revenue driven by fees paid by TNCs for use of Airport facilities, and continues to monitor and manage ground transportation and parking revenue opportunities. However, new technologies (such as autonomous vehicles) and new business strategies in established markets such as commercial ground transportation and car rentals may occur, which could have an impact on passengers' choice of ground transportation mode and revenues from parking and various ground transportation services.

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 3.8% of passenger enplanements at the Airport in 2022 or more than 3.8% of either the airline rentals, fees and charges component of the Airport System's operating revenues or the Airport System's Gross Revenues in 2022. Major domestic airlines have joined or may be forming alliances with other major domestic airlines. Depending on which airlines serving the Airport merge or join alliances, the result may be fewer flights by one or more airlines, which decreases could be significant. For example, United Group and Southwest were responsible for 46.4% and 30.6%, respectively, of the Airport's passenger enplanements in 2022. If either of these airlines were to reduce or cease connecting service at the Airport, such flights would not necessarily be replaced by other airlines. While historically when airlines have reduced or ceased operations at the Airport other airlines have absorbed the traffic with no significant adverse impact on Airport System revenues, it is possible that were United or Southwest to cease or significantly cut back operations at the Airport, Gross Revenues, PFC collections and costs for other airlines serving the Airport could be adversely affected.

No assurances can be given with regard to the future level of activity of United, Southwest, 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."

Prospective Merger. In July 2022, after shareholders of Spirit Airlines ("**Spirit**") rejected a proposed merger with Denver-based Frontier Airlines, JetBlue Airways Corporation ("**JetBlue**") announced a definitive merger agreement to acquire Spirit. On October 19, 2022, Spirit shareholders approved the proposed merger with JetBlue. On March 7, 2023 the U.S. Department of Justice filed a suit to block the proposed merger, with trial set for October 16, 2023. Subject to resolution of such lawsuit and regulatory approvals and satisfaction of customary closing conditions, the merger is set to close during the first half of 2024. The combined market share of Spirit and JetBlue was less than 2% of the Airport's enplaned passengers in 2022. While the merger, if it is effected, is not expected to substantively alter the markets served by Spirit or JetBlue from the Airport, there can be no assurances that any changes to the markets served as a result of the merger may not have a material adverse effect on revenues generated from either airline. See "— *Financial Condition of the Airlines*" for a general discussion of the risk factors associated with airline mergers.

Financial Condition of the Airlines

The ability of the Airport System 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 historically have 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. Spikes in fuel prices due to geopolitical events and instability in oil producing areas may result in increased flight costs and reduce the demand for air travel. Economic expansion in emerging markets also contributes to higher aviation fuel prices. Fuel prices peaked between 2011 and 2014 before significantly decreasing in mid-2014. While fuel prices have declined in the past few years due to strong global supply, increased U.S. oil production and other factors, fuel prices have experienced significant increases since August 2017, and further increases in the cost of aviation fuel may occur in the future. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse impact on the air transportation industry by increasing airline operating costs and reducing airline profitability.

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

See "— Dependence on Levels of Airline Traffic and Related Activity," "—Current Economic Conditions," and "—Risk of Airline Bankruptcies" in this section. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19" and "AVIATION ACTIVITY AND AIRLINES" above.

Risk of Airline Bankruptcies

Airlines operating at the Airport have filed for bankruptcy in the past and may do so in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport System to generate revenues to pay outstanding Senior Bonds and Subordinate Bonds. See also "AVIATION ACTIVITY AND AIRLINES—Airline Information" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES—Passenger Airlines Use and Lease Agreements." The following is a discussion of various impacts to the Airport of an airline bankruptcy.

Assumption or Rejection of Agreements. In the event an airline that has executed a Use and Lease Agreement or other executory contract with the City seeks protection under the Bankruptcy Code, such airline must determine whether to assume, reject, or assume and assign its agreements with the City within certain timeframes provided in the Bankruptcy Code. 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 agreement.

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

Rejection of a Use and Lease Agreement or other agreement 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 may be limited by the Bankruptcy Code to the extent any such agreement is determined to be a lease of real property. In the case of a rejection by the airline, the rights of the airline to continued possession of the facilities subject to its Use and Lease Agreement (including gates and boarding areas) would terminate. Such facilities could ultimately be leased by the Department to other airlines, but the ability to do so may depend on the state of the airline industry in general, on the nature and extent of the increased capacity at the Airport, if any, resulting from the airline's bankruptcy, and on the need for such facilities by the other airlines. Certain amounts unpaid as a result of a rejection of a Use and Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield costs and costs associated with the baggage claim area and the underground automated guideway transit system, would be passed on to the remaining airlines under their respective Use and Lease Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, adjustments could be made to the terminal and concourse rents of nonairline tenants, although there can be no assurance that such 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, a foreign airline involved in foreign bankruptcy proceedings will seek an order from a bankruptcy court in the United States to recognize the foreign proceedings, stay the actions of creditors in the United States, and have the relief ultimately granted by the foreign court applied to the airline's creditors in the United States.

Pre-petition Obligations. During the pendency of a bankruptcy proceeding, absent a court order, a debtor airline need not and 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 as to 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) under certain circumstances 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.

*Post-petition Obligations***.** Payment of post-petition obligations may also be interrupted or delayed. However, to the extent that a Use and Lease Agreement or other agreement with a debtor airline is considered a lease of real property, unless and until such agreement is rejected, such interruption or delay in payment of post-petition obligations may be limited to 60 days after the commencement of the bankruptcy proceeding.

PFCs. Pursuant to 49 U.S.C. §40117 (as previously defined, the "**PFC Enabling Act**"), the FAA has approved the City's applications to require the airlines to collect and remit to the City a $4.50 PFC on each enplaning revenue passenger at the Airport as discussed in "FINANCIAL INFORMATION—Passenger Facility Charges" above.

The PFC Enabling Act provides that PFCs collected by the airlines constitute a trust fund held for the benefit of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. However, the airlines are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. In the event of a bankruptcy, the PFC Enabling Act attempts to provide certain statutory protections for the City of PFC collections. However, it is unclear whether the City would be able to recover the full amount of PFC trust funds collected or accrued with respect to an airline in the event of a bankruptcy filing by an airline, particularly where the bankruptcy filing results in a liquidation or cessation of business. The City also cannot predict whether an airline operating at the Airport that files for bankruptcy would have properly accounted for PFCs owed to the City, whether the bankruptcy estate would have sufficient moneys to pay the City in full for PFCs owed by such airline, or whether the funds would be determined to constitute property of the airline's bankruptcy estate, leaving the City with a general unsecured claim for PFCs collected but not remitted by the airline.

Aviation Industry Workforce Shortages

General workforce and labor shortages, including pilots and mechanics, have been impacting, and may continue to impact, the airline industry and the Airport. Over the last several months, numerous airlines have canceled thousands of flights attributed to staffing shortages and air traffic control issues, among other things. Several major airlines have announced reduced schedules and have cancelled flights as a result of reported labor shortages and staffing challenges. Labor shortages have been attributed to thousands of workers in the airline industry opting for buyouts, early retirement packages or otherwise terminating their employment during the COVID-19 pandemic. Staffing challenges as a result of continued COVID-19 infections and quarantines also may have short-term impacts on an airline's ability to operate scheduled flights.

Staffing levels of certified controllers within the FAA are below the national target, and such staffing shortages may result in the FAA requesting airlines make fewer flights. Pilot shortages in particular have been an industry-wide issue, especially so for smaller regional airlines. There are several causes for the pilot shortage affecting all airlines. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines have been required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases and air traffic demand returns, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have experienced difficulties hiring qualified new pilots, despite increased incentives, resulting in reduced service to some smaller U.S. markets.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Aircraft Shortages

After disposing of many aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. These challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions and staffing shortages. Delays in aircraft delivery may hamper an airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from the Airport.

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. All Use and Lease Agreements with passenger Signatory Airlines will expire on

December 31, 2023 (with the exception of United and Southwest, each of which expires in 2035, and Frontier, which expires 10 years after their date of occupancy of the new Concourse A (East) ground load facility, which is currently estimated to occur around the middle of 2024). The City is negotiating the terms of new Use and Lease Agreements with the Signatory Airlines whose Use and Lease Agreements are expiring on December 31, 2023. 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 all Signatory Airlines will sign new Use and Lease Agreements, 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.

Ability to Meet Rate Maintenance Covenants

As described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS —Rate Maintenance Covenants", each of the Senior Bond Ordinance and the Subordinate Bond Ordinance includes covenants with respect to the establishment of rentals, rates, fees, and charges for the use of the Airport System in order that in each Fiscal Year the Gross Revenues, together with other Available Funds, will be sufficient to meet the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant, as applicable. However, each of the Senior Bond Ordinance and the Subordinate Bond Ordinance provides that so long as the Department is taking specified steps to meet the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant, as applicable, an Event of Default under the Senior Bond Ordinance or Subordinate Bond Ordinance, as applicable, will not be triggered. The ability of the Department to increase rates and charges and to reduce expenses is limited by, among other things, federal law and certain agreements with airlines and other users of the Airport facilities.

Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines, concessionaires, and others, and/or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Signatory Airlines have agreed that the rate base for rentals, fees and charges must generate Gross Revenues, which together with Other Available Funds, must be sufficient to satisfy the Senior Rate Maintenance Covenant, and the Signatory Airlines have agreed to pay such rentals, rates, fees and charges pursuant to the Use and Lease Agreements. No similar agreement exists with respect to the Subordinate Rate Maintenance Covenant.

Except for amounts designated toward concessionaire relief and AIP project grants, as described herein, the City has irrevocably committed the Stimulus Funds to Debt Service Requirements and Subordinate Debt Service Requirements so that such committed amounts can be excluded therefrom for purposes of determining compliance with the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenant. The City applied approximately $269.1 million of the CARES Act Funds to Debt Service Requirements and Subordinate Debt Service Requirements in 2020 and 2021. The City applied approximately $48.6 million of the CRRSAA Irrevocable Escrow and $52.7 million of the ARPA Act Irrevocable Escrow to Debt Service Requirements and Subordinate Debt Service Requirements in 2022, leaving approximately $151.6 million within the ARPA Act Irrevocable Escrow to be used in 2023 and 2024, for application to the Debt Service Requirements and/or Subordinate Debt Service Requirements. See "FINANCIAL INFORMATION—Federal Aid Related to COVID-19" herein.

Risks Related to Economic and Environmental Conditions

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 the Denver metropolitan area contributed to reduced passenger traffic at the Airport. For a discussion of economic and demographic information with respect to the Denver metropolitan area, see "APPENDIX H—Economic and Demographic Information."

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.

Climate Change and Environmental Issues

The Airport System's ability to generate Gross Revenues is at risk from climate change impacts and other force majeure events, such as extreme weather events, wild fires, and other natural occurrences, although the Airport's geographic location and high elevation reduce these risks compared to other large commercial airports. Furthermore, the long-term effects of climate change, combined with the increasing passenger awareness of the climate change impacts of aviation, could reduce demand for travel globally or locally. Increased frequency and intensity of storms, including excessive snow storms and tornadoes, excessive heat, droughts, and fires may have an adverse impact on the Airport's operations and infrastructure. Although Airport management has taken steps to implement various environmental programs that may reduce climate change risks, such as the development of an ISO 14001-certified Environmental Management System, a robust stormwater collection system, and diversified solar energy programs, there can be no assurances that any mitigation measures will reduce the impacts of climate change locally or globally. The Department has committed to developing a science-based greenhouse gas emissions target and including climate change adaptation planning into future infrastructure projects to further reduce the risk of climate change impacts. See ""ENVIRONMENTAL AND SOCIAL CONSIDERATIONS AT THE AIRPORT" herein for a description of environmental programs at the Airport.

In addition to the direct effects of climate change described above, there are pending and potential regulations aimed at reducing the effects of climate change, and in particular state, federal and international regulations and accords pertaining to greenhouse gas ("**GHG**") emissions. Such regulatory changes could directly and/or indirectly affect Airport operations, infrastructure and financial conditions, and could require significant upgrades to planes and facilities and increase the cost of jet fuel, or both, thereby increasing the cost of air travel and potentially reducing air travel demand.

The City and the Department are unable to predict what additional laws and regulations with respect to GHG emissions or other environmental issues will be adopted, or what effects such laws and regulations will have on the Airport, airlines operating at the Airport, other Airport concessionaires, or local economy. The future effects of climate change on the City, the Airport, Airport concessionaires and Airport operations and infrastructure are complex, difficult to predict, depend on many factors outside of the City, Department and airline's control, and could have material adverse effects. Furthermore, actual events may differ from any scientific climate change studies or forecasts. Accordingly, the City and the Department are unable to forecast when adverse climate change effects, or the confluence of these events or effects of climate change will occur, or whether and what magnitude of adverse economic effects may impact the Airport or air travel generally during the term of the Series 2023A-B Subordinate Bonds.

No assurance can be given that adverse climate change events or natural disasters will not occur while the Series 2023A-B Subordinate Bonds are outstanding, that the Department will not have to implement additional adaptive mitigation measures at the Airport, and/or that such measures will not require significant capital resources. Although the Department 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.

Lastly, the Airport System's land and facilities could be impacted by the release of pollutants or other contaminants. Over the past several years, there has been a surge in regulatory interest to address the public health and environmental risks from releases of PFAS, including use of aqueous film-forming foams for firefighting or training. This call to action has resulted in rapid development of regulations and guidance, at both the federal and state level, which may impact the airport community. The Department recently received approval to enter the Colorado Voluntary Cleanup and Redevelopment Program (administered by the Colorado Department of Public Health and Environment) to systematically develop a program to identify and remedy soil and groundwater impacts associated with the historic use of PFAS at the Airport. The cost of any potential remediation of Airport properties resulting from PFAS is currently unknown.

Security 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. Travel behavior also may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades, and riots, 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, international hostilities, or other future pandemics may become, what effect they may have on air travel to and from the Airport, and whether any such effects will be material.

Cybersecurity Risks

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 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 of the Airport and air travel industry partners, including airlines serving the Airport, may be vulnerable to attacks by networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Cybersecurity incidents could result from unintentional events, such as breaches caused by employee error, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport's computer networks for the purposes of misappropriating assets or information or causing operational disruption and damage. Additionally, cybersecurity breaches could cause material disruption to the Airport's operations and the safety and efficiency of the air travel industry generally.

Any such disruption, access, disclosure or other loss of information could expose the Airport to material litigation and other legal risks, which would cause the Airport to incur material costs related to such legal claims or proceedings, and could result in liability under laws that protect the privacy of personal information, regulatory penalties, disruption in the safety and/or efficiency of the operation of the airlines serving the Airport and the services provided by the Airport, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect Gross Revenues.

The Airport maintains a security posture designed to deter cybersecurity attacks and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations, and the Airport's cybersecurity and operational safeguards are periodically tested. The Airport also maintains a cyber liability insurance policy that may offset any material costs associated with a cyber attack. However, no assurances can be given that the Airport's security measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Airport or the airlines serving the Airport.

Risks Related to Federal Regulations and Funding

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 "FINANCIAL INFORMATION—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. See "—Risks Related to Economic and Environmental Conditions—*Global Climate Change Risks.*"

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 2018 Reauthorization Act, which extended certain authorizations and funding from the FAA Modernization and Reform Act of 2012 and the FAA Extension, Safety, and Security Act of 2016. The 2018 Reauthorization Act retained the federal cap on PFCs at $4.50 and does not provide any increase in such rate, and authorized $3.35 billion per year for the AIP during the authorization period. The 2018 Reauthorization Act's was extended through December 31, 2023 pursuant to the Extension Act at its current level of funding. The U.S. Senate is currently considering legislation intended to, among other things, authorize and extend certain aviation programs, including increasing AIP funding for FAA programs over the next five years. On July 20, 2023 the U.S. House passed its version of a long term FAA reauthorization bill, which, as of the date of this Official Statement, has not been voted on by the Senate. 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. 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 2023-2027 Capital Program and future capital programs, and/or (iii) extend the timing for completion of certain projects. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act or additional extension before the FAA authority expires on December 31, 2023. Failure to adopt such legislation could have a material, adverse impact on the AIP grant program and the Airport.

In addition to the AIP grants, the City, for and on behalf of the Department, has received and committed to debt service payments approximately $522.0 million of Stimulus Funds (as defined in "FINANCIAL INFORMATION—Federal Aid Related to COVID-19") pursuant to Stimulus Acts (as defined in the same section) that were designed to prevent, prepare for and respond to the impacts of COVID-19. The Stimulus Funds also provided approximately $36.0 million in concessionaire relief as further described under "FINANCIAL INFORMATION—Federal Aid Related to COVID-19." There is no expectation that additional federal funding in response to the effects of COVID-19 on airports will be made available to the Airport.

Federal funding received by the Airport also could be adversely affected by implementation of certain provisions of a federal budgetary feature called sequestration. 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. Furthermore, the risk of shutdown of the U.S. government or inability of the U.S. government to adopt a budget may have an adverse impact on any or all federal funding programs related to the Airport.

Availability of PFCs

As described herein, prior to January 1, 2019, two-thirds of the PFCs received by the City (the \$3.00 portion of the \$4.50 PFC) were irrevocably committed through 2018 to the payment of Debt Service Requirements on Senior Bonds. The City determined not to extend such irrevocable commitment after December 31, 2018. In addition, one-third of the PFCs received by the Airport pursuant to certain PFC applications (the \$1.50 portion of the \$4.50 PFC) were considered Gross Revenues under the General Bond Ordinance through 2018. Commencing on January 1, 2019, all PFC revenues received by the City are now included in Gross Revenues until such time as the Manager gives written notice to the Treasurer that such PFCs, or a portion thereof, shall no longer be included in Gross Revenues for purposes of the Bond Ordinances. See "FINANCIAL INFORMATION—Passenger Facility Charges." PFCs that are designated as Gross Revenues are taken into account in determining whether the Senior Rate Maintenance Covenant and the Subordinate Rate Maintenance Covenants have been met as described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023A-B SUBORDINATE BONDS—Rate Maintenance Covenants."

The Airport's receipt of PFC revenues is subject to several risks. First, the Airport's current PFC authorization expires on October 1, 2031. Second, the amount of PFCs received by the Airport in future years depends on the actual number of PFC-eligible passenger enplanements at the Airport. If enplanements decline so will the Airport's PFC revenues. Third, the Airport's authority to impose PFCs may be terminated (subject to procedural safeguards) for various reasons, including for a failure by the Airport to observe FAA requirements regarding use of these revenues. See "FINANCIAL INFORMATION—Passenger Facility Charges."

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

Risks Related to Airport Facilities, Construction Risk and Availability of Funding

Construction Risks Related to Projects Within the Capital Programs

The ability of the City, for and on behalf of the Department, to complete the second phase of the Great Hall Project and Concourse A (East) ground loading facility expansion, and to complete projects included in the 2023-2027 Capital Program and any future capital program may be adversely affected by various factors including: (i) estimating variations, (ii) design and engineering variations, (iii) changes to the scope, scheduling or phasing of the capital projects, (iv) delays in contract awards, obtaining permits, approvals or reviews, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, natural disasters, climate change factors, or other casualty events, (viii) contractor defaults, (ix) labor disputes and work stoppages, (x) unanticipated levels of inflation, (xi) environmental issues, (xii) litigation, (xiii) tariffs or other taxes imposed by state or federal authorities, as well as trade disputes among U.S. trading partners, (xiv) delays due to airline operational needs, (xv) bidding conditions through the Department's procurement process and (xvi) continuing effects of COVID-19, if any, or other pandemics of a similar nature.

Such occurrences or similar occurrences may cause the completion of projects within the capital programs to be delayed or cost more than planned. If certain projects within a capital program that will generate Gross Revenue, such as the concourse gate expansion project or the Great Hall Project, should be delayed for any reason for which monetary damages from a contractor, subcontractor, supplier or materialman would be insufficient to compensate it for the loss of Gross Revenues resulting from such delay, Gross Revenues may be adversely affected, and the payment of debt service on the Senior Bonds and the Subordinate Bonds, including the Series 2023A-B Subordinate Bonds, may likewise be adversely affected. In addition, failure to complete projects in the capital programs could adversely affect the ability to generate and realize Gross Revenues.

Additionally, the City, for and on behalf of the Department, is currently undertaking renovations to the Jeppesen Terminal, including the Great Hall Project. While the initial phase of the Great Hall Project was completed in October 2021, two additional phases, the second phase and the completion phase, are currently being constructed. The substantial completion of the second phase is expected to occur in December 2023 and become operational by February 2024. The City, for and on behalf of the Department, currently projects that the total design and construction costs of all phases of the Great Hall Project will be $2.1 billion, and the completion phase of the Great Hall Project is currently anticipated to be completed in 2028. See "DENVER INTERNATIONAL AIRPORT—Great Hall Project Developments."

Delays to construction of the projects included in the capital programs due to any future procurement processes or general construction risks described above, or due to redesigned spaces as a result of COVID-19, may result in increased costs beyond the originally budgeted amount, delay of the completion date, potential loss of concessions revenue due to concessions opportunities not being available or being delayed, and prolonged inconvenience to travelers. Global supply chain issues and shipping delays may continue to adversely affect the implementation of any capital program at the Airport, including but not limited to delays in the procurement of major equipment and vehicles, replacement cars for the AGTS, concourse escalators and light fixtures, among others.

Furthermore, there may be additional costs or payments required to be made under a construction contract for the completion of the construction of the projects included in any capital program, including the Great Hall Project. There can be no assurances that the projected design and construction costs will fall within the original budgeted amount.

The Department may continue to adjust the scope, timing and priority of projects in the capital programs at the Airport. The Airport's management is currently evaluating a significant expansion of the scope of the 2023-2027 Capital Program to accommodate increased growth related to the Airport's "Vision 100 Plan," which contemplates the Airport's eventual ability to serve 100 million passengers annually. See "CAPITAL PROGRAM" herein. Such expansions would increase the cost and extend the timing of completion of the 2023-2027 Capital Program. There can be no assurance that the construction of any project within any capital program will be completed on time and within budget; that any or all of the required permits, approvals and reviews will be obtained at all or in a timely manner that will permit such projects to be constructed on schedule; that the Airport and/or airline operations will not be affected by any delay in completion or commencement of operation of the such projects; or that the remedies available to the City, for and on behalf of the Department, as a result of any failure to perform by any contractor, subcontractor or supplier and/or termination of agreements with such parties 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.

Access to Credit Markets; Availability of Funding for the Capital Programs

The City, for and on behalf of the Department, plans to access the credit markets in future years in order to issue additional Airport System revenue bonds to finance portions of the 2023-2027 Capital Program or future capital programs and to remarket existing Airport System revenue bonds, and may choose to extend the terms of reimbursement agreements related to certain variable rate Senior Bonds beyond their current expiration dates in 2028. In order to extend or replace such reimbursement agreements, the City, for and on behalf of the Department, 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, or rising interest rates may cause the City, for and on behalf of the Department, to reduce or delay portions of any existing or future capital program.

The estimated costs of and the projected schedule for the 2023-2027 Capital Program and certain other information regarding projects included in the 2023-2027 Capital Program are described in "CAPITAL PROGRAM" above. 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 2023-2027 Capital Program, and any capital program in the future, as described herein, assumes that a combination of the proceeds of Airport System revenue bonds, moneys on deposit in the Airport's Capital Fund, and various federal grants will be received in amounts and at times necessary to pay the costs of portions of the capital programs. As discussed in "CAPITAL PROGRAM" herein, the Airport's management is currently evaluating a significant expansion of the scope of the 2023-2027 Capital Program. Such expansions would increase the cost and extend the timing of completion of the 2023-2027 Capital Program.

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

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 may impact the occupancy level and that are beyond the control of the Airport or Westin, including pandemic-related travel restrictions, adverse changes in the national economy and levels of tourism, competition from other hotels, sales taxes, energy costs, governmental rules and policies, gasoline and other fuel prices, airline fares and the national economy. In addition, because hotel rooms are rented for a relatively short period of time compared to most commercial properties, hotels respond more quickly to adverse economic conditions and competition than do other commercial properties that are rented for longer periods of time, which could impact, among other things, the average daily room rate ("**ADR**").

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

In the event gross operating revenues of the Airport Hotel are not sufficient in a particular month to pay Airport Hotel operating and maintenance expenses then due, amounts in the Revenue Fund not related to the Airport Hotel are to be applied to pay any such Airport Hotel expenses prior to the payment of debt service on any Senior Bonds and Subordinate Bonds. Airport Hotel revenues have been strong since its opening in 2015, other than reductions in revenues due to COVID-19, and have been sufficient to date to pay its operating and maintenance expenses; however, there is no assurance that operating revenues of the Airport Hotel will continue to be sufficient to pay its operating and maintenance expenses.

Monetary Liability for Noise Standards Violations Under the Adams County IGA

The City and Adams County are involved in litigation relating to, among other things, the noise monitoring system used by the City to determine the Airport's compliance with the Noise Standards (as previously defined and described in "FINANCIAL INFORMATION—Intergovernmental Agreement with Adams County") established under the Adams County IGA (as defined and described in "FINANCIAL INFORMATION—Intergovernmental Agreement with Adams County"), and the annual number of Noise Standards violations claimed by Adams County. The District Court for Jefferson County, Colorado, ruled that the City's use of the noise modeling system known as ARTSMAP to measure compliance with the Noise Standards does not comply with the language of the IGA, and awarded Adams County and certain other jurisdictions involved in the litigation liquidated damages in the amount of $500,000 per Class II violation (i.e., the liquidated damages amount set forth in the IGA for each Class II violation) for 67 Class II violations for years 2014 through 2016, plus pre- and post-judgment interest. In addition, Adams County sent notices to the City alleging 44 Class II violations for years 2017 through 2019, and there can be no assurances the City will not receive additional notices in the future. See "LITIGATION – Current Litigation and Controversy Relating to the Adams County IGA – Additional Notices of Violations."

Adams County calculated the Noise Standards violations for years 2014 through 2019 using an alternative, non-ARTSMAP noise analysis that the City believes is heavily contaminated with community and other non-aircraft noise. The City is not able to predict how many Class II violations will be asserted by Adams County each year using this system. The City has proposed an alternative system, and is negotiating with Adams County new methods and best technology for monitoring noise and calculating Noise Standards violations for the year 2017 and subsequent years, but no agreement has been reached by the parties and there are no assurances that such agreement will be reached. If the parties fail to reach such agreement, Adams County may seek a court enforcement action for these violations similar to the court enforcement action for the violations in 2014, 2015, and 2016 described above. Furthermore, even if the parties agree on new methods and technology, it is possible that the new system could determine that aircraft noise is exceeding the Noise Standards, and liquidated damages will be payable for any Class II exceedances. See "LITIGATION—Current Litigation and Controversy Relating to the Adams County IGA."

Enforcement of Remedies

The Subordinate Bond Ordinance provides that upon the happening and continuance of an event of default thereunder, the Owners of not less than 25% in principal amount of the outstanding Subordinate Bonds may accelerate all of the outstanding Subordinate Bonds. The Senior Bond Ordinance provides that upon the happening and the continuance of an event of default, the Owners of not less than 10% of the outstanding Senior Bonds may accelerate all of the outstanding Senior Bonds. An event of default with respect of any Senior Bonds also is an event of default under the Subordinate Bond Ordinance and Junior Lien Bond Ordinance. 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 Bond Ordinance, and upon the occurrence of an acceleration event under the Subordinate Bond Ordinance or Junior Lien Bond Ordinance, the Senior Bonds Debt Service 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 FOR THE SERIES 2023A-B SUBORDINATE BONDS—Flow of Funds; Revenue Fund."

The rights and remedies available to the Owners of the Series 2023A-B Subordinate Bonds may become subject to, among other things, the federal bankruptcy code; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; equity principles; limitations on the specific enforcement of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and regulatory and judicial actions that are subject to discretion and delay. Although the State of Colorado does not presently authorize the City or the Airport to commence a bankruptcy proceeding under Chapter 9 of the Bankruptcy Code, should such an authorization be provided in the future, the provisions of Chapter 9 of the Bankruptcy Code and court decisions thereunder may result in additional risks associated with bankruptcy proceedings. The foregoing could subject the Owners of the Series 2023A-B Subordinate Bonds to, among other things, judicial discretion and interpretation of rights; the automatic stay provisions of the federal bankruptcy code; rejection of significant agreements; avoidance of certain payments to the Owners of the Series 2023A-B Subordinate Bonds as preferential payments; assignments of certain obligations, including those in favor of the Owners of the Series 2023A-B Subordinate Bonds; significant delays, reductions in payments and other losses to the Owners of the Series 2023A-B Subordinate Bonds; an adverse effect on the liquidity and values of the Series 2023A-B Subordinate Bonds; additional borrowings, which borrowings may have a parity lien on Net Revenues; and alterations to the interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants) and other terms or provisions of the General Subordinate Bond Ordinance or the Series 2023A-B Subordinate Bonds.

Legal opinions to be delivered concurrently with the delivery of the Series 2023A-B Subordinate Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2023A-B Subordinate Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, as well as limitations on legal remedies against cities in the State. In the event the City fails to comply with its covenants under the Senior Bond Ordinance or the Subordinate Bond Ordinance, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2023A-B Subordinate Bonds.

Additional Rights of Certain Owners of Senior Bonds

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

An event of default under a reimbursement agreement could result in an event of default under the Senior Bond Ordinance, which is an event of default under the Subordinate Bond Ordinance. Under the Senior Bond Ordinance, the consent of the owners of not less than 10% in principal amount of the Outstanding Senior Bonds is required to accelerate payment of the Senior Bonds upon an event of default and under the Subordinate Bond Ordinance, the consent of the owners of not less than 25% in principal amount of the Outstanding Subordinate Bonds is required to accelerate payment of the Subordinate Bonds upon an event of default. See "APPENDIX A—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE—ARTICLE XII—Defaults, Rights and Remedies of Bondowners" and "APPENDIX B-1—AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE—ARTICLE XII—Defaults, Rights and Remedies of Bondowners." See also "—Enforcement of Remedies" above.

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. Inevitably, some assumptions used to develop the forward-looking statements in this Official Statement will not be realized and unanticipated events and circumstances will occur. The forward-looking statements and projections presented herein incorporate certain assumptions more fully described above. Any forward-looking statement and/or projection should be read in connection with the related assumptions. It can be expected that there will be differences between forward-looking statements and projections presented herein, and actual results, and those differences may be material.

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 2023A-B Subordinate Bonds for federal and state tax purposes or adversely affect the market value or marketability of the Series 2023A-B Subordinate Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, from time to time regulatory actions are announced or proposed, and litigation is threatened or commenced, which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2023A-B Subordinate Bonds. It cannot be predicted whether any such regulatory action will be implemented, whether any particular litigation or judicial action will be commenced or, if commenced, how it will be resolved, or whether the Series 2023A-B Subordinate Bonds or the market value or marketability thereof would be affected thereby. Prospective purchasers of the Series 2023A-B Subordinate Bonds should consult their tax advisors regarding any future, pending or proposed legislation, regulatory initiatives, rulings or litigation as to which Bond Counsel expresses no opinion. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2023A-B Subordinate Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. See "TAX MATTERS."

LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business. Except as described in the following section, "—Current Litigation and Controversy Relating to the Adams County IGA," the City believes that any liability assessed against the City as a result of such claims or lawsuits, which are not covered by insurance or accounted for in the 2023-2027 Capital Program, would not materially adversely affect the financial condition or operations of the Airport System.

Current Litigation and Controversy Relating to the Adams County IGA

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

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado (the "**Court**"), which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (as amended, the "**Complaint**"). The Complaint sought, among other things, a declaration from the Court that the City is in breach of the Adams County IGA as a result of the City's continued use of a noise modeling system known as ARTSMAP, which the plaintiffs alleged is not sufficient to measure compliance with the Noise S Standards agreed to under the Adams County IGA. The Complaint also alleged between 93 and 108 Class II violations of Noise Standards in 2014 through 2016 that remained uncured in the succeeding calendar year and sought (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning Airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of $500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year. On June 19, 2020, the Court issued a ruling (the "**Ruling**") (i) finding, among other things, that the use of the ARTSMAP system does not comply with the Adams County IGA and (ii) awarding plaintiffs liquidated damages in the amount of $500,000 for each of the 67 uncured Class II violations for 2014, 2015, and 2016 for a total amount of $33.5 million plus interest. On September 1, 2020, the Court ruled on the method of calculating interest for each violation.

On October 16, 2020, the City filed a notice of appeal with the Colorado Court of Appeals (the "**Appellate Court**") appealing the Ruling and on March 3, 2022, the Appellate Court issued a decision affirming the Ruling and the method of calculating interest. On April 12, 2022, the City filed a Petition for Writ of Certiorari (the "**Petition**") with the Colorado Supreme Court asking the court to clarify certain rulings of the Appellate Court, including the method of calculating interest and accrual of cause of action related to breach of contract. On October 24, 2022, the Colorado Supreme Court granted the Petition only on the issue of whether the Appellate Court erred when it determined that a cause of action does not accrue for breach of contract until the extent of damages is fully ascertainable. After full briefing, the parties made oral arguments to the court on September 20, 2023. The City is not able to predict the outcome of the Colorado Supreme Court review of this issue.

As of June 30, 2023, the outstanding amount due to plaintiffs for 67 uncured Class II violations for 2014, 2015, and 2016, including interest, was $59.9 million. To the extent the City ultimately is obligated to pay amounts ordered by the Court, the City currently expects to fund these payments from the Airport's Capital Fund.

Additional Notices of Violations. On August 27, 2020, the City received notices of violation from Adams County for the 2017, 2018 and 2019 calendar years alleging a total of 14 Class I and 44 Class II violations in 2017 through 2019. The notices state that such violations were determined using methods of calculation endorsed by the Court. The City has proposed an alternative system, and is negotiating with Adams County new methods and best technology for monitoring noise and calculating Noise Standards violations for the year 2017 and subsequent years, but no agreement has been reached by the parties and there are no assurances that such agreement will be reached. See "CERTAIN INVESTMENT CONSIDERATIONS—Monetary Liability for Noise Standards Violations Under the Adams County IGA."

As of June 30, 2023, the outstanding amount of damages that would be due to Adams County for 44 alleged Class II violations for 2017, 2018, and 2019, including interest, was $30.4 million. To the extent the City determines or ultimately is obligated to pay such amount, the City currently expects to fund it from the Airport unrestricted Capital Fund. While the City and Adams County have entered into a tolling agreement precluding filing of any lawsuits or claims relating to noise violations between the period from August 3, 2023 until the end of the tolling period (generally, until the Colorado Supreme Court renders its decision or one of the parties to the tolling agreement withdraws from the agreement), there can be no assurances that Adams County will not send additional notices of potential noise violations for 2020 and beyond after such tolling period is over, or amend the notices described above, which could result in the City being required to pay additional amounts in liquidated damages. Further, even if the City and Adams County agree on a new method of determining the noise violations, there can be no assurance that it would result in reduced noise violations.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings, Inc. have published ratings of "A1" (stable outlook), "A+" (stable outlook) and "A+" (positive outlook), respectively, with respect to the Series 2023A-B Subordinate Bonds.

The City has furnished to these rating agencies the information contained in this Official Statement and certain other materials and information relating to the Series 2023A-B Subordinate Bonds and the Airport System, including certain materials and information not included in this Official Statement. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Series 2023A-B Subordinate Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings is likely to have an adverse effect on the market price of the Series 2023A-B Subordinate Bonds.

UNDERWRITING

The Series 2023A-B Subordinate Bonds are being purchased from the City by Samuel A. Ramirez & Co., Inc. (the "**Representative**"), as representative of the underwriters set forth on the cover page hereof (the "**Underwriters**"). The Series 2023A Subordinate Bonds are being purchased at a price equal to $341,483,593.06, being the aggregate principal amount of the Series 2023A Subordinate Bonds, plus original issue premium of $26,229,739.50 and less an underwriting discount of $796,146.44. The Series 2023B Subordinate Bonds are being purchased at a price equal to $284,470,505.21, being the aggregate principal amount of the Series 2023B Subordinate Bonds, plus original issue premium of $14,339,180.60 and less an underwriting discount of $653,675.39. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and the Representative (the "**Bond Purchase Agreement**"), the Underwriters agree to accept delivery of and pay for all of the Series 2023A-B Subordinate Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, financing, brokerage and other financial and non-financial services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, a variety of these services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans, credit support, leases, or derivative transactions) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City (including the Refunded Bonds that are being refunded with the proceeds of the Series 2023A-B Subordinate Bonds).

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC ("**JPMS**"), an Underwriter of the Series 2023A-B Subordinate Bonds, has entered into negotiated dealer agreements (each, a "**Dealer Agreement**") with each of Charles Schwab & Co., Inc. ("**CS&Co**.") and LPL Financial LLC ("**LPL**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2023A-B Subordinate Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2023A-B Subordinate Bonds that such firm sells.

Morgan Stanley & Co. LLC, an Underwriter of the Series 2023A-B Subordinate Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2023A-B Subordinate Bonds.

EXPERTS

Frasca & Associates, LLC, is serving as Municipal Advisor to the City with respect to the Series 2023A-B Subordinate Bonds. It is also a "Financial Consultant" as defined in the Subordinate Bond Ordinance.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of, among other things, the mathematical computations of amounts deposited into the Escrow Accounts to pay when due the principal and accrued interest on certain of the Refunded Bonds on their redemption dates will be verified by Causey Demgen & Moore P.C., a firm of independent certified public accountants, Denver, Colorado. See "PLAN OF FINANCING."

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2023A-B Subordinate Bonds in accordance with Rule 15c2-12, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2023A-B Subordinate Bonds in which it will agree to provide or cause to be provided annually to EMMA certain additional financial information and operating data concerning the Airport System and other obligated persons and to provide notice of certain specified events. See "APPENDIX F—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.

The City, for and on behalf of the Department, amended and restated its Credit Facility Obligations related to Senior Bonds on April 26, 2023 and April 28, 2023 to extend the end date of the initial period for each Credit Facility Obligation (see Table 10 herein describing the current end date of initial period for each Credit Facility Obligation) and convert the interest rate applicable to such Senior Bonds from LIBOR to SOFR. Notice of such amendments was posted on EMMA on May 25, 2023.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2023A-B Subordinate Bonds are subject to the approval of Hogan Lovells US LLP, Denver, Colorado, Bond Counsel. The substantially final form of the opinion of Bond Counsel with respect to the Series 2023A-B Subordinate Bonds is appended to this Official Statement. Certain legal matters will be passed upon for the City by Kerry Tipper, Esq., City Attorney, and Ballard Spahr LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Sherman & Howard, LLC, 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 2023A-B Subordinate Bonds and of certain federal and state income tax considerations that may be relevant to prospective purchasers of such Series 2023A-B Subordinate 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 2023A-B Subordinate Bonds, Hogan Lovells US LLP, Bond Counsel to the City, will provide an opinion, substantially in the form appended to this Official Statement, to the effect that, under existing law, (1) interest on the Series 2023A Subordinate Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates and (2) interest on the Series 2023B Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2023B Subordinate Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trust and estates. Bond Counsel to the City observes that, for tax years beginning after December 31, 2022, interest on the Series 2023A-B Subordinate Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax.

The foregoing opinion will assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2023A-B Subordinate Bonds. The City will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2023A-B Subordinate Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2023A-B Subordinate Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2023A-B Subordinate 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 Tax-Exempt Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Tax-Exempt 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 Tax-Exempt Bond based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Tax-Exempt 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 Tax-Exempt Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Tax-Exempt Bond. Purchasers of Series 2023A-B Subordinate Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2023A-B Subordinate 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 2023A-B Subordinate Bonds. Prospective purchasers of the Series 2023A-B Subordinate Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2023A-B Subordinate Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2023A-B Subordinate Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2023A-B Subordinate Bonds (subject to certain exceptions); (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Tax-Exempt Bonds; (3) interest on the Series 2023A-B Subordinate Bonds earned by certain foreign corporations doing business in the United States of America could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive investment income, including interest on the Series 2023A-B Subordinate Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2023A-B Subordinate Bonds.

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2023A-B Subordinate Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2023A-B Subordinate Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2023A-B Subordinate Bonds could adversely affect their value and liquidity.

Bond Counsel to the City will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the City are not binding on the courts or the Service; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2023A-B Subordinate Bonds, the exclusion of interest on the Series 2023A-B Subordinate Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2023A-B Subordinate Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2023A-B Subordinate Bonds should consult their own tax advisors as to the applicability and extent of federal, State, local or other tax consequences of the purchase, ownership and disposition of Series 2023A-B Subordinate Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.

FINANCIAL STATEMENTS

The audited financial statements of the Airport System as of and for the years ended December 31, 2022 and 2021 are attached to this Official Statement as "APPENDIX D—ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021." Moss Adams, LLP, the Airport System's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in "APPENDIX D" hereto, any procedures on the financial statements addressed in that report. Moss Adams, LLP also has not performed any procedures relating to this Official Statement. The consent of Moss Adams, LLP to the inclusion of "APPENDIX D" was not sought or obtained.

The unaudited quarterly financial report of the Airport System for the period ended June 30, 2023 and June 30, 2022 (the most recent quarterly unaudited financials available) are attached to this Official Statement as "APPENDIX E— UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022." The Department anticipates completing and filing the unaudited quarterly financial report of the Airport System for the period ended September 30, 2023, by November 30, 2023 on the EMMA system of the MSRB available at http://emma.msrb.org.

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

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MISCELLANEOUS

The cover page, 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. 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.

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

DocuSigned by:
053339872A694A9...

By: /s/ Phillip A. Washington
Manager of Aviation/Chief Executive Officer

DocuSigned by:
Nicole Doheny
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By: /s/ Nicole Doheny
Acting Chief Financial Officer, as the Manager of Finance/*ex-officio* Treasurer

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APPENDIX A

AMENDED AND RESTATED AIRPORT SYSTEM GENERAL BOND ORDINANCE

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BY AUTHORITY

ORDINANCE NO 20180777 **COUNCIL BILL NO. 18-0777**

SERIES OF 2018 COMMITTEE OF REFERENCE:

BUSINESS, ARTS, WORKFORCE & AERONAUTICAL SERVICES

A BILL

An ordinance concerning the Airport System of the City and County of Denver; amending and restating Ordinance No. 626 of Series 1984, as previously amended, known as the "1984 Airport System General Bond Ordinance"; concerning the Airport Facilities of the City and County of Denver; establishing general provisions relating to Airport System Revenue Bonds to be issued by the City, for and on behalf of its Department of Aviation; providing the forms, terms, and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, and the security therefor; providing for the collection and disposition of revenues derived from the operation of such Airport Facilities; pledging such revenues to the payment of the Bonds; providing various covenants, agreements, and other details, and making other provisions concerning Airport Facilities, the Bonds, Refunding and Improvement Projects, and Airport Facilities Revenues; ratifying action previously taken and relating to the foregoing matters; providing other matters relating thereto; declaring an emergency; and providing the effective date hereof.

PREFACE

This ordinance (referred to herein as the "2018 Amended and Restated Airport System General Bond Ordinance") is adopted by the City Council of the City and County of Denver, Colorado.

DEFINITIONS

All defined terms in this 2018 Amended and Restated Airport System General Bond Ordinance have the meanings set forth in Section 102.A of this 2018 Amended and Restated Airport System General Bond Ordinance, except where the context by clear implication otherwise requires.

RECITALS

(1) The City is a municipal corporation duly organized and existing as a home-rule city under Article XX, State Constitution, and under the Charter and is a political subdivision of the State.

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City & County of Denver ORD

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

(3) Pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home-rule city, and the 1984 General Bond Ordinance, the City has acquired certain airport facilities.

(4) The Charter vests in the Department of Aviation the management and control of the Airport System. Pursuant to the Enterprise Ordinance, the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution. The Enterprise Ordinance provides that the City owns the Department; the Manager of the Department is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager.

(5) After all prerequisite action, the City, for and behalf of the Department, has heretofore issued the Prior Bonds pursuant to the 1984 General Bond Ordinance.

(6) Pursuant to the 1984 General Bond Ordinance, which authorizes the issuance of bonds and other financial obligations payable from the Net Revenues of the Airport System and having a lien thereon subordinate to the lien thereon in favor of the Bonds, Obligations and any additional bonds or obligations on a parity therewith, the City has adopted the General Subordinate Bond Ordinance and the General Junior Lien Bond Ordinance.

(7) The City, as requested by the Manager of the Department, desires to amend, restate and replace in its entirety, the 1984 General Bond Ordinance with this 2018 Amended and Restated General Bond Ordinance in order to (i) enable the usage of EMMA, or any successor in kind thereto, for the submission and posting of certain documents, (ii) establish the applicability of the Supplemental Act, (iii) add the concept of a Securities Depository as a depository for Bonds, (iv) replace gender specific language, (iv) approve and adopt the 2018 Amendments, and (v) create a single document which contains the Prior Amendments and the 2018 Amendments.

(8) The 1984 General Bond Ordinance provides the following with respect to amendments:

a. Section 1301 of the 1984 General Bond Ordinance provides that the City may adopt a Supplemental Ordinance amending or supplementing the 1984 General Bond Ordinance, without the consent of or notice to the owners of the Bonds, for certain purposes as described therein;

b. Section 1302 of the 1984 General Bond Ordinance provides that, in addition to any amendments or supplements described in Section 1301 thereof, the 1984 General Bond Ordinance may be amended or supplemented by a Supplemental Ordinance, without receipt by the City of any additional consideration, but with the written consent of the owners of Bonds which constitute more than 50% in aggregate principal amount of all Bonds Outstanding at the time of the adoption of such Supplemental Ordinance and affected by such amendment or supplement;

c. Section 1304 of the 1984 General Bond Ordinance provides that notice, as described therein, of any proposed amendment under the provisions of Section 1302 thereof shall be mailed to the owners of all Bonds then Outstanding and to the Purchaser, or any successor thereof known to the Clerk, of the Bonds then Outstanding; and

d. Section 1305 of the 1984 General Bond Ordinance provides that whenever, within one year from the date of a notice under the provisions of Section 1304 thereof, there shall be filed in the office of the Clerk an instrument or instruments executed by the required number of owners, which instrument or instruments shall refer to the proposed Supplemental Ordinance described in such notice and shall specifically consent to and approve the adoption of such Supplemental Ordinance, thereupon, the Council may adopt such Supplemental Ordinance and such Supplemental Ordinance shall become effective.

(9) The provisions of certain agreements entered into by the City, or by the City, for and on behalf of the Department, in connection with the Bonds or the Airport System, including but not limited to certain agreements with credit enhancement providers, hedge facility providers and equipment vendors, establish certain limitations on the ability of the City to

amend the 1984 General Bond Ordinance or require the consent of the other parties to such agreements in connection with amendments to the 1984 General Bond Ordinance.

(10) Additionally, Section 1303 of the General Subordinate Bond Ordinance prohibits amendments to the 1984 General Bond Ordinance without the consent of the owners of any outstanding subordinate bond or subordinate obligation affected thereby, unless such amendment does not materially and prejudicially affect the right of such owner.

(11) The required number of owners of Outstanding Prior Bonds have consented to the 2018 Amendments pursuant to Section 1302 of the 1984 General Bond Ordinance. The 2018 Amendments do not require any additional consent of, or notice to, owners of Outstanding Prior Bonds in order to provide for City Council approval thereof and inclusion in this 2018 Amended and Restated General Bond Ordinance.

(12) The owners of outstanding subordinate bonds and subordinate obligations under the General Subordinate Bond Ordinance have consented to the 2018 Amendments in accordance with Section 1303 of the General Subordinate Bond Ordinance. The owners of any junior lien bonds or junior lien obligations under the General Junior Lien Bond Ordinance have consented to the 2018 Amendments in accordance with Section 1303 of the General Junior Lien Bond Ordinance.

(13) All amendments (other than the 2018 Amendments) to the 1984 General Bond Ordinance set forth in this 2018 Amended and Restated General Bond Ordinance are being enacted pursuant to Section 1301 of the 1984 General Bond Ordinance and do not require (i) consent of or notice to the owners as contemplated in Section 1302 of the 1984 General Bond Ordinance, (ii) notice as contemplated in Section 1304 of the 1984 General Bond Ordinance or (iii) filing of consent to the adoption of this 2018 Amended and Restated General Bond Ordinance as contemplated in Section 1305 of the 1984 General Bond Ordinance. Additionally, such amendments do not materially and prejudicially affect the right of the owners of any subordinate bonds or the beneficiaries of any subordinate obligations as contemplated by Section 1303 of the General Subordinate Bond Ordinance.

(14) The Council has determined and does hereby declare that it is necessary and appropriate that the 1984 General Bond Ordinance be amended, supplemented, restated and replaced in its entirety, as provided in this 2018 Amended and Restated General Bond Ordinance and that:

A. Notice of the 2018 Amendments under the provisions of Section 1302 has been given in accordance with Section 1304 of the 1984 General Bond Ordinance;

B. There has been filed in the office of the Clerk an instrument executed by the required number of owners, referring to this 2018 Amended and Restated Airport System General Bond Ordinance and specifically consenting to and approving the adoption of the 2018 Amendments, all as provided in Section 1305 of the 1984 General Bond Ordinance;

C. All consents of parties to agreements entered into by the City, or by the City, for and on behalf of the Department, in connection with the Bonds or the Airport System, which are required with respect to the 2018 Amendments have been or will be obtained;

D. There has been filed in the office of the Clerk an instrument executed by the owners of subordinate bonds and subordinate obligations in accordance with the General Subordinate Bond Ordinance, referring to this 2018 Amended and Restated Airport System General Bond Ordinance and specifically consenting to and approving the adoption of the 2018 Amendments, all as provided in Section 1303 of the General Subordinate Bond Ordinance;

E. No additional consent to the amendments and supplements to the 1984 General Bond Ordinance as set forth in this 2018 Amended and Restated General Bond Ordinance is required under the provisions of Section 1302 and no notice thereof is required to be given in accordance with Section 1304 of the 1984 General Bond Ordinance; and

F. The 2018 Amendments have been consented to by the owners of subordinate bonds and subordinate obligations in accordance with the General Subordinate Bond Ordinance and by the owners of junior lien bonds and junior lien obligations in accordance with the Section 1303 of the General Junior Lien Bond Ordinance. All other amendments and supplements to the 1984 General Bond Ordinance set forth herein do not materially and prejudicially affect the rights of the owners of the subordinate bonds or junior lien bonds or beneficiaries of any subordinate obligations or junior lien obligations.

(15) This 2018 Amended and Restated Airport System General Bond Ordinance is intended to govern the issuance of, and establish general provisions relating to, revenue bonds issued by the City, and by the City, for and on behalf of the Department, payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts of the Airport System as herein provided.

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

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

Section 101. Short Title. This ordinance may be cited as the "2018 Amended and Restated Airport System General Bond Ordinance."

Section 102. Meanings and Construction.

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

(1) "1984 General Bond Ordinance" means Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to time by, and amended and restated in its entirety by this Instrument.

(2) "1997 Subordinate Bond Ordinance" means Ordinance No. 549, Series of 1997, cited as the "1997 Airport System Subordinate Bond Ordinance," as amended and supplemented.

(3) "2018 Amendments" means amendments to the 1984 General Bond Ordinance reflected in this 2018 Amended and Restated Airport System General Bond Ordinance and set forth in the instrument filed in the office of the Clerk which have been consented to in writing by the requisite percentage of owners of the Prior Bonds but not approved and adopted by the City Council prior to this 2018 Amended and Restated Airport System General Bond Ordinance, which 2018 Amendments are hereby approved and adopted by the City pursuant this 2018 Amended and Restated Airport System General Bond Ordinance.

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

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

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

(a) Stapleton International Airport;

(b) Denver International Airport;

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

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

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

(7) "Airport Consultant" means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager of the Department 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.

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

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

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

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

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

(13) "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.

(14) "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 Section 502(D) hereof.

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

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

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

(18) "Book-Entry System" means a system under which either (a) bond certificates are not issued and the ownership of bonds is reflected solely by a register, or (b) physical certificates in fully registered form are issued to the Securities Depository or to its nominee as registered owner, with the certificated bonds held by and "immobilized" in the custody of the Securities Depository, and under which records maintained by persons, other than the Registrar, constitute the written record that identifies the ownership and transfer of the beneficial interests in those bonds.

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

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

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

(22) "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.

(23) "City" means the municipal corporation and body corporate and politic known as the City and County of Denver, Colorado, and the term includes any municipal corporation which may succeed to ownership of the Airport System. As the context requires, the term also means the City, for and on behalf of the Department.

(24) "City Council" or "Council" means the city council of the City, also designated in the Charter as the "board of councilmen," and includes any successor governing body of the City.

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

(26) The term "commercial bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal

Reserve System, which has a shareholders' equity (e.g., capital stock, surplus, and undivided profits), however denominated, of $25,000,000.00 or more, and which is located within the United States, and such term includes, without limitation, any trust bank.

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

(28) "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).

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

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

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

(c) Administrative and general overhead costs;

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

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

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

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

(h) The costs of contingencies or reserves;

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

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

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

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

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

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

(30) "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.

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

(32) "Credit Facility Obligations" means repayment or other obligations incurred by the City, for and on behalf of the Department, pursuant to a credit agreement or similar

instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

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

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

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

(iii) The amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured hereunder during such period,

in each case computed as follows:

(a) No payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates.

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided herein, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate

Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by Section 704(B) hereof; or (iii) required by the rate maintenance covenant of Section 901 hereof, 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 Section 704 hereof and any computation required by the rate maintenance covenant in Section 901 hereof, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii) and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account.

(d) Any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate Debt Service Requirements shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in paragraph (b) above) to be made by the City under the Hedge Facility.

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

(f) If all or any portion of an outstanding series of Bonds constitutes Short-Term/Demand Obligations, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Bonds only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

(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.

(34) "Department" means the Department of Aviation of the City and its successor in functions, if any, which has been designated by the City as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

(35) "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or any successor thereto.

(36) "Enterprise Ordinance" means Ordinance No. 755, Series of 1993.

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

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

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

(40) "Event(s) of Default" means the events stated in Section 1203 hereof.

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

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

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

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

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

(46) "Fitch" means Fitch, Inc. and its successors.

(47) "General Junior Lien Bond Ordinance" means Ordinance No. 17-0972, Series of 2017, cited as "Airport System General Junior Lien Bond Ordinance," as amended and supplemented from time to time.

(48) "General Subordinate Bond Ordinance" means the 1997 Subordinate Bond Ordinance as amended and restated in its entirety pursuant to the provisions of Ordinance No. 302, Series of 2013, as amended and supplemented from time to time.

(49) "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 herein, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include:

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

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

(c) Any grants, appropriations, or gifts from the State, or any other sources, 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 herein, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals;

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

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

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

(h) Any Hedge Termination Payments received by the City; and

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

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

(51) "Hedge Facility Obligations" means payment obligations of the City, for and on behalf of the Department, in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City shall not be secured under this Instrument on a parity with the Bonds.

(52) "Hedge Provider" means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

(53) "Hedge Termination Payment" means any amount payable to the City, for and on behalf of the Department, or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

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

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

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

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

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

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

(57) "Instrument" means this 2018 Amended and Restated Airport System General Bond Ordinance, as amended and supplemented from time to time by any Supplemental Ordinance; and the term "instrument of the City," "amendatory instrument," "supplemental instrument," or any phrase of similar import, means any ordinance adopted by the Council.

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

(59) "Investment Securities" means, to the extent the following are permitted investments under the City's investment policy, as such investment policy may be amended from time to time:

(a) Federal Securities; and

(b) If the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following:

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

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

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

(iv) Repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof;

(v) Banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase;

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

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

(viii) Commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase;

(ix) Investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies;

(x) Any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either:

(A) That are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or

(B) As to which the following apply:

(1) such bonds or other obligations are fully secured as to principal, interest and any redemption

premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and

(2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(xi) Obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation.

(xii) Investment Agreements with:

(A) A Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens;

(B) A bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies. The agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement;

(C) An insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies. The agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement; and

(D) A corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment. The agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement; and

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

(60) "Manager" or "Manager of the Department" means the Manager of the City's Department of Aviation, or his or her designee and successor in functions, if any (being the successor in title to the Manager of the Department of Aviation as of March 1, 2015).

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

(62) "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, 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that (x) such series of Bonds matures over a thirty-year term from its date of issuance, (y) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and (z) is payable on a substantially level annual debt service basis assuming the rate so determined.

(63) "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 of the Department not more often than once in each Fiscal Year.

(64) "Moody's" means Moody's Investors Service, Inc. and its successors.

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

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

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

(68) "Obligations" means Credit Facility Obligations, Contract Obligations and Hedge Facility Obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(72) "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.

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

(74) "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.

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

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

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

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

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

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

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

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

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

(79) "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.

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

(81) "Prior Amendments" means amendments to the 1984 General Bond Ordinance consented to in writing by the requisite percentage of owners of the Prior Bonds and previously approved and duly adopted by the City Council.

(82) "Prior Bonds" means the following series of Bonds heretofore issued by the City for and on behalf of the Department pursuant to the 1984 General Bond Ordinance and which are currently Outstanding:

i. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 640, Series of 1992;

ii. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992F," as authorized by the 1984 General Bond Ordinance and Ordinance No. 643, Series of 1992;

iii. the "City and County of Denver, Colorado, Airport System Revenue Bonds, Series 1992G," as authorized by the 1984 General Bond Ordinance and Ordinance No. 644, Series of 1992;

iv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Refunding Bonds, Series 2002C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 800, Series of 2002;

v. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007F," as authorized by the 1984 General Bond Ordinance and Ordinance No. 625, Series of 2007;

vi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2007G," as authorized by the 1984 General Bond Ordinance and Ordinance No. 626, Series of 2007, as amended and restated by Ordinance No. 722, Series of 2007;

vii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2008B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 322, Series of 2008;

viii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2008C1-C3," as authorized by the 1984 General Bond Ordinance and Ordinance No. 483, Series of 2008;

ix. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009A-B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 578, Series of 2009;

x. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2009C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 577, Series of 2009;

xi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2010A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 107, Series of 2010;

xii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 181, Series of 2011;

xiii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 489, Series of 2011;

xiv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 490, Series of 2012;

xv. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 490, Series of 2012;

xvi. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012C," as authorized by the 1984 General Bond Ordinance and Ordinance No. 491, Series of 2012; and

xvii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 16-0979, Series of 2016;

xviii. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2016B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 16-0980, Series of 2016;

xix. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017A," as authorized by the 1984 General Bond Ordinance and Ordinance No. 17-1223, Series of 2017; and

xx. the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2017B," as authorized by the 1984 General Bond Ordinance and Ordinance No. 17-1223, Series of 2017.

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

(84) "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.

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

(86) "Rating Agencies" means any of Moody's, S&P, or Fitch, or any other nationally recognized rating agency of municipal obligations, then maintaining ratings on any of the Bonds at the request of the City.

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

(88) "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.

(89) "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.

(90) "Refunding Bonds" means any Bonds issued to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

(91) "Refunding Project" means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

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

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

(94) "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.

(95) "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.

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

(97) "S&P" means Standard & Poor's Global Ratings and its successors.

(98) "Securities Depository" means The Depository Trust Company or any additional or other securities depository designated in a Supplemental Ordinance, or (i) if the then Securities Depository resigns from its functions as depository of the Bonds, or (ii) if the City Council discontinues use of the Securities Depository, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the City Council.

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

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

(101) "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. The City hereby declares that none of the Prior Bonds shall constitute a Short-Term/Demand Obligation and this shall be considered an amendment to each Supplemental Ordinance authorizing such Prior Bonds.

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

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

(104) "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 Article 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.

(105) "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.

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

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

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

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

(110) "Supplemental Act" means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended.

(111) "Supplemental Ordinance" means any ordinance of the City amending or supplementing this 2018 Amended and Restated Airport System General Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds hereunder, and any ordinance amendatory thereof or supplemental thereto.

(112) "Tax Code" means the Internal Revenue Code of 1986, as from time to time amended. The term includes any regulations of the U.S. Department of the Treasury

proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" shall be deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

(113) "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.

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

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

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

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

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

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

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

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

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

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

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

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

B. Bonds. Toward the sale and delivery of Bonds for such purposes, be, and the same hereby is, ratified, approved, and confirmed.

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

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

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

Section 109. Effective Date. This Instrument shall take effect immediately upon its final passage and publication.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 302. General Provisions of Airport Bonds and Obligations. Each series of Bonds and Obligations in respect of each facility or contract shall be authorized by a separate Supplemental Ordinance and shall bear such designation as the City deems appropriate. Multiple series of Bonds may be authorized to be issued by a single Supplemental Ordinance and Obligations relating to a series of Bonds may be authorized in the Supplemental Ordinance authorizing the related Bonds. Bonds and Obligations shall be subject to such terms and conditions as are provided herein and by, or pursuant to, Supplemental Ordinance.

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

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

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

(2) Bond Details. Providing for the issuance of the Bonds and determining (or providing the basis for determining) the amount and details thereof, including without limitation, and as may be necessary or desirable, an appropriate series designation, the date or dates of the Bonds, the year or years and amounts in which the Bonds shall mature, any of the Bonds which are Term Bonds, any Sinking Fund Requirements, the time or times and Redemption Prices at which the Bonds or designated portions thereof are to be redeemable, any modifications pursuant to Section 313 hereof, the rate or rates of interest which such Bonds shall bear (or the method of determining such interest rate or rates in the case of Variable Rate Bonds), any conversion or other options, any Credit Facility provided or to be provided therefor, and all other necessary or desirable terms and conditions; and

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

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

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

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

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

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

Section 307. Notice of Prior Redemption. Notice of prior redemption of any Bonds (other than Prior Bonds) shall be given, and the contents of the notice shall be in the form, as provided by Supplemental Ordinance.

Notice of the prior redemption of any Prior Bonds issued before the date of this Instrument shall be given by or at the direction of the Treasurer in the name of the City except as otherwise provided in a Supplemental Ordinance authorizing such Bonds:

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

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

(2) a financial newspaper published in New York, New York, as the Treasurer may determine; and

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

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

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

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

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

Such notice, for any prior Bonds, shall: (i) specify the number or numbers of the Bonds, or designated portions thereof, so to be redeemed (if less than all are to be redeemed) and the Redemption Date; (ii) state that on the Redemption Date there will become due and payable upon each such Bond, or designated portion thereof, the applicable Redemption Price and accrued interest to the Redemption Date, that from and after such date interest will cease to accrue; and (iii) provide payment details as set forth in the related Supplemental Ordinance.

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

Section 309. Payment of Redeemed Bonds. Notice of redemption having been duly given, and action having been duly taken to provide for the payment of the Bonds, or designated portions thereof, so called for prior redemption, the Bonds, or designated portions thereof, so called for redemption shall become due and payable on the Redemption Date stated in such notice at the applicable Redemption Price, plus interest accrued to the Redemption Date; and such Bonds, or designated portions thereof, shall be paid and cancelled; provided that 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 this Instrument 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 shall be of no effect.

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

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

Section 311. Payment of Principal and Interest on Bonds. The principal of, and any premium due in connection with, the Bonds and interest thereon shall be payable by the Paying Agent as provided by Supplemental Ordinance. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to by the Paying Agent and the owner. All such payments shall be made in lawful money of the United States of America.

Section 312. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. Any Registrar for any Bonds shall be specified in the related Supplemental

Ordinance. The Registrar shall maintain and keep, at its principal office, books or records for the registration and transfer of the Bonds. Upon surrender for transfer of any Bond at the principal office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his or her attorney duly authorized in writing, the City shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds for a like aggregate principal amount of the same maturity.

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

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

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

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

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

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

Section 316. Authentication of the Bonds. Except as otherwise provided by Supplemental Ordinance, no Bond of any series shall be secured hereby or entitled to the benefit hereof, nor shall any such Bond be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form as is provided by Supplemental Ordinance, has been duly executed by the Registrar; and such certificate of the Registrar upon any such Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of such Bonds of any series.

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

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

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

Section 320. Other Reissuance. The provisions of Section 319 hereof do not prohibit the City from reissuing, pursuant to the provisions hereof or of any Supplemental

Ordinance, any Outstanding Bond which shall not have become lost, mutilated, apparently destroyed, or wrongfully taken.

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

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

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

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

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

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

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

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

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

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

(1) The item number of the payment,

(2) The name of the person to whom payment is due,

(3) The amount or amounts to be paid, and

(4) The purpose for which the obligation to be paid was incurred in such detail as shall be satisfactory to the Auditor;

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

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

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

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

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

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

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

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

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

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

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

A. Facilities. For the acquisition of Facilities (other than land), unless in an Attorney's Opinion they are located on land good and marketable title to which is owned or can be acquired by the City in fee simple or in a sufficient lesser estate as provided in Section 404 hereof; or

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

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

Section 405. Performance Bonds. In order to insure the completion of any Improvement Project, the City shall require each person with whom it may contract for labor or for labor and materials to furnish a performance bond in the full amount of any contract with a surety company approved by the Manager of the Department and the Mayor. Any such contract shall provide that payment thereunder shall not be made by the City in excess of 95% of the current estimates of the work then completed until final completion under such contract, the final acceptance thereof by the City acting by and through the Manager of the Department, and final payment to the Contractor. All such retained funds shall remain with and be held by the City until final payment to the Contractor. Any sum or sums derived from such performance bond or performance bonds shall be used without unreasonable delay and in any event within two years after such receipt to complete such contract and, if not so used, shall be credited to the Capital Fund.

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

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

Section 408. Prevention of Bond Default. Subject to the prior application of the provisions of Section 515 hereof, the Treasurer shall use the proceeds of any Bonds credited to any subaccount in the Project Fund, without further order or warrant, to pay the Bond Requirements of any Bonds as the same become due whenever and to the extent moneys in the Bond Fund and the Bond Reserve Fund are insufficient for that purpose, unless such Bond proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing and relating to an Improvement Project. The Treasurer shall promptly notify the Mayor and the Manager of the Department of any such use of moneys in the Project Fund. Any moneys so used shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter received and not needed to meet the payment requirements in Section 507 through Section 509 hereof.

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

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

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

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

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

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

Section 412. Modifications of Improvement Project. The City, acting through the Manager of the Department or otherwise, reserves the right to make alterations of, additions to, and deletions from any Improvement Project prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with this article; but any such alterations, additions, and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under Section 901 hereof and shall not increase the estimated Cost of such Improvement Project, if fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

ARTICLE V
ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Principal Account. Except as otherwise provided by Supplemental Ordinance, monthly, to the Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Bonds. Moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Bonds, as they mature.

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

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

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

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

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

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

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

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

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

Section 513. Operation and Maintenance Reserve Account. Fifth, from any moneys remaining in the Revenue Fund there shall be set aside and credited to the Operation and Maintenance Reserve Account 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 thirty-sixth 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). The moneys in the Operation and Maintenance Reserve Account shall be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due. Any moneys in the Operation and Maintenance Reserve shall be transferred as Gross Revenues to the Revenue Fund and shall be used for the purpose thereof, as herein provided.

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

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

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

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

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

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

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

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

ARTICLE VI
GENERAL ADMINISTRATION

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

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

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

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

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

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

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

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than 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.

Section 604. Scheduling Disbursements. Notwithstanding the provisions of Section 603 hereof, before the Treasurer invests or reinvests any moneys accounted for in the Project Fund, the Airport Engineer shall furnish to the Manager of the Department and Treasurer a certificate setting forth a schedule of the amounts and times when moneys are estimated by the Airport Engineer to be needed to pay Costs. The Manager of the Department and Treasurer may conclusively rely upon the estimates in such certificate or any addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment if scheduled to produce the necessary amounts not later than 90 days after the times so certified.

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

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

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

Instrument. The Treasurer shall semiannually notify the Manager of the Department of any gain or loss in any account or subaccount held by the Treasurer.

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

Section 608. Payment of Bond Requirements. The moneys credited to any account or subaccount designated in Article V hereof for the payment of the Bond Requirements due in connection with any series of Bonds shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account or subaccount as such Bond Requirements are due, except to the extent any other moneys are available therefor.

ARTICLE VII
BOND LIENS, ADDITIONAL BONDS AND OBLIGATIONS

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

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

Section 703. Authorization of Completion Bonds. Upon the issuance of one or more series of Bonds in an aggregate principal amount not exceeding the estimated maximum principal amount determined to be necessary by Supplemental Ordinance to defray, together with other moneys available therefor, including, without limitation, any investment income, the

Cost of an Improvement Project, if the aggregate amount available therefor is not sufficient to pay such Cost, regardless of the reason therefor, the City may adopt a Supplemental Ordinance (i) determining the deficit in the amount available in the subaccount for such Improvement Project, and (ii) authorizing the issuance of a series of Completion Bonds.

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

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

A. Accountant's Certificate or Opinion. A certificate or opinion of an Independent Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Bonds, as determined by the Independent Accountant, (i) the Net Revenues, together with any Other Available Funds, for such period, and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either:

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

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

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

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

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

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

In any computation required by this section, there shall be excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections A through C of this section cannot be given with the required results stated therein, the City may not issue the proposed Bonds. Nothing contained in this section obligates the City to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees, and other charges, or otherwise.

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

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

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

For purposes of this section, Credit Facility Obligations shall be deemed to be Bonds.

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

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

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

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.

ARTICLE VIII
SPECIAL FACILITIES AND SPECIAL FACILITIES BONDS

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

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

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

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

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

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.

ARTICLE IX
RENTALS, RATES, FEES, AND OTHER CHARGES

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

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

To provide for the larger of either:

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

Subordinate Bond Fund, and the Operation and Maintenance Reserve Account; or

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

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

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

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

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

Section 905. Collection of Charges. The City shall cause all rentals, rates, fees, and charges relating to the Airport System to be collected as soon as is reasonable and shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Instrument. The rentals, rates, fees, and charges due shall be collected in any lawful manner.

ARTICLE X
MISCELLANEOUS PROTECTIVE COVENANTS

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

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

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

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

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

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

Section 1007. Governmental Approval. The City shall maintain and operate the Airport System at standards required in order that the same may be approved by the proper and competent Federal Government authority or authorities for the landing and departure of aircraft operating in scheduled service, or otherwise, and as a terminal point of the City for the receipt and dispatch of passengers, property, and mail by aircraft.

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

Section 1009. Operation and Maintenance of Airport System. The City, insofar as it may legally do so, without any violation of other provisions of this Instrument, shall operate the Airport System in a sound and economical manner and shall maintain and preserve the Airport

System, or cause the Airport System (and Special Facilities) to be maintained and preserved, in good repair, working order, and sanitary condition, free from obstructions, in a manner suitable for air transport operations, and in such manner as will qualify the Airport System to receive maximum financial aid from the Federal Government, which aid it may in its discretion seek and procure if available on fair and reasonable terms. The City also shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the Airport System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating airport facilities of like size and character.

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

Section 1011. Employment of Consultants. The City shall employ a consultant for the purpose of performing and carrying out the duties imposed on the Airport Consultant by this Instrument or any instrument or other proceedings relating to the Airport system.

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

Section 1013. Disposal of Airport Prohibited. Except in the normal course of business and except as otherwise provided by Section 1014 and Section 1015 hereof, neither all nor a substantial part of the Airport System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, as to all Bond Requirements; provided, however, that the City may transfer all or a substantial part of the Airport System to another body politic and corporate (including without limitation any successor of the City) if such body politic and corporate succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City with respect to the Airport System, or such substantial part thereof, without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bonds. In the event of any such transfer and assumption, nothing herein prevents the retention by the City of any Facility of the Airport if, in an Attorney's Opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds. All easements and licenses on, over, or across the Airport shall be revocable in nature, and any instrument conveying such an interest shall require the grantee to relocate the facility covered thereby without cost to the City if such relocation is determined by the Manager of the Department to be necessary to the proper operation or development of the Airport.

Section 1014. Leases. The City may execute leases, licenses, easements, or other agreements for the use of any part of the Airport System with the Federal Government or any other persons, if such instrument shall not, in the opinion of the Manager of the Department, materially and adversely affect the City's ability to comply with the requirements of Section 901 hereof; but any such lease or other agreement, excluding presently existing leases and other existing agreements, and excluding any future Net Rent Lease relating to any Special Facilities and made in accordance with the provisions of Article VIII hereof, but including any other future Net Rent Leases or other future agreements negotiated on a net rent basis, shall contain provisions for the reestablishment of the amount of rental or other payments (which, at the discretion of the Manager of the Department, may be in a fixed amount or may be based upon an index, formula or other predetermined method) at intervals of not more than five years beginning with the effective date of any such lease or other agreement; provided that any such provisions shall in any event permit an increase in rents, rates, fees, and other charges in excess of those that would otherwise result, if necessary to comply with the provisions of Article IX hereof.

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

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

Section 1017. Payment of Governmental Charges and Liens. The City shall pay or cause to be paid all taxes, assessments, and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Airport System, or upon any part thereof, and any Special Facilities, or upon any portion of the Gross Revenues, or revenues otherwise relating to the Airport System, when the same shall become due. The City shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Airport System, or any part thereof, and to any Special Facilities, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within sixty days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the Airport System, any part thereof, any Special Facilities, the Gross Revenues, or any other revenues relating to the Airport System. Nothing herein contained requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge, or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

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

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

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

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

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

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

but such owner at his or her election may appear in and defend any such suit, action, or proceedings.

Section 1024. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any Bonds; and the City shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any claims for interest. If the time for the payment of any such installment of interest shall be extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of this Instrument, except upon the prior payment in full of the principal of all Bonds then Outstanding and of all matured interest on all such Bonds the payment of which has not been extended.

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

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

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

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

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

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

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

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

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

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

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

(1) The amount of the Gross Revenues,

(2) The amount of the Operation and Maintenance Expenses,

(3) The amount of the Net Revenues, including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with such Other Available Funds have been at least sufficient to meet the provisions of Section 901 here of, and

(4) The amount of any capital expenditure relating to the Airport System and any Special Facilities for the audit period;

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

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

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

(1) The amount of the policy,

(2) The risks covered,

(3) The name of the insurer, and

(4) The expiration date of the policy; and

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

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

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

Section 1031. Distribution of Audit Reports. The City agrees to furnish by posting on EMMA, within ninety days from the time each audit report is filed with the City.

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

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

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

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

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

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

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

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

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

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

(3) If at any time the City shall be unable to obtain such insurance to the extent above required, it shall carry such insurance to the extent reasonably obtainable at reasonable rates in the sole opinion of the Manager of the Department.

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

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

(1) Insureds under the policy,

(2) Individuals who sustain bodily injury or persons who sustain property damage,

(3) Claims made or suits brought on account of bodily injury or property damage, or

(4) Occurrences.

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

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

Section 1038. Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

ARTICLE XI
MISCELLANEOUS

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

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

B. Defeasance of Bonds.

(1) Any Bonds of any one or more series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in this section if: (1) in case such Bonds are to be redeemed on any date prior to their maturity, the City shall by Supplemental Ordinance have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (2) there shall have been deposited in an Escrow Account, either moneys in an amount which shall be sufficient, or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and interest on which when due, and without any reinvestment thereof, shall provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account, at the same time and available therefor, shall be sufficient to pay when due the principal of, premium if any, and interest

due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be; and (3) in the event such Bonds are not by their terms subject to redemption within the next 60 days, the City by Supplemental Ordinance shall have given irrevocable instructions to effect, as soon as practicable and in the same manner as the notice of redemption is given pursuant to Section 307 hereof or as otherwise provided by Supplemental Ordinance, notice to the owners of such Bonds that the deposit required by (2) above has been placed in such Escrow Account and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bonds. Neither such Federal Securities (or principal or interest payments received with respect thereto) nor moneys placed in such Escrow Account shall be withdrawn or used for any purpose other than the payment of the principal of, premium, if any, and interest on said Bonds and such Federal Securities or moneys shall be held in trust solely for the payment of such principal of, premium, if any, and interest on such Bonds; provided, any cash received from the principal or interest payments on such Federal Securities if not then needed for such purpose, shall, to the extent such cash will not be required at any time for such purpose, shall be paid over to the City for any lawful purpose relating to the Airport System free and clear of any trust, lien, security interest, or otherwise under this Instrument, and to the extent such cash will be required for such purpose at a later date shall be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on such Bonds on or prior to such Redemption Date or maturity date thereof, as the case may be. Any such Bonds shall no longer be secured by or entitled to the benefits of this Instrument, except for the purpose of any payment from such moneys or Federal Securities placed in such an Escrow Account.

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

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

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

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) Section 102A(59) (b)(i) hereof and Other Defeasance Securities.

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

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

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

B. Proof of Ownership. The ownership of any fully registered Bond, the amount and numbers of such Bonds, and the date of owning the same shall he proved by the registration records of the Registrar, but the Clerk may nevertheless in his or her discretion require further or other proof in cases where they deem the same advisable.

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

Section 1104. Holidays. If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided herein or by Supplemental Ordinance, shall be a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest shall accrue for the period after such nominal date.

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

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.

ARTICLE XII
DEFAULTS, RIGHTS AND REMEDIES OF BONDOWNERS

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

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

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

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

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

C. Incapable To Perform. The City for any reason is rendered incapable of fulfilling its obligations hereunder;

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

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

F. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Airport System or for any Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or both such Airport System and such moneys, or an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within sixty days after entry;

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

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

I. Other. Such other Event of Default as is set forth in any Supplemental Ordinance

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

In addition, upon the happening and continuance of any of the Events of Default, as provided in Section 1203 hereof, then and in every case the owner or owners of not less than 10% in principal amount of the then Outstanding Bonds may proceed, against the City and its agents, officers, and employees to protect and to enforce the rights of any owner of the Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in this Instrument, or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of all the Bonds then Outstanding.

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

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

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

During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City shall, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, apply all moneys, securities, funds under this

Instrument, including without limitation Gross Revenues, as an express trust for the owners of the Bonds and apply the same as follows and in the following order:

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

(1) First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

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

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

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

Section 1210. Notice of Default. The City shall mail to the owners of Bonds and post to EMMA, written notice of the occurrence of any Event of Default for any Bonds issued after the date of execution of this Instrument; provided that, except in the case of an Event of Default described in subparagraphs A and B of Section 1203, the City shall be protected if withholding of such notice is in the best interests of the owners of Bonds.

ARTICLE XIII
AMENDMENT OF INSTRUMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1305. Time for Amendment. Whenever at any time within one year from the date of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by the required number of owners, which instrument or instruments shall refer to the proposed Supplemental Ordinance or amendments described in such notice and shall specifically consent to and approve the adoption of such instrument, the Council may adopt such Supplemental Ordinance and such instrument shall become effective; provided that the term of any consent may specify a period of time longer or shorter than one year for the giving of such consent.

Section 1306. Binding Consent to Amendment. If the required number of owners, at the time of the adoption of such Supplemental Ordinance, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such Supplemental Ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

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

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

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

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

COMMITTEE APPROVAL DATE: July 18, 2018

MAYOR-COUNCIL DATE: July 24, 2018

PASSED BY THE COUNCIL August 6, 2018

____________________ - PRESIDENT

APPROVED: ____________________ - MAYOR Aug 8, 2018

ATTEST: Debra Johnson - CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL August 2, 2018 ; August 9, 2018

PREPARED BY: Hogan Lovells US LLP and Becker Stowe Partners LLC DATE: July 26, 2018

REVIEWED BY: Everett Martinez, Assistant City Attorney DATE: July 26, 2018

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Kristin M. Bronson, City Attorney

BY: ____________________, Assistant City Attorney DATE: Jul 26, 2018

CITY AND COUNTY OF DENVER SEAL

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This Table of Contents is not a part of the Series 2018A-C Airport System Supplemental Subordinate Bond Ordinance

APPENDIX B-1

AMENDED AND RESTATED AIRPORT SYSTEM GENERAL SUBORDINATE BOND ORDINANCE

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BY AUTHORITY

ORDINANCE NO. 302 **COUNCIL BILL NO. CB13-0365**

SERIES OF 2013 **COMMITTEE OF REFERENCE:**

BUSINESS, WORKFORCE & SUSTAINABILITY

A BILL

For an ordinance concerning the Airport System of the City and County of Denver; amending and restating the "1997 Airport System Subordinate Bond Ordinance"; authorizing and establishing general provisions relating to Subordinate Airport System Revenue Bonds; providing the forms, terms, and conditions of such Bonds; ratifying action previously taken; providing other matters relating thereto; and providing the effective date hereof.

(1) WHEREAS, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter of the City, and is a political subdivision of the State; and

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

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

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

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

(6) WHEREAS, the City has heretofore adopted Ordinance No. 626, Series of 1984 (as amended and supplemented from time to time, the "General Bond Ordinance") and has issued pursuant to the General Bond Ordinance multiple series of airport system revenue bonds and other obligations in respect to the Airport System; and

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

(8) WHEREAS, the General Bond Ordinance provides for the issuance of bonds payable from the Net Revenues of the Airport System and having a subordinate lien thereon, any such subordinate bonds to be authorized by an ordinance supplementing the General Bond Ordinance or by any other instrument of the City; and

(9) WHEREAS, pursuant to Ordinance No. 549, Series of 1997, cited as the "1997 Airport System Subordinate Bond Ordinance" (the "Subordinate Bond Ordinance"), the City

authorized and established general provisions relating to Subordinate Bonds and Subordinate Obligations in accordance with the terms of the General Bond Ordinance; and

(10) WHEREAS, pursuant to the Subordinate Bond Ordinance, the City has incurred certain Subordinate Hedge Facility Obligations (the "Subordinate Hedge Facility Obligations"), which remain outstanding; and

(11) WHEREAS, pursuant to the Subordinate Bond Ordinance and Ordinance No. 566, Series of 2003 (the "Thirteenth Supplemental Subordinate Bond Ordinance"), the City has also authorized to be issued (i) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes, Series A (Tax-Exempt)," and (ii) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Commercial Paper Notes, Series B (Taxable)," which notes (collectively the "Series A-B Commercial Paper Notes") remain authorized to be issued as Subordinate Bonds under the Subordinate Bond Ordinance but none of which Series A-B Commercial Paper Notes are currently Outstanding under the Subordinate Bond Ordinance; and

(12) WHEREAS, Subordinate Bonds and Subordinate Obligations issued pursuant to the Subordinate Bond Ordinance are secured by an irrevocable lien on Net Revenues of the Airport System, subordinate only to the Lien thereon in favor of Bonds and certain Obligations, as such terms are defined in the General Bond Ordinance; and

(13) WHEREAS, the City desires to amend and restate the Subordinate Bond Ordinance to incorporate certain amendments thereto (the "Amendments"); and

(14) WHEREAS, Section 1301 of the Subordinate Bond Ordinance provides that the City may adopt a Supplemental Subordinate Bond Ordinance amending or supplementing the

Subordinate Bond Ordinance, without the consent of or notice to the owners of Subordinate Bonds or Subordinate Obligations, for certain purposes as described therein; and

(15) WHEREAS, Section 1302 of the Subordinate Bond Ordinance provides that, in addition to any amendments or supplements described in Section 1301 thereof, the Subordinate Bond Ordinance may be amended or supplemented by a Supplemental Subordinate Bond Ordinance, without receipt by the City of any additional consideration, but with the written consent of the owners of Subordinate Bonds which constitute more than 50% in aggregate principal amount of all Subordinate Bonds Outstanding at the time of the adoption of such Supplemental Subordinate Bond Ordinance and affected by such amendment or supplement; and

(16) WHEREAS, Section 1304 of the Subordinate Bond Ordinance provides that notice, as described therein, of any proposed amendment under the provisions of Section 1302 thereof shall be mailed to the owners of all Subordinate Bonds then Outstanding and to the Subordinate Bond Purchaser, or any successor thereof known to the Clerk, of the Subordinate Bonds then Outstanding; and

(17) WHEREAS, as of the date of adoption of this Supplemental Subordinate Bond Ordinance, including the provisions set forth herein that amend and supplement the Subordinate Bond Ordinance, there are no Subordinate Bonds Outstanding and accordingly, (i) no consent to amendments and supplements to the Subordinate Bond Ordinance as contemplated in Section 1302 of the Subordinate Bond Ordinance is required, (ii) no notice as contemplated in Section 1304 of the Subordinate Bond Ordinance is required to be given and (iii) no filing of consent to the adoption of this Supplemental Subordinate Bond Ordinance as contemplated in Section 1305 of the Subordinate Bond Ordinance is required to be made; and

(18) WHEREAS, as contemplated by the Enterprise Ordinance, the Manager has requested that the Subordinate Bond Ordinance be amended and supplemented in the manner set forth in this Supplemental Subordinate Bond Ordinance; and

(19) WHEREAS, the Council has determined and does hereby declare that it is necessary and appropriate that the Subordinate Bond Ordinance be amended, supplemented and restated as provided in this Supplemental Subordinate Bond Ordinance and that:

A. No consent to the amendments and supplements to the Subordinate Bond Ordinance as set forth in this Supplemental Subordinate Bond Ordinance is required under the provisions of Section 1302 and no notice thereof is required to be given in accordance with Section 1304 of the Subordinate Bond Ordinance; and

B. All consents of parties to agreements entered into by the City, or by the City, for and on behalf of the Department, in connection with the Subordinate Bonds, the Subordinate Obligations or the Airport System, which are required with respect to the amendments and supplements to the Subordinate Bond Ordinance set forth herein, if any, have been or will be obtained; and

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

ARTICLE I

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

Section 101. Short Title. This ordinance may be cited as the "Amended and Restated Airport System General Subordinate Bond Ordinance."

Section 102. Meanings and Construction.

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

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

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

(3) "Airport" or "Airport System" has the meaning set forth in the General Bond Ordinance.

(4) "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, operating, and management of airports and airport facilities; but

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

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

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

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

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

(9) "Capital Fund" means the special and separate account designated as the "City and County of Denver, Airport System Capital Improvement and Replacement Fund," created by the General Bond Ordinance.

(10) "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 by the General Bond Ordinance.

(11) "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.

(12) "City" means the municipal corporation and body corporate and politic known as the City and County of Denver, Colorado, and the term includes any municipal corporation which may succeed to ownership of the Airport System. As the context requires, the term also means the City for and on behalf of the Department.

(13) "City Council" or "Council" means the city council of the City, also designated in the Charter as the "board of councilmen," and includes any successor governing body of the City.

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

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

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

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

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

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

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

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

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

(c) Administrative and general overhead costs;

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

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

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

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

(h) The costs of contingencies or reserves;

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

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

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

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

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

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

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

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

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

(21) "Defeasance Securities" means (i) bills, certificates, notes, bonds or similar securities which are direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) such other Investment Securities (except bonds issued by the City) as shall qualify Subordinate Bonds defeased thereby pursuant to Section 1101 of the Instrument for a rating in the highest category of one or more nationally recognized rating agencies.

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

(23) "Equip" means to furnish machinery, vehicles, furniture, apparatus, or other equipment, or any combination thereof.

(24) "Events of default" means the events stated in Section 1203 hereof.

(25) "Facilities" and "Airport Facilities" means any real, personal, or real and personal property, or any interest therein (other than Special Facilities, except to the extent otherwise provided in the General Bond Ordinance) comprising a part of, or functionally related to,

the Airport System, including without limitation land for environmental or noise abatement purposes.

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

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

(28) "Fiscal Year" has the meaning set forth in the General Bond Ordinance.

(29) "General Bond Ordinance" means Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to time by any Supplemental Ordinance (as defined therein).

(30) "General Subordinate Bond Ordinance" means this Ordinance, cited as the "Amended and Restated Airport System General Subordinate Bond Ordinance," as amended and supplemented from time to time by any Supplemental Subordinate Bond Ordinance (as defined herein).

(31) "Gross Revenues" has the meaning set forth in the General Bond Ordinance; provided, for purposes of this Instrument, the term does not include any Subordinate Bond proceeds or any money received in respect of any Subordinate Credit Facility, unless otherwise provided by Supplemental Subordinate Bond Ordinance.

(32) "Hedge Facility Obligations" means payments obligations of the City in respect of Hedge Facilities (as defined in the General Bond Ordinance), which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the General 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 (as defined in the General Bond Ordinance) to be made by the City shall not be secured under the General Bond Ordinance on a parity with the Senior Bonds.

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

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

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

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

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

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

(36) "Investment Securities" has the meaning set forth in the General Bond Ordinance; provided, for purposes of this Instrument, the term does not include any Subordinate Bonds.

(37) "Junior Lien Obligations" means bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Subordinate Bonds and Subordinate Obligations.

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

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

(40) "Minimum Subordinate Bond Reserve" means the amount, if any, so designated with respect to a Series of Subordinate Bonds in the Supplemental Subordinate Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Subordinate Bond Requirements with respect to such Series of Subordinate Bonds.

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

(42) "Obligations" means Credit Facility Obligations and Hedge Facility Obligations.

(43) "Operation and Maintenance Expenses" has the meaning set forth in the General Bond Ordinance; provided, for purposes of this Instrument, any reference to "Bonds,"

"Paying Agent," "Credit Facility Obligations," "Improvement Project," or "Debt Service Requirements," shall be deemed also to include Subordinate Bonds, Subordinate Paying Agent, Subordinate Credit Facility Obligations, Subordinate Bond Improvement Project, and Subordinate Debt Service Requirements, respectively.

(44) "Other Available Funds" means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event shall such amount exceed the greater of 25% of aggregate Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year.

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

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

(b) Any Subordinate Bonds which are deemed to be paid pursuant to Section 1101 hereof or for which sufficient moneys are held in trust pursuant to Sections 308 and 505 hereof; and

(c) Any Subordinate Bonds (including without limitation Subordinate Option Bonds deemed tendered or purchased) in lieu of or in substitution for which other Subordinate Bonds shall have been executed and delivered.

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

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

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

(48) "Pledged Revenues" means (i) all or a portion of the Gross Revenues and (ii) any other revenues not included in Gross Revenues that are irrevocably pledged under the provisions of any Supplemental Subordinate Bond Ordinance to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

(49) "Project Fund" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created by the General Bond Ordinance.

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

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

(52) "Redemption Price" means, when used with respect to a Subordinate 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 Subordinate Capital Appreciation Bond, the Accreted Value, plus the applicable premium, if any, payable on a Redemption Date.

(53) "Revenue Fund" means the special and separate account designated as the "City and County of Denver, Airport System Gross Revenue Fund," created by the General Bond Ordinance.

(54) "Senior Bonds" means bonds, notes, certificates, commercial paper or other securities heretofore and hereafter issued pursuant to the provisions of the General 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, senior to the lien thereon of Subordinate Bonds.

(55) "Serial Subordinate Bonds" means any Subordinate Bonds other than Term Subordinate Bonds.

(56) "Series" means, regardless whether such Subordinate Bonds are designated as a "series," "subseries," or otherwise, all Subordinate Bonds authorized at one time for any Subordinate Bond Improvement Project, Subordinate Bond Refunding Project, or combination thereof.

(57) "Special Facilities" has the meaning set forth in the General Bond Ordinance.

(58) "Special Facilities Bonds" has the meaning set forth in the General Bond Ordinance.

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

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

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

(62) "Subordinate Bond Escrow Bank" means a trust bank, designated by Supplemental Subordinate Bond Ordinance to administer a Subordinate Bond Escrow Account.

(63) "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 by the General Bond Ordinance.

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

(65) "Subordinate Bond Improvement Project" means any project (i) to acquire, improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful undertaking determined by the Manager to be of benefit to the Airport System, as authorized and described by Supplemental Subordinate Bond Ordinance.

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

(67) "Subordinate Bond Refunding Project" means any project to refund, pay, and discharge any Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other securities or obligations.

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

(69) "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.

(70) "Subordinate Bond Reserve Account" means a special account established within the Subordinate Bond Fund as provided in Section 503 hereof.

(71) "Subordinate Bond Sinking Fund Requirements" means for any period amounts required herein or by Supplemental Subordinate Bond Ordinance to be credited to the Subordinate Bond Fund to redeem Subordinate Term Bonds.

(72) "Subordinate Bonds" means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of this Instrument which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Senior Bonds, including without limitation Subordinate Refunding Bonds, Subordinate Serial Bonds, Subordinate Term Bonds, Subordinate Credit Enhanced Bonds, Subordinate Option Bonds, Subordinate Capital Appreciation Bonds, and Subordinate Variable Rate 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).

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

(74) "Subordinate Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of this Instrument 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. 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).

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

(76) "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.

(77) "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 Obligations.

(78) "Subordinate Current Interest Bonds" means Subordinate Bonds on which interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

(79) "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 hereunder 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 other 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 herein, 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 Article VII hereof; or (iii) required by the rate maintenance covenant of

§ 901 hereof, 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 Article VII hereof and any computation required by the rate maintenance covenant in § 901 hereof, there shall be excluded from the computation of Subordinate Debt Service Requirements amounts which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of 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 and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

(f) If all or any portion of an outstanding series of 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 any 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 Section 102A(79):

"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.

(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.

(80) "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 Subordinate Bonds.

(81) "Subordinate Hedge Facility Obligations" means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only to the lien of the Senior Bonds and any Obligations.

(82) "Subordinate Obligations" means Subordinate Credit Facility Obligations, Subordinate Contract Obligations, and Subordinate Hedge Facility Obligations.

(83) "Subordinate Option Bonds" means Subordinate Bonds which by their terms may be tendered for payment by and at the option of the owners thereof prior to the stated

maturity thereof, or the maturities of which may be extended by and at the option of the owners thereof.

(84) "Subordinate Refunding Bonds" means any Subordinate Bonds issued to refund, pay, and discharge any Senior Bonds, Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other securities or obligations.

(85) "Subordinate Serial Bonds" means any Subordinate Bonds other than Subordinate Term Bonds.

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

(87) "Subordinate Variable Rate Bonds" means Subordinate Bonds issued with a variable, adjustable, convertible or other similar rate or rate period which is not fixed to maturity at the date of issue.

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

(89) "Tax Code" means the Internal Revenue Code of 1986, as from time to time amended. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" shall be deemed to

be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

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

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

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

B. General Bond Ordinance - Definitions. Terms used in this Instrument and not otherwise defined herein shall have the respective meanings assigned to them in the General Bond Ordinance.

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

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

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

(3) Articles, sections, subsections, paragraphs, and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections,

paragraphs, and subparagraphs of this Instrument so numbered or otherwise so designated.

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

(5) Any reference herein to articles, sections, subsections, paragraphs, subparagraphs, and definitions in the General Bond Ordinance, in the event the same are hereafter modified, shall be construed to refer to the corresponding articles, sections, subsections, paragraphs, subparagraphs, and definitions as modified except as such construction shall materially and prejudicially affect the rights of the owners of any Subordinate Bonds, in which event such reference shall be construed to be to the corresponding article, section, subsection, paragraph, subparagraph, or definition as the same appears in the General Bond Ordinance on the effective date hereof. In the event any such articles, sections, subsections, paragraphs, subparagraphs, or definitions are hereafter repealed or otherwise cease, terminate or lapse, such references herein shall be construed to refer to such articles, sections, subsections, paragraphs, subparagraphs, or definitions as they last appeared in the General Bond Ordinance.

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

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

Section 105. Ratification. All action heretofore taken (not inconsistent with the provisions of this Instrument) by the Council, the officers of the City, and otherwise by the City or Department relating to (i) any Subordinate Bond Improvement Project, Subordinate Bond Refunding Project or combination thereof; or (ii) the sale and delivery of Subordinate Bonds or Subordinate Obligations for such purposes, be, and the same hereby is, ratified, approved, and confirmed.

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

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

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

Section 109. Effective Date. This Instrument shall take effect immediately upon its final passage and publication.

ARTICLE II

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

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

Section 202. Authorization of Projects. The City or the City for and on behalf of the Department may authorize by Supplemental Subordinate Bond Ordinance (i) any Subordinate Bond Improvement Project, Subordinate Bond Refunding Project, or combination thereof, and (ii) the issuance or incurrence of Subordinate Bonds or Subordinate Obligations for such purposes or otherwise in respect thereof.

Section 203. Pledge Securing Subordinate Bonds. Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of Senior Bonds and Obligations as provided by the General Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the

Subordinate Bond Fund and any other fund or account created and pledged for such purpose herein or by any Supplemental Subordinate Bond Ordinance (except moneys and securities held in any Subordinate Bond Escrow Account and except as otherwise provided herein or in any Supplemental Subordinate Bond Ordinance) are hereby irrevocably pledged to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent so provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations. This pledge shall be valid and binding from and after the date of first issuance of any Subordinate Bonds or the date on which any such Subordinate Obligations are incurred; and the moneys and securities, as received and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery, filing, or further act. The lien of this pledge and the contractual obligations hereby made shall have priority over any or all other liabilities and obligations of the City, and the lien of this pledge shall be valid and binding against all persons having claims of any kind in tort, contract, or otherwise against the City (except as herein otherwise provided) whether or not such persons have notice thereof.

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

Section 205. Special Obligations. All Subordinate Debt Service Requirements shall be payable and collectible solely out of the Net Revenues of the Airport System and such other funds and accounts as herein or by Supplemental Subordinate Bond Ordinance provided; no person may look to any general or other fund for the payment of Subordinate Debt Service Requirements, except the designated security pledged therefor; Subordinate Debt Service Requirements shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and Subordinate Debt Service Requirements shall not be considered or held to be general obligations of the City but shall constitute its special obligations. The City does not pledge its full faith and credit and taxing power for the payment of Subordinate Debt Service Requirements.

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

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

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

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

ARTICLE III

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

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

Section 302. General Provisions of Subordinate Bonds. Each series of Subordinate Bonds shall be authorized by Supplemental Subordinate Bond Ordinance and shall bear such designation as the City deems appropriate. The Subordinate Bonds of each series shall be subject to such terms and conditions as provided herein or by Supplemental Subordinate Bond Ordinance.

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

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

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

(2) Subordinate Bond Details. Providing for the issuance of the Subordinate Bonds and determining (or providing the basis for determining) the amount and details thereof, including without limitation, and as may be necessary or desirable, an appropriate series designation (including a separate letter identification for any two or more series issued in the same year), the date or dates of the Subordinate Bonds, the year or years and amounts in which the Subordinate Bonds shall mature, any of the Subordinate Bonds which are Subordinate Term Bonds, any Subordinate Bond Sinking Fund Requirements, the time or times and Redemption Prices at which the Subordinate Bonds or designated portions thereof are to be redeemable, the time or times and purchase prices at which the Subordinate Bonds or designated portions thereof are to be purchased and remarketed upon optional or mandatory tender, the rate or rates of interest which such Subordinate Bonds shall bear or the method of determining such interest rate or rates, any conversion or other options, any Subordinate Credit Facility provided or to be provided therefor (any such

Subordinate Credit Facility in respect of one or more series of Subordinate Bonds issued on one date to be separate and apart from any Subordinate Credit Facility in respect of one or more series of Subordinate Bonds issued on another date), and all other necessary or desirable terms and conditions; and

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

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

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

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

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

Section 306. Funds for Redemption of Subordinate Bonds. If a Supplemental Subordinate Bond Ordinance provides for the mandatory redemption of any Subordinate Term Bonds, money sufficient to pay the Redemption Price of such Subordinate Term Bonds shall be accumulated as Subordinate Bond Sinking Fund Requirements. Money sufficient to provide for the Redemption Price due in connection with any optional redemption of Subordinate Bonds shall be credited to the Subordinate Bond Fund or to a Subordinate Bond Escrow Account for such purpose on or before the Applicable Redemption Date. The interest on any such Subordinate Bonds, or designated portions thereof, shall continue to be paid from the Subordinate Bond Fund (except for any interest to be paid from a Subordinate Bond Escrow Account).

Section 307. Notice of Prior Redemption. Notice of the prior redemption of any Subordinate Bonds shall be given as provided by Supplemental Subordinate Bond Ordinance, and, except as otherwise so provided, may be given in conditional form, specifying that redemption is subject to receipt by the Subordinate Bond Paying Agent or Subordinate Bond Escrow Bank of moneys sufficient to effect the redemption or to other stated conditions.

Section 308. Payment of Redeemed Subordinate Bonds. Notice of redemption having been duly given, and action having been duly taken to provide for the payment of the Subordinate Bonds, or designated portions thereof, so called for prior redemption, the Subordinate Bonds, or designated portions thereof, so called for redemption shall become due and payable on the Redemption Date stated in such notice at the applicable Redemption Price, plus interest accrued to the Redemption Date, and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Subordinate Bonds, or designated portions thereof, shall be paid.

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

Section 309. Form and Negotiability of Subordinate Bonds. The Subordinate Bonds may be issued as Subordinate Bonds registered as to principal and interest or as book entry obligations, or in any other form as may be provided by Supplemental Subordinate Bond Ordinance. The Subordinate Bonds shall be fully negotiable in form and shall have all the qualities of negotiable paper; and the owners thereof shall possess all rights enjoyed by the owners of negotiable instruments under the provisions of the Uniform Commercial Code -- Investment Securities.

Section 310. Payment of Principal, Premium and Interest on Subordinate Bonds. The principal of, and any premium due in connection with, the Subordinate Bonds shall be payable at the principal office or offices of the Subordinate Bond Paying Agent, upon presentation and surrender of the Subordinate Bonds. Payment of interest on any Subordinate Bond shall be made to the owner thereof as of the close of business on the Record Date for such interest payment date, by check or draft mailed by the Subordinate Bond Paying Agent to such owner at its address as it last appears on the registration books or records kept by the Subordinate Bond Registrar, but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner thereof as of the close of business on a Record Date and shall be payable to the person who is the owner as of a Special Record Date for the payment of any such defaulted interest. Notice of the Special Record Date shall be given by first-class mail to owners of the Subordinate Bonds as shown on the Subordinate Bond Registrar's registration books or records as of the date selected by the Subordinate Bond Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Subordinate Bond Paying Agent may make payments of interest on any Subordinate Bond by such alternative means as may be mutually agreed to by the Subordinate Bond Paying Agent and the owner. All such payments shall be made in lawful money of the United States of America.

Section 311. Registration, Transfer and Exchange of Subordinate Bonds; Persons Treated as Owners. Any Subordinate Bond Registrar shall be specified in the related Supplemental Subordinate Bond Ordinance. The Subordinate Bond Registrar shall maintain and keep, at its principal office, books or records for the registration and transfer of the Subordinate Bonds. Upon surrender for transfer of any Subordinate Bond at the principal office of the Subordinate Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his attorney duly authorized in writing, the City shall execute and the Subordinate Bond Registrar shall authenticate and deliver in the name of the transferee or transferees a new fully registered Subordinate Bond or Subordinate Bonds for a like aggregate principal amount of the same maturity.

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

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

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

Section 312. Modification of Portions of Article III. Any Supplemental Subordinate Bond Ordinance may modify or supplement the provisions of Sections 306 through 311 hereof with respect to any series of Subordinate Bonds.

Section 313. Execution of Subordinate Bonds. The execution of the Subordinate Bonds of any series shall be as provided by Supplemental Subordinate Bond Ordinance.

Section 314. Use of Predecessor's Signature. The Subordinate Bonds of any series bearing the manual or facsimile signatures of the officers in office at the time of the execution thereof shall be the valid and binding obligations of the City, notwithstanding that before the delivery thereof and the payment therefor any or all of the individuals whose manual or facsimile signatures appear thereon shall have ceased to fill their respective offices. Each officer, at the time of the execution of the Subordinate Bonds and of a signature certificate relating thereto by such officers, may adopt as and for his or her own facsimile signature any facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Subordinate Bonds.

Section 315. Authentication of the Subordinate Bonds. Except as otherwise provided by Supplemental Subordinate Bond Ordinance, no Subordinate Bond of any series shall be secured hereby or entitled to the benefit hereof, nor shall any such Subordinate Bond be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form as is provided by Supplemental Subordinate Bond Ordinance, has been duly executed by the Subordinate Bond Registrar; and such certificate of the Subordinate Bond Registrar upon any such Subordinate Bond shall be conclusive evidence and the only competent evidence that such Subordinate Bond has been authenticated and delivered hereunder. The Subordinate Bond Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Subordinate Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of such Subordinate Bonds of any series.

Section 316. Incontestable Recital in Subordinate Bonds. Each Subordinate Bond shall recite that it is issued pursuant to the home-rule powers granted to the City in accordance with its Charter under Art. XX of the State Constitution, and such recital shall be conclusive evidence of the validity of the Subordinate Bonds and the regularity of their issuance.

Section 317. Subordinate Bond Delivery. After the execution and authentication of the Subordinate Bonds of any series pursuant to the terms of a Supplemental Subordinate Bond

Ordinance, the Treasurer shall cause the Subordinate Bonds to be duly delivered, upon due payment being made therefor.

Section 318. Causes for Reissuance. If any outstanding Subordinate Bond shall be lost, mutilated, apparently destroyed, or wrongfully taken, it may be reissued at the expense of the owner in the form and tenor of the lost, destroyed, or wrongfully taken Subordinate Bond as provided in Section 4-8-405, Uniform Commercial Code -- Investment Securities, as from time to time amended.

Section 319. Other Reissuance. The provisions of Section 318 hereof do not prohibit the City from reissuing, pursuant to the provisions hereof or of any Supplemental Subordinate Bond Ordinance, any Outstanding Subordinate Bond which shall not have become lost, mutilated, apparently destroyed, or wrongfully taken.

Section 320. Subordinate Bond Form. The form of any Subordinate Bond shall be as set forth by Supplemental Subordinate Bond Ordinance.

ARTICLE IV

USE OF SUBORDINATE BOND PROCEEDS, PROJECTS, PROJECT DETAILS, DISPOSITION OF FUNDS, AND TERMINATION OF ACCOUNTS

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

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

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

C. Accrued Interest. Third, there shall be credited to the Subordinate Bond Fund or any subaccount created therein by Supplemental Subordinate Bond Ordinance any accrued interest from the sale of such series of Subordinate Bonds.

D. Subordinate Bond Reserve Account. Fourth, there shall be credited to and deposited in the Subordinate Bond Reserve Account or any subaccount created therein by Supplemental Subordinate Bond Ordinance such amount, if any, as may be required by Supplemental Subordinate Bond Ordinance as a reserve for the payment of any Subordinate Bonds.

E. Project Fund. Fifth, the balance of the proceeds of such series of Subordinate Bonds shall be deposited as provided by Supplemental Subordinate Bond Ordinance to the credit of a subaccount in the Project Fund, created by such Supplemental Subordinate Bond Ordinance, and, subject to Section 408 hereof, shall be held in trust for the sole and exclusive purpose of paying the Cost of the Subordinate Bond Improvement Project, or Subordinate Bond Refunding Project, or combination thereof, as the case may be.

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

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

(1) The item number of the payment,

(2) The name of the person to whom payment is due,

(3) The amount or amounts to be paid, and

(4) The purpose for which the obligation to be paid was incurred in such detail as shall be satisfactory to the Auditor;

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

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

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

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

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

(5) Such other facts and estimates with respect to the expenditure of such subaccount to the extent, if any, required by Supplemental Subordinate Bond Ordinance in respect of the exemption from federal income taxation of interest on such Subordinate Bonds, under the Tax Code;

and

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

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

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

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

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

A. Facilities. For the acquisition of Facilities (other than land), unless in an Attorney's Opinion they are located on land good and marketable title to which is owned or can be acquired by the City in fee simple or in a sufficient lesser estate as provided in Section 404 hereof; or

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

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

Section 405. Prevention of Subordinate Bond Default. Subject to the prior application of amounts in the Capital Fund for such purpose, as provided by the General Bond Ordinance, the Treasurer shall use the proceeds of any series of Subordinate Bonds credited to any subaccount in the Project Fund, without further order or warrant, to pay the Subordinate Bond Requirements of such series of Subordinate Bonds as the same become due whenever and to the extent moneys in the Subordinate Bond Fund are insufficient for that purpose, unless such Subordinate Bond proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing and relating to a Subordinate Bond Improvement Project. The Treasurer shall promptly notify the Mayor and the Manager of any such use of moneys in the Project Fund. Any moneys so used shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter received and not needed to meet the payment requirements in Sections 507 through 514 of the General Bond Ordinance.

Section 406. Completion of Subordinate Bond Improvement Project. When each Subordinate Bond Improvement Project shall have been substantially completed in accordance with the relevant plans and specifications, and when all Costs due therefor shall have been paid, or for which reasonable provision shall have been made, the Treasurer, upon the receipt from the Airport Engineer of a certificate so stating, and upon the receipt of a written instrument of the Manager so ordering, shall cause to be transferred all surplus moneys, if any, remaining in the appropriate subaccount established in the Project Fund, except for any moneys designated in the instrument to be retained to pay any unpaid accrued or contingent Costs, to the Subordinate Bond Fund. Upon such transfers, such subaccount in the Project Fund shall be terminated. Nothing herein:

A. Periodic Transfers. Prevents the Treasurer from causing to be so transferred from a subaccount in the Project Fund at any time prior to its termination any moneys which the

Airport Engineer and the Manager determine will not be necessary for a Subordinate Bond Improvement Project; or

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

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

Section 407. Subordinate Bond Purchaser Not Responsible for Subordinate Bond Improvement Project. The validity of any Subordinate Bonds shall be neither dependent on nor affected by the validity or regularity of any proceedings relating to the acquisition of any Subordinate Bond Improvement Project or Subordinate Bond Refunding Project, or combination thereof. The Subordinate Bond Purchaser of such Subordinate Bonds and any subsequent owner of any such Subordinate Bond shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents, and employees of the moneys derived from the sale of the Subordinate Bonds.

Section 408. Lien on Subordinate Bond Proceeds. Until proceeds of any series of Subordinate Bonds credited to the Project Fund are applied as hereinabove provided, such proceeds shall be subject to a lien thereon and pledge thereof for the benefit of the owners of such series of Subordinate Bonds and, to the extent provided by Supplemental Subordinate Bond Ordinance, the provider of a related Subordinate Credit Facility.

Section 409. Modifications of Subordinate Bond Improvement Project. The City, acting through the Manager or otherwise, reserves the right to make alterations of, additions to, and deletions from any Subordinate Bond Improvement Project prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with this article; but any such alterations, additions, and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under any rate maintenance covenant in respect of Subordinate Bonds.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Generally. So long as any Subordinate Bonds remain Outstanding or Subordinate Obligations remain unpaid, the Gross Revenues of the Airport System, upon their receipt from time to time by the City, shall continue to be set aside and immediately deposited to the credit of the Revenue Fund; and so long as any Subordinate Bonds remain Outstanding or Subordinate Obligations remain unpaid, the Revenue Fund shall be administered, and the moneys on deposit therein shall be applied in the order of priority, as provided in the General Bond Ordinance. Separate funds, accounts, and subaccounts (in addition to those created in the General Bond Ordinance) may be created by Supplemental Subordinate Bond Ordinance in connection with any Subordinate Bonds or Subordinate Obligations; provided, however that the accumulation and application of any Net Revenues for such purposes shall be on a parity with or subordinate to the accumulation and application of Net Revenues required by Section 502 hereof.

Section 502. Subordinate Bond Fund. Moneys credited by the City to the Subordinate Bond Fund as provided by the General Bond Ordinance shall be applied to pay Subordinate Debt Service Requirements of, or purchase price or other amounts due in respect of, Subordinate Bonds and Subordinate Obligations, including reasonable reserves therefor, as and to the extent provided by any Supplemental Subordinate Bond Ordinance or other instrument.

The City hereby establishes and creates the following special and separate subaccounts within the Subordinate Bond Fund, which subaccounts shall be under the control of the City:

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

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

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

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

As a first charge on moneys credited to the Subordinate Bond Fund, such moneys shall be credited to the following subaccounts of the Subordinate Bond Fund, in the following order of priority:

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

B. Principal Account. Except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly, to the Principal Account and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Serial Subordinate Bonds, or commencing one year prior to the first fixed maturity date of such Serial Subordinate Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal of such Serial Subordinate Bonds. Moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Subordinate Bonds, as they mature.

C. Sinking Fund Account. Except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly to the Sinking Fund Account, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Subordinate Bonds, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor from whatever source, to pay the Redemption Price or principal of such Term Subordinate Bonds to become due. Moneys shall be so credited to the Sinking Fund Account on the same priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking

Fund Account shall be applied to pay the Term Subordinate Bonds so scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise.

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

If any credit required to be made to any subaccount within the Subordinate Bond Fund (other than the Redemption Account) is deficient, the City shall include in the next required credit on a cumulative basis, the sum of any such deficiency or deficiencies. The moneys credited to the Interest Account, the Principal Account, the Sinking Fund Account, and the Redemption Account within the Subordinate Bond Fund, and the Capitalized Interest Account within the Project Fund, shall be used to pay the Subordinate Bond Requirements of the Subordinate Bonds as the same become due. Any money accounted for in the Interest Account, the Principal Account, the Sinking Fund Account, or the Redemption Account which is in excess of the amount required for Subordinate Bond Requirements next payable therefrom shall be used for the purposes as provided in Section 503 hereof.

Separate subaccounts for such purposes may be created within the Subordinate Bond Fund and any accounts therein by Supplemental Subordinate Bond Ordinance; provided, however, that the accumulation and application of moneys in the Subordinate Bond Fund for the payment of, or the creation of reserves for, Subordinate Obligations shall be on a parity with or subordinate to the accumulation and application of Net Revenues for the payment of, or the creation of reserves for, Subordinate Bonds.

Except as otherwise provided herein, any such accounts or subaccounts may be pledged solely to the payment of any one or more series of Subordinate Bonds or one or more Subordinate Obligations.

Section 503. Subordinate Bond Reserve Account. The City hereby establishes and creates a special and separate subaccount within the Subordinate Bond Fund designated "The City and County of Denver, Airport System Subordinate Revenue Bonds, Bond Reserve Account" which shall be under the control of the City. As a second charge on moneys credited to the Subordinate Bond Fund, after making all credits as required by Section 502, there shall be credited to the Subordinate Bond Reserve Account and any subaccount created therein as provided by Supplemental Subordinate Bond Ordinance, in addition to any moneys required to be deposited therein by § 401D hereof, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Subordinate Bonds with respect to which a Minimum Subordinate Bond Reserve has been designated is issued or on which the amounts credited thereto are less than the Minimum Subordinate Bond Reserve, if any, with respect to the applicable series of Subordinate Bonds, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate each Minimum Subordinate Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period). Any interest earned on, or any profit realized from the liquidation of, the investments of amounts on deposit in the Subordinate Bond Reserve Account or any subaccount created therein shall remain in the Subordinate Bond Reserve Account or the applicable subaccount until the moneys accounted for therein shall equal the applicable Minimum Subordinate Bond Reserve. A Minimum Subordinate Bond Reserve may be, but is not required to be, established with respect to any series of Subordinate Bonds. No payment need be made into the Subordinate Bond Reserve Account or any subaccount therein so long as the moneys therein shall equal not less than the Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds, and any moneys therein exceeding the Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds shall be transferred as Gross Revenues to the Revenue Fund and be used for the purposes thereof, as herein provided.

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

The moneys in the Subordinate Bond Reserve Account (including, as a part thereof, the amounts payable under a Subordinate Credit Facility) shall be maintained as a continuing reserve to be used, except as provided in § 505 hereof, only to prevent deficiencies in the payment of the Subordinate Bond Requirements of the applicable series of Subordinate Bonds resulting from the failure to deposit into the Subordinate Bond Fund sufficient funds to pay such Subordinate Bond Requirements as the same accrue.

Section 504. Subordinate Bond Escrow Account. In connection with any Subordinate Refunding Bonds, the City may by Supplemental Subordinate Bond Ordinance establish with a designated Subordinate Bond Escrow Bank a Subordinate Bond Escrow Account as further provided in Section 401A hereof.

Section 505. Termination of Deposits. No payment need be made into the Subordinate Bond Fund, if the amounts therein and available therefor total a sum at least equal to all Subordinate Debt Service Requirements thereafter becoming due, in which case moneys therein in an amount at least equal to such Subordinate Debt Service Requirements (taking into account the known minimum gain from any investment of such moneys in Investment Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment) shall be used (together with any such gain from such investments) solely to pay such Subordinate Debt Service Requirements as the same become due; and any moneys in excess thereof and any other moneys derived from the Pledged Revenues may be used as provided by the General Bond Ordinance.

Section 506. Funds Held for Subordinate Bonds. The amounts held or applied for the payment of the Subordinate Bond Requirements due on any date with respect to a particular series of Subordinate Bonds shall be set aside and held in trust for the owners of such Subordinate Bonds by any agent holding moneys for such payments; and for the purposes of this Instrument, such Subordinate Bond Requirements, after the due date thereof, shall no longer be considered to be Outstanding.

Section 507. Cancellation of Subordinate Bonds. Except as otherwise provided by Supplemental Subordinate Bond Ordinance, all Subordinate Bonds paid or redeemed, either at or before maturity shall be delivered to the City when such payment or redemption is made, and such Subordinate Bonds shall thereupon be promptly cancelled. Subordinate Bonds so cancelled may, to the extent permitted by law, at any time be destroyed by the City.

ARTICLE VI
GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The accounts and subaccounts created in any Supplemental Subordinate Bond Ordinance shall, except as otherwise provided herein or therein, be administered and invested as nearly as practicable in the manner required by the General Bond Ordinance.

Section 602. Payment of Subordinate Debt Service Requirements. The moneys credited to any account or subaccount designated for the payment of Subordinate Debt Service Requirements or other obligations shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any other preliminaries, to pay promptly such Subordinate Debt Service Requirements or other obligations payable from such account or subaccount as the same are due, except to the extent any other moneys are available therefor.

ARTICLE VII
SUBORDINATE LIENS AND ADDITIONAL SUBORDINATE BONDS AND OBLIGATIONS

Section 701. Subordinate Lien. The Subordinate Bonds issued hereunder, and to the extent provided by Supplemental Subordinate Bond Ordinance, any Subordinate Obligations incurred pursuant hereto shall, subject to the payment of the Operation and Maintenance Expenses of the Airport System, constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Gross Revenues of the Airport System, subordinate to the prior lien thereon of Senior Bonds and any Obligations.

Section 702. Additional Subordinate Bonds for Subordinate Bond Improvement Projects. After the first issuance of any Subordinate Bonds of any series hereunder, additional Subordinate Bonds of one or more series may be authorized and delivered for the purpose of paying the Cost of any Subordinate Bond Improvement Project. Prior to the first delivery of any such additional Subordinate Bonds of any such series, there shall be filed with the Clerk either (i) the certificates described in subsections A and B below, or (ii) the certificates, opinions and reports described in subsections B through D below:

A. Manager's Certificate. A certificate of the Manager to the effect that upon the delivery of such additional Subordinate Bonds the sum of (i) the principal amount (or in the case of Subordinate Bonds issued as capital appreciation bonds an allocated portion of the original principal amount) of all Subordinate Bonds then Outstanding, including the Subordinate Bonds then to be delivered, (ii) the principal amount of all Subordinate Bonds authorized but not then to be delivered, (iii) the principal component of all Subordinate Credit Facility Obligations to the extent such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (i) and (ii) above; (iv) amounts that would be due from the City as termination payments under all Subordinate Hedge Facility Obligations, computed pursuant to their respective terms as if the termination date were the date of the Manager's certificate, using relevant mid-market interest rates as of the last day of the most recently completed fiscal quarter immediately preceding the date of the certificate of the Manager; and (v) the principal, or its equivalent, of all Subordinate Contract Obligations, does not exceed $800,000,000.

B. Absence of Default. A certificate of the Manager to the effect that at the time of the adoption of the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bonds, the City was not in default in making any payments required by Article V of the General Bond Ordinance or by Article V of the General Subordinate Bond Ordinance.

C. Accountant's Certificate or Opinion. A certificate or opinion of an Independent Accountant setting forth, for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such Subordinate Bonds, as determined by the Independent Accountant: (i) the Net Revenues, together with any Other Available Funds for such period, and (ii) the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period; and demonstrating for such period that the Net Revenues, together with any Other Available Funds, are at least equal to the larger of either:

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

(2) an amount not less than 110% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period.

D. Airport Consultant's Report. A report of the Airport Consultant estimating, for each of the five Fiscal Years commencing with the earlier of either of the Fiscal Year following the Fiscal Year in which the Manager estimates such Subordinate Bond Improvement Project will be completed, or the first Fiscal Year there are Subordinate Debt Service Requirements with respect to the Subordinate Bonds to be issued for such Subordinate Bond Improvement Project: (i) the Gross Revenues, and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund, and the

Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the larger of either:

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

(2) an amount not less than 110% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for each such Fiscal Year, the Subordinate Debt Service Requirements of the series of Subordinate Bonds then to be issued, and the Debt Service Requirements and Subordinate Debt Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, or Subordinate Obligations, which the Manager shall estimate will be required to complete payment of the Cost of such Improvement Project or Subordinate Bond Improvement Project (such Debt Service Requirements or Subordinate Debt Service Requirements to be estimated by the Airport Consultant or by the Financial Advisor, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or Subordinate Bond Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals, or other charges (or any combination thereof) as a result of the completion of such Improvement Project or Subordinate Bond Improvement Project, or any such completed portion thereof.

In any computation required by this section, there shall be excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If the instruments required by this section cannot be given with the required results stated therein, the City may not issue the proposed Subordinate Bonds. Nothing contained in this section obligates the City to take any action in violation of any applicable requirements imposed by law, as to any increase in any rentals, rates, fees and other charges or otherwise.

Notwithstanding any provision of this section to the contrary, neither the certificate described in subsection A above nor the report described in subsection D above shall be required as a condition to the delivery of any Subordinate Bonds previously authorized but not delivered if the certificate described in subsection A above or the report described in subsection D above filed in connection with the first delivery of Subordinate Bonds of the same series contemplated the subsequent delivery of such Subordinate Bonds.

Section 703. Subordinate Refunding Bonds. Except as provided in Section 704 hereof, Subordinate Refunding Bonds may be delivered without compliance with Section 702 hereof in such principal amounts as may be necessary to effect a Subordinate Bond Refunding Project, if prior thereto or simultaneously therewith there are filed with the Clerk:

A. Defeasance Redemption Instructions. If any Senior Bonds or Subordinate Bonds are to be refunded, a certificate of the Treasurer to the effect that the Bond Requirements of the Senior Bonds or the Subordinate Bond Requirements of the Subordinate Bonds will upon the delivery of the Subordinate Refunding Bonds be paid or be deemed to be paid within the meaning of Section 1101 hereof; and

B. Sufficient Payment Amount. If Subordinate Obligations are to be refunded, a certificate of the Treasurer to the effect that moneys sufficient to effect payment of the

Subordinate Obligations, as the same become due, will upon the delivery of the Subordinate Refunding Bonds be held (or are required to be deposited) with the applicable payment agent in trust for such purpose.

Section 704. Refunding Junior Lien Obligations. Subordinate Refunding Bonds issued to refund Junior Lien Obligations may be issued in such principal amount as may be necessary to effect a Subordinate Bond Refunding Project; if, in addition to the requirements of Section 703 hereof (treating the Junior Lien Obligations for such purpose as either Subordinate Bonds or Subordinate Obligations depending on their character), the City furnishes and files with the Clerk the instruments required by Section 702 hereof; provided that for purposes of such instruments, the Subordinate Refunding Bonds to be so issued shall be treated, as nearly as practicable, as Subordinate Bonds issued for a Subordinate Bond Improvement Project.

Section 705. Junior Lien Obligations Permitted. Nothing herein prevents the City or the City for and on behalf of the Department from issuing Junior Lien Obligations or other securities or incurring other obligations having a lien on the Net Revenues of the Airport System subordinate to the lien thereon of Subordinate Bonds and Subordinate Obligations and/or subordinate to the lien thereon of any other bonds, securities, or other obligations having a lien thereon subordinate to the lien thereon of Subordinate Bonds and Subordinate Obligations. Any such Junior Lien Obligations or other securities or obligations may be authorized by any instrument of the City, which, subject to the provisions of the General Bond Ordinance and this Instrument (i) may pledge all or any designated portion of the Net Revenues to the payment of the Junior Lien Obligations; (ii) shall provide the terms and conditions of the Junior Lien Obligations; (iii) shall provide for the payment of the Junior Lien Obligations, including the creation of accounts and reserves for such purpose if deemed necessary; and (iv) may provide for any other related matters.

Section 706. Additional Senior Bonds Permitted. The City or the City for and on behalf of the Department may issue additional Senior Bonds, and incur other Obligations in the manner and otherwise as provided by the General Bond Ordinance; provided, however, that neither the City nor the City for and on behalf of the Department shall issue additional Senior Bonds or incur other Obligations if the issuance of such additional Senior Bonds or the incurrence of such Obligations would cause the City to fail to comply with the rate maintenance covenant set forth in Section 901 hereof. Except as described in the preceding sentence, the City or the City for and on behalf of the Department may not otherwise issue bonds or other securities or incur other obligations having a lien on the Net Revenues of the Airport System superior to the lien thereon of Subordinate Bonds, and any such bonds or other securities or other obligations are hereby prohibited.

Section 707. Subordinate Obligations. The City or the City for and on behalf of the Department may incur Subordinate Obligations in connection with the issuance of Bonds or Subordinate Bonds or for any Subordinate Bond Improvement Project or Subordinate Bond Refunding Project. Such Subordinate Obligations shall be incurred pursuant to a Supplemental Subordinate Bond Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Subordinate Obligations; (ii) shall provide the terms and conditions of such Subordinate Obligations; (iii) shall provide for the payment of such Subordinate Obligations; (iv) may provide that all or any designated provisions of this Instrument shall be deemed to apply to the fullest extent practicable; and (v) may provide for such other matters as the City may determine. Prior to the incurrence of any Subordinate Obligations there shall be filed with the Clerk either (i) the certificates described in subsections A and B of Section 702 hereof; or (ii) the certificates, opinions and reports described in subsections B through D of Section 702 hereof; provided that for the purposes of such certificates, opinions and reports Subordinate Obligations shall be treated, as nearly as practicable, as Subordinate Bonds.

ARTICLE VIII

SPECIAL FACILITIES AND SPECIAL FACILITIES BONDS

Section 801. Privileges Reserved. The City or the City for and on behalf of the Department may enter into contracts pursuant to which the City will agree to construct Special Facilities to be financed by the issuance of Special Facilities Bonds; and the City or the City for and on behalf of the Department may lease such Special Facilities upon the conditions provided in the General Bond Ordinance.

ARTICLE IX

RENTALS, RATES, FEES, AND OTHER CHARGES

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

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

B. To provide for the greater of either:

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

(2) An amount not less than 110% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year.

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

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

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

Section 904. Collection of Charges. The City shall cause all rentals, rates, fees, and charges relating to the Airport System to be collected as soon as is reasonable and shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including without limitation the imposition of penalties for any defaults, to the end that the Pledged Revenues shall be adequate to meet the requirements of this Instrument. The rentals, rates, fees, and charges due shall be collected in any lawful manner.

ARTICLE X

MISCELLANEOUS PROTECTIVE COVENANTS

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

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

Section 1003. Conditions Precedent. Upon the date of issuance of any Subordinate Bonds, all conditions, acts, and things required by the Constitution or statutes of the United States, the Constitution or statutes of the State, the Charter, this Instrument, or any Supplemental Subordinate Bond Ordinance, to exist, to have happened, and to have been performed precedent to or in the issuance of the Subordinate Bonds shall exist, have happened, and have been performed; and the Subordinate Bonds, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the Constitution or statutes of the United States, the Constitution or statutes of the State, or the Charter.

Section 1004. Competing Airport Facilities. Unless, in an Attorney's Opinion, compliance with this covenant in a particular situation would violate Federal or State antitrust laws, the City shall neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, or enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person and competing with the operation of the Airport in a manner that would, in the opinion of the Manager, materially and adversely affect the City's ability to comply with any rate maintenance covenant in respect of Subordinate Bonds; but nothing herein prevents the City from participating in a joint action agency, other regional entity, or as a party to any inter-governmental agreement for the acquisition, operation and maintenance of airport facilities if adequate provision has been made for the payment of all Subordinate Bond Requirements of all Outstanding Subordinate Bonds or if such acquisition, operation and maintenance, in the written opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of any such rate maintenance covenant. Nothing herein contained, however, impairs the police power of the City.

Section 1005. Corporate Existence. The City shall maintain its corporate identity and existence so long as any Subordinate Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Subordinate Bond.

Section 1006. Disposal of Airport Prohibited. Except in the normal course of business and except as otherwise provided by Sections 1007 and 1008 hereof, neither all nor a substantial part of the Airport System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Subordinate Bonds have been paid in full, as to all Subordinate Bond Requirements; provided, however, that the City may transfer all or a substantial part of the Airport System to another body politic and corporate (including without limitation any successor of the City) if such body politic and corporate succeeds to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the City with respect to the Airport System, or such substantial part thereof, without, in an Attorney's Opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Subordinate Bonds. In the event of any such transfer and assumption, nothing herein prevents the retention by the City of any Facility of the Airport if, in an Attorney's Opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Subordinate Bonds. All easements and licenses on, over, or across the Airport shall be revocable in nature, and any instrument conveying such an interest shall require the grantee to relocate the facility covered thereby without cost to the City if such relocation is determined by the Manager to be necessary to the proper operation or development of the Airport.

Section 1007. Leases. The City may execute leases, licenses, easements, or other agreements for the use of any part of the Airport System with the Federal Government or any other persons, if such instrument shall not, in the opinion of the Manager, materially and adversely affect the City's ability to comply with the requirements of any rate maintenance covenant in respect of Subordinate Bonds.

Section 1008. Disposal of Unnecessary Property. The City may sell, lease, mortgage, pledge, encumber, alienate, or otherwise dispose of, or exclude from the Airport System, any

Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation relating thereto. The net proceeds of the sale of any Facilities under this section shall be applied as provided by the General Bond Ordinance.

Section 1009. Loss from Condemnation. If any part of the Airport System shall be taken by the exercise of a power of eminent domain, the amount of any award received by the City as a result of such taking shall be applied as provided by the General Bond Ordinance.

Section 1010. Records and Accounts. Proper books of record and account shall be kept by the City, as provided by the General Bond Ordinance.

Section 1011. Audits Required. The City shall cause an Independent Accountant to audit such books and records of the Airport System for each Fiscal Year and to prepare an audit report; such audit and report to be made and prepared as soon as practicable following the close of such Fiscal Year.

Section 1012. Contents of Audit Reports. Each such audit report shall be in such reasonable detail as may be required, shall be in accordance with generally accepted accounting principles, and shall otherwise be as provided by the General Bond Ordinance.

Section 1013. Tax Covenants. The City hereby covenants for the benefit of each owner of any Subordinate Bond that it shall not (i) make any use of the proceeds of any Subordinate Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Subordinate Bonds, or any other funds of the City; (ii) make any use of any Airport Facilities; or (iii) take (or omit to take) any other action with respect to any Subordinate Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Tax Code, cause the interest on any

Subordinate Bonds to be included in gross income for federal income tax purposes. Notwithstanding such covenant, the City may issue Subordinate Bonds the interest on which is intended to be included in gross income for federal income tax purposes and, in such event, the provisions of the foregoing covenant and any other requirement of this Ordinance intended to establish or maintain the exclusion from federal income taxation of interest on such Subordinate Bonds shall be inapplicable to such Subordinate Bonds.

ARTICLE XI

MISCELLANEOUS

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

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

B. Defeasance of Subordinate Bonds.

(1) Any Subordinate Bonds of any one or more series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in this section if: (1) in case such Subordinate Bonds are to be redeemed on any date prior to their maturity, the City shall have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (2) there shall have been deposited in a Subordinate Bond Escrow Account, either moneys in an amount which shall be sufficient, or Defeasance Securities which shall not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and interest on which when due, and without any reinvestment thereof, shall provide moneys which, together with the moneys, if any, deposited with or held in such Subordinate Bond Escrow Account, at the same time and available therefor, shall be sufficient to pay when due the principal of, premium if any, and interest due and to become due on such Subordinate Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be; (3) no such Subordinate Bond shall be subject to optional or mandatory tender prior to the maturity or Redemption Date thereof; and (4) in the event such Subordinate Bonds are not by their terms subject to redemption within the next 60 days, the City by Supplemental Subordinate Bond Ordinance shall have given irrevocable instructions to effect, as soon as practicable and in the same manner as the notice of redemption is given pursuant to Section 307 hereof or as otherwise provided by Supplemental Subordinate Bond Ordinance, notice to the owners of such Subordinate Bonds that the deposit required by (2) above has been placed in such Subordinate Bond Escrow Account and that such Subordinate Bonds are deemed to have been paid in accordance with this section and stating such maturity or Redemption Date upon which moneys are to be

available for the payment of the principal of, premium, if any, and interest on such Subordinate Bonds. Neither such Defeasance Securities (or principal or interest payments received with respect thereto) nor moneys placed in such Subordinate Bond Escrow Account shall be withdrawn or used for any purpose other than the payment of the principal of, premium, if any, and interest on said Subordinate Bonds and such Defeasance Securities or moneys shall be held in trust solely for the payment of such principal of, premium, if any, and interest on such Subordinate Bonds; provided, any cash received from the principal or interest payments on such Defeasance Securities if not then needed for such purpose, shall, to the extent such cash will not be required at any time for such purpose, shall be paid over to the City for any lawful purpose relating to the Airport System free and clear of any trust, lien, security interest, or otherwise under this Instrument, and to the extent such cash will be required for such purpose at a later date shall be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on such Subordinate Bonds on or prior to such Redemption Date or maturity date thereof, as the case may be. Any such Subordinate Bonds shall no longer be secured by or entitled to the benefits of this Instrument, except for the purpose of any payment from such moneys or Defeasance Securities placed in such a Subordinate Bond Escrow Account.

(2) As to Subordinate Variable Rate Bonds, the amount required for the interest thereon shall be calculated at the maximum rate which such Subordinate Variable Rate Bonds may bear prior to maturity or applicable Redemption Date; provided, however, that if on any date, as a result of such Subordinate Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Defeasance Securities on deposit for the payment of interest on such Subordinate Variable

Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Subordinate Variable Rate Bonds in order to fully discharge and satisfy such Subordinate Variable Rate Bonds pursuant to the provisions of this section, the City may use for lawful purposes relating to the Airport System the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Subordinate Variable Rate Bonds or otherwise existing under this Instrument.

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

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

In no event shall any Subordinate Bonds be deemed paid for purposes of this Section by virtue of their purchase upon optional or mandatory tender, except as otherwise provided by Supplemental Subordinate Bond Ordinance.

Notwithstanding anything in this Section 1101 to the contrary, this Instrument shall not be deemed discharged as to any Subordinate Obligation until all amounts due thereunder shall be paid in full, and, in the case of any Subordinate Credit Facility Obligation, the related Subordinate Credit Facility has terminated in accordance with its terms, unless otherwise agreed by the beneficiary thereof.

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

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

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

B. Proof of Ownership. The ownership of any fully registered Subordinate Bond, the amount and numbers of such Subordinate Bonds, and the date of owning the same shall be proved by the registration records of the Subordinate Bond Registrar, but the Clerk may nevertheless in his discretion require further or other proof in cases where they deem the same advisable.

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

Section 1104. Holidays. Except as otherwise provided by Supplemental Subordinate Bond Ordinance or any credit agreement or similar instrument in respect of any Subordinate Credit Facility, if the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided herein or by Supplemental Subordinate Bond Ordinance, shall be a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest shall accrue for the period after such nominal date.

ARTICLE XII

DEFAULTS, RIGHTS AND REMEDIES OF BONDOWNERS

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

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

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

A. Senior Bonds. An event of default shall have occurred in respect of any Senior Bonds;

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

C. Nonpayment of Interest. Payment of any installment of interest on any Subordinate Bonds is not made when the same becomes due and payable;

D. Nonpayment of Subordinate Obligations. Payment of the principal of, interest on, or any other amount due in connection with any Subordinate Obligation is not made when the same becomes due and payable;

E. Nonperformance of Any Provisions. The City fails to perform any of the representations, covenants, conditions, agreements, and other provisions contained in any Subordinate Bonds or in this Instrument on its part to be performed, and such failure continues for sixty days after written notice specifying such failure and requiring the same to be remedied is given to the City by the owners of 25% in principal amount of the Subordinate Bonds then Outstanding; provided, however, that it shall not be considered an event of default under this subparagraph if the Manager determines that corrective action has been instituted within such sixty day period and is being diligently pursued;

F. Other. Such other events of default as are provided for any series of Subordinate Bonds in any Supplemental Subordinate Bond Ordinance.

Section 1204. Remedies for Defaults. Upon the happening and continuance of any of the events of default provided in Section 1203 hereof, then (except as otherwise expressly provided by Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), and in each and every such case, so long as such event of default shall not have been remedied, unless the principal of all the Subordinate Bonds shall have already become due and payable, the owners of not less than 25% in principal amount of the Subordinate Bonds then Outstanding (by notice in writing to the City, Subordinate Bond Paying Agent, if any, and Subordinate Bond Registrar, if any), may declare the principal of all the Subordinate Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be payable on the date so declared (interest accruing thereafter to cease), anything in this Instrument or in any of the Subordinate Bonds contained to the contrary notwithstanding. The right of the owners of not less than 25% in principal amount of the Subordinate Bonds to make any such declaration as aforesaid, however, is subject to the conditions that if, at any time after such declaration, but before the Subordinate Bonds shall have matured by their terms, all overdue installments of interest upon the Subordinate Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the owners, and all other sums then payable by the City under this instrument (except the principal of, and interest accrued since the next preceding interest date on, the Subordinate Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory shall be made for such payment, and all defaults under the Subordinate Bonds or under this Instrument (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good and any Subordinate Credit Facility securing the Subordinate Bond Requirements of such Subordinate Bonds has been reinstated to an amount equal to its stated amount immediately preceding any drawing thereunder in respect of any such default, then and in every case the owners of a majority in principal amount of the Subordinate Bonds Outstanding, by written notice to the City may rescind such declaration and annul such default in its entirety, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

In addition, upon the happening and continuance of any of the events of default, as provided in Section 1203 hereof, then (except as otherwise expressly provided by Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), and in every case the owner or owners of not less than 25% in principal amount of the then Outstanding Subordinate Bonds may proceed, against the City and its agents, officers, and employees to protect and to enforce the rights of any owner of the Subordinate Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in this Instrument, or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Subordinate Bond, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of all the Subordinate Bonds then Outstanding.

The City may, by Supplemental Subordinate Bond Ordinance, confer upon the beneficiary of any Subordinate Obligation, any and all rights and privileges of the owners of Subordinate Bonds relating to the remedies set forth herein.

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

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

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

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

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

(1) First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Subordinate Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

To the extent such revenues, if any, exceed such requirements, both accrued and to accrue to their respective fixed maturity dates or to any Redemption Dates relating thereto, whichever is earlier, such Gross Revenues shall be applied to payment of Subordinate Bonds. If the City fails or refuses to proceed as in this section provided, the owner or owners of not less than 25% in principal amount of the Subordinate Bonds then Outstanding, after demand in wanting, may proceed to protect and to enforce the rights of the owners of the Subordinate Bonds as hereinabove provided; and to that end any such owners of Outstanding Subordinate Bonds shall be subrogated to all rights of the City under any agreement, lease, or other contract involving the Pledged Revenues or the Airport System entered into prior to the effective date of this Instrument or thereafter while any such Subordinate Bonds are Outstanding.

As and to the extent provided by Supplemental Subordinate Bond Ordinance the City may extend the provisions and priorities of this Section to the payment of Subordinate Obligations.

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

As and to the extent provided by Supplemental Subordinate Bond Ordinance the City may extend the provisions of this Section to the payment of Subordinate Obligations.

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

Section 1210. Notice of Default. The City shall mail to the owners of Subordinate Bonds, written notice of the occurrence of any event of default; provided that, except in the case of an event of default described in subsections B and C of Section 1203, the City shall be protected in withholding such notice if such action is in the best interests of the owners of Subordinate Bonds or the beneficiaries of Subordinate Obligations.

Section 1211. Protection of Senior Bonds. Nothing in this article requires or permits the City to proceed in a manner prejudicial to the rights and privileges of the owners of any Senior Bonds; and, notwithstanding any provision hereof to the contrary, such rights and privileges shall be senior and prior to the rights and privileges of any owners of Subordinate Bonds set forth herein.

ARTICLE XIII

AMENDMENT OF INSTRUMENT

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

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

B. Curing Defects. To cure any formal defect, omission or ambiguity in this Instrument or to comply with any applicable requirements of the General Bond Ordinance;

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

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

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

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

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

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

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

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

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

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

C. Prior Lien. Except as otherwise provided herein, the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by this Instrument; or

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

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

In addition, the General Bond Ordinance may not be amended or supplemented without the consent of the owner of any Outstanding Subordinate Bond or Subordinate Obligation affected thereby, unless, in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, such amendment or supplement does not materially and prejudicially affect the right of the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations. Any consent by the owners of any such Subordinate Bonds or Subordinate Obligations shall be set forth in an instrument or instruments executed by the required owners or their appointed consent agents and filed with the Clerk, which instrument or instruments shall refer to the proposed amendments or the Supplemental Ordinance approving such amendments and shall specifically consent to and approve the adoption of such amendments. Such consent shall be irrevocable and shall be conclusive and binding upon all future owners of the same Subordinate Bonds or Subordinate Obligations.

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

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

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

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

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

Section 1306. Binding Consent to Amendment. If the required number of owners, at the time of the adoption of such Supplemental Subordinate Bond Ordinance, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no owner of any Subordinate Bond whether or not such owner shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such Supplemental Subordinate Bond Ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

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

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

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

Section 1310. Proof of Instruments and Subordinate Bonds. The fact and date of execution of any instrument under the provisions of this article, the amount and number of the

Subordinate Bonds owned by any person executing such instrument, and the date of his owning and the same may be proved as provided by Section 1103 hereof.

Section 1311. Subordinate Credit Facility Provider. Nothing in this article shall limit the rights of the beneficiary of any Subordinate Obligation conferred by Supplemental Subordinate Bond Ordinance or by any agreement executed pursuant thereto.

COMMITTEE APPROVAL DATE: June 5, 2013

MAYOR-COUNCIL DATE: June 11, 2013

PASSED BY THE COUNCIL June 24 2013

_______________ - PRESIDENT

APPROVED: _______________ - MAYOR __________, 2013 ________ 2013

ATTEST: _______________ - CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL June 21 2013 AND June 28 2013

PREPARED BY: HOGAN LOVELLS US LLP and BOOKHARDT & O'TOOLE; DATE: June 12, 2013

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Douglas J. Friednash, City Attorney

BY: _______________, Asst City Attorney

DATE: 13 June 13

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APPENDIX B-2

THE SERIES 2023 SUPPLEMENTAL SUBORDINATE ORDINANCE

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BY AUTHORITY

ORDINANCE NO. _____ **COUNCIL BILL NO. ________**
SERIES OF 2023 **COMMITTEE OF REFERENCE:**
BUSINESS, ARTS, WORKFORCE & AERONAUTICAL SERVICES

A BILL

For an ordinance concerning the Airport Facilities of the City and County of Denver; authorizing the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A" in the maximum aggregate principal amount of $508,000,000 for the purposes of paying the costs of the Series 2023A Project and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B" in the maximum aggregate principal amount of $307,000,000 for the purposes of paying the costs of the Series 2023B Project, and providing other details in connection therewith; providing the amount, terms and other details of such bonds; authorizing the execution of certain related agreements; ratifying action previously taken; providing for other related matters; and providing the effective date of this ordinance.

PREFACE

This ordinance (referred to herein as "this Supplemental Subordinate Ordinance") is supplemental to, and is adopted for and on behalf of the Department in accordance with the provisions of, the General Subordinate Bond Ordinance.

DEFINITIONS

All defined terms in this Supplemental Subordinate Ordinance have the meanings set forth in the General Subordinate Bond Ordinance except as otherwise expressly provided herein and in Section 102 of this Supplemental Subordinate Ordinance, except where the context by clear implication otherwise requires.

RECITALS

(1) The City is a municipal corporation duly organized and existing as a home rule city under Article XX, State Constitution, and under the Charter, and is a political subdivision of the State.

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

(3) Pursuant to Article XX, State Constitution, the Charter, and the plenary grant of powers as a home rule city, the City has acquired certain airport facilities constituting its Airport System, the management, operation, and control of which is vested by the Charter in the Department of Aviation. Pursuant to the Enterprise Ordinance, the City designated the Department as an "enterprise" within the meaning of Section 20, Article X, State Constitution. The Enterprise Ordinance provides that, the City owns the Department; the Manager of the Department of Aviation is the governing body of the Department; and the Department has the authority to issue its own bonds or other financial obligations in the name of the City, payable solely from revenues derived or to be derived from the functions, services, benefits or facilities of the Department or from any other available funds, as authorized by ordinance after approval and authorization by the Manager.

(4) Pursuant to the 1984 General Bond Ordinance, there have been issued multiple series of Senior Bonds and other Obligations in respect of the Airport System and such Senior Bonds and Obligations are secured by an irrevocable and first lien (but not necessarily an exclusive first lien) on the Net Revenues of the Airport System on a parity with the lien thereon in favor of each other.

(5) After having received the requisite bond owner consents and satisfying all applicable requirements, the City amended and restated the 1984 General Bond Ordinance in its entirety pursuant to the provisions of the General Bond Ordinance and the City will in the future issue or incur, as applicable, Senior Bonds and Obligations under the General Bond Ordinance, in addition to the currently outstanding Senior Bonds and Obligations.

(6) Pursuant to the General Bond Ordinance, the City may issue bonds or incur other additional obligations payable from the Net Revenues of the Airport System and having a lien thereon subordinate to the lien thereon of the Senior Bonds. The City adopted the 1997 Subordinate Bond Ordinance pursuant to which the City issued various Subordinate Bonds

which have been paid or defeased prior to the date hereof and which are no longer outstanding. Pursuant to the 1997 Subordinate Bond Ordinance, the City incurred certain Subordinate Hedge Facility Obligations which remain outstanding.

(7) The City amended and restated the 1997 Subordinate Bond Ordinance in its entirety pursuant to the provisions of the General Subordinate Bond Ordinance and the City has issued or incurred, as applicable, and will in the future issue or incur, as applicable, Subordinate Bonds and Subordinate Obligations under the General Subordinate Bond Ordinance.

(8) Pursuant to the General Bond Ordinance and the General Subordinate Bond Ordinance, the City has adopted the General Junior Lien Bond Ordinance and, pursuant to the General Junior Lien Bond Ordinance, the City has incurred the Hotel Junior Lien Obligation and the Great Hall Junior Lien Obligation. The Great Hall Junior Lien Obligation is no longer outstanding

(9) The Council has also adopted in supplementation of the General Bond Ordinance that certain Ordinance No. 0776, Series of 2018, providing for certain passenger facility charges to be included in Gross Revenues commencing January 1, 2019.

(10) None of the Net Revenues of the Airport System have been pledged to any outstanding bonds or other obligations, except in respect of the Senior Bonds (and certain Obligations relating thereto), the Subordinate Bonds (and certain Subordinate Credit Facility Obligations relating thereto), the Subordinate Contract Obligations, certain Subordinate Hedge Facility Obligations incurred under the 1997 Subordinate Bond Ordinance, and the Hotel Junior Lien Obligation incurred under the General Junior Lien Bond Ordinance.

(11) As contemplated by the Enterprise Ordinance, the Manager of the Department has executed the Series 2023A-B Manager's Resolution approving, authorizing and requesting the issuance by the City, for and on behalf of the Department, of:

A. the Series 2023A Bonds as set forth herein, for the purposes of, together with other legally available moneys (i) refunding the Series 2023A Refunded Bonds, (ii) making any required deposit in the Series 2023A-B Subordinate Bond Reserve

Subaccount, and (iii) paying certain Costs relating to the issuance of the Series 2023A Bonds; and

B. the Series 2023B Bonds as set forth herein, for the purposes of, together with other legally available moneys (i) refunding the Series 2023B Refunded Bonds, (ii) making any required deposit in the Series 2023A-B Subordinate Bond Reserve Subaccount, and (iii) paying certain Costs relating to the issuance of the Series 2023B Bonds.

(12) The Series 2023A-B Underwriters shall execute and submit the Series 2023A-B Bond Purchase Agreement for the purchase of the Series 2023A-B Bonds to the extent such Series 2023A-B Bonds shall be issued as provided in the Pricing Certificate executed pursuant to Section 302 hereof.

(13) The Council has determined and does hereby declare:

A. The procedures and requirements of Article V, Chapter 20 of the Revised Municipal Code of the City and County of Denver have been completely and timely met in respect of the negotiated sale of the Series 2023A Bonds and the Series 2023B Bonds to the Series 2023A-B Underwriters;

B. The Series 2023A-B Bonds are to be issued pursuant to the Series 2023A-B Manager's Resolution and the provisions of the General Subordinate Bond Ordinance (as supplemented hereby); and the Series 2023A-B Bonds constitute "Subordinate Bonds" as defined therein; and

C. All acts, conditions and things required by law and by the General Subordinate Bond Ordinance to exist, have happened and have been performed as a condition to the issuance of the Series 2023A-B Bonds, do or will exist, and have been or will have been performed in regular and due time, form and manner as required by law, including without limitation the approval, following a public hearing, of a plan of financing pursuant to which the Series 2023A Bonds are to be issued, all in accordance with and to the extent required by Section 147(f) of the Tax Code.

(14) There have been filed with the City's Clerk and Recorder:

A. the proposed form of the Series 2023A-B Bond Purchase Agreement, City Clerk File No. 23-_____;

B. the Preliminary Official Statement relating to the Series 2023A-B Bonds, City Clerk File No. 23-_____;

C. the proposed form of the Series 2023A-B Bonds Continuing Disclosure Undertaking, City Clerk File No. 23-_____;

D. the proposed form of the Series 2023A-B Escrow Agreement for the Refunded Bonds, City Clerk File No. 23-_____; and

E. the proposed form of the Series 2023A-B Paying Agent and Bonds Registrar Agreement, City Clerk File No. 18-_____.

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

ARTICLE I
DEFINITIONS, RATIFICATION, EFFECTIVE DATE, PUBLICATION AND AUTHENTICATION

Section 101. Supplemental Subordinate Ordinance. This Supplemental Subordinate Ordinance is supplemental to, and is adopted for and on behalf of the Department in accordance with the provisions of, the General Subordinate Bond Ordinance.

Section 102. Meanings and Construction.

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

B. Additional Definitions. For all purposes of this Supplemental Subordinate Ordinance, except where the context by clear implication otherwise requires:

(1) "1984 General Bond Ordinance" means Ordinance No. 626, Series of 1984, cited as the "1984 Airport System General Bond Ordinance," as amended and supplemented from time to time.

(2) "1997 Subordinate Bond Ordinance" means Ordinance No. 549, Series of 1997, cited as the "1997 Airport System Subordinate Bond Ordinance," as amended and supplemented.

(3) "Enterprise Ordinance" means Ordinance No. 755, Series of 1993.

(4) "General Bond Ordinance" means Ordinance No. 0777, Series of 2018, cited as the “2018 Amended and Restated Airport System General Bond Ordinance,” as amended and supplemented from time to time by any Supplemental Ordinance.

(5) "General 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.

(6) "General Subordinate Bond Ordinance" means the 1997 Subordinate Bond Ordinance as amended and restated in its entirety pursuant to the provisions of Ordinance No. 302, Series of 2013, as amended and supplemented from time to time.

(7) "Great Hall Junior Lien Obligation" means the Junior Lien Obligation (as defined in the General Junior Lien Bond Ordinance) incurred pursuant to the General Junior Lien Bond Ordinance and Ordinance No. 17-0973, Series of 2017.

(8) "Hotel Junior Lien Obligation" has the meaning set forth in the General Junior Lien Bond Ordinance.

(9) "Official Statement" means a final Official Statement relating to the Series 2023A-B Bonds, in substantially the form of the Preliminary Official Statement, with such amendments, supplements, omissions, insertions,

endorsements and variations as may be required by the circumstances and as are not inconsistent with the provisions of this Supplemental Subordinate Ordinance.

(10) "Participants" means the participating underwriters, securities brokers or dealers, banks, trust companies, closing corporations or other persons or entities for which the Securities Depository holds Series 2023A-B Bonds as set forth in Section 309 of this Supplemental Subordinate Ordinance.

(11) "Preliminary Official Statement" means the Preliminary Official Statement relating to the Series 2023A-B Bonds, as filed with the Clerk, with such revisions as are permitted by this Supplemental Subordinate Ordinance.

(12) "Pricing Certificate" means, with respect to the Series 2023A-B Bonds, one or more certificates executed by the Treasurer and evidencing the determinations made pursuant to Section 302C of this Supplemental Subordinate Ordinance.

(13) "Redemption Price" has the meaning ascribed to it in Section 406 of this Supplemental Subordinate Ordinance.

(14) "Refunded Bonds" means all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds and the Series 2013B Bonds and any other bonds designated by the Treasurer in accordance with Section 302C hereof and set forth in the Pricing Certificate and the Series 2023A-B Escrow Agreement.

(15) "Regular Record Date" has the meaning ascribed to it in Section 303 of this Supplemental Subordinate Ordinance.

(16) "Securities Depository" means The Depository Trust Company, hereby designated as the depository for the Series 2023A-B Bonds, and includes any nominee or successor thereof.

(17) "Senior Bonds" means the following series of Bonds denominated either "City and County of Denver, Colorado, Airport System Revenue Bonds" (for Senior Bonds issued in 1992) or "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds" (for Senior Bonds issued after 1992), together with the related series designation: (i) Series 2002C, as authorized by the General Bond Ordinance and Ordinance No. 800, Series of 2002; (ii) the Series 2007G (Subseries G1 and G2), as authorized by the General Bond Ordinance and Ordinance No. 626, Series of 2007, as amended and restated by Ordinance No. 722, Series of 2007; (iii) Series 2008B, as authorized by the General Bond Ordinance and Ordinance No. 322, Series of 2008; (iv) Series 2009B, as authorized by the General Bond Ordinance and Ordinance No. 578, Series of 2009; (v) Series 2009C, as authorized by the General Bond Ordinance and Ordinance No. 577, Series of 2009; (vi) Series 2012A, as authorized by the General Bond Ordinance and Ordinance No. 490, Series of 2012; (vii) Series 2012B, as authorized by the General Bond Ordinance and Ordinance No. 490, Series of 2012; (viii) Series 2012C, as authorized by the General Bond Ordinance and Ordinance No. 491, Series of 2012; (ix) Series 2016A, as authorized by the General Bond Ordinance and Ordinance No. 16-0979, Series of 2016; (x) Series 2017A, as authorized by the General Bond Ordinance and Ordinance No. 17-1223; (xi) Series 2017B, as authorized by the General Bond Ordinance and Ordinance No. 17-1223; (xii) Series 2019C-D, as authorized by the General Bond Ordinance and Ordinance No. 0542, Series of 2019; (xiii) Series 2020A1, Series 2020A2, Series 2020B1, Series 2020B2 and Series 2020C, as authorized by the General Bond Ordinance and Ordinance No. 0889, Series of 2020; (xiv) Series 2021A-B, as authorized by the General Bond Ordinance and Ordinance No. 0633, Series of 2021; (xv) Series 2022A-B Bonds as authorized by the General Bond Ordinance and Ordinance No. 0569, Series of 2022, (xvi) Series 2022C-D Bonds as authorized by the General Bond Ordinance and Ordinance No. 0569, series of 2022; and (xvii) any future Senior Bonds issued by the City, for and on behalf of the Department.

(18) "Series 2012A Bonds" means the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012A."

(19) "Series 2012B Bonds" means the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012B."

(20) "Series 2013A Bonds" means the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013A."

(21) "Series 2013B Bonds" means the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013B."

(22) "Series 2023A Bonds" means those securities issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A," or as otherwise designated as provided in the Pricing Certificate.

(23) "Series 2023A Escrow Account" means one or more special and separate escrow accounts created in Section 401A hereof and designated with respect to the Series 2023A Refunded Bonds as provided in the Series 2023A-B Escrow Agreement.

(24) "Series 2023A Project" means the use of the Series 2023A Bonds proceeds to (i) fund the Series 2023A Refunding Project; (ii) make any required deposit in the Series 2023A-B Subordinate Bond Reserve Subaccount; and (iii) pay certain Costs related to the issuance of the Series 2023A Bonds.

(25) "Series 2023A Project Account" has the meaning ascribed to it in Section 401C of this Supplemental Subordinate Ordinance.

(26) "Series 2023A Refunded Bonds" means the portion of the Refunded Bonds being refunded as part of the Series 2023A Refunding Project, as set forth in the Pricing Certificate and the Series 2023A-B Escrow Agreement, if applicable.

(27) "Series 2023A Refunding Project" means the project to refund the Series 2023A Refunded Bonds with the proceeds of the Series 2023A Bonds, together with other legally available moneys, if any, by paying the principal of, premium (if any) and interest on the Series 2023A Refunded Bonds upon redemption, as provided in the Series 2023A-B Escrow Agreement, if applicable. The Series 2023A Refunding Project shall constitute a Subordinate Bond Refunding Project within the meaning of the General Subordinate Bond Ordinance.

(28) "Series 2023A-B Bonds" means together the Series 2023A Bonds and the Series 2023B Bonds.

(29) "Series 2023A-B Bond Purchase Agreement" means any contract dated as of a date after the enactment hereof, between the City, for and on behalf of the Department, and the Series 2023A-B Underwriters for the purchase of the Series 2023A Bonds and the Series 2023B Bonds, in substantially the form or forms filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance.

(30) "Series 2023A-B Bonds" means together the Series 2023A Bonds and the Series 2023B Bonds.

(31) "Series 2023A-B Bonds Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking relating to the Series 2023A-B Bonds, in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance.

(32) "Series 2023A-B Bonds Registrar" means, with respect to the Series 2023A Bonds and the Series 2023B Bonds, Zions Bancorporation, National Association, and includes any successor thereof.

(33) "Series 2023A-B Escrow Agreement" means one or more escrow agreements for the Refunded Bonds by and between the City, for and on behalf of its Department of Aviation, and the Series 2023A-B Escrow Bank, in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance.

(34) "Series 2023A-B Escrow Bank" means Zions Bancorporation, National Association, and any successor thereof.

(35) "Series 2023A-B Manager's Resolution" means the resolution of the Manager approving, authorizing and requesting the issuance by the City, for and on behalf of the Department, of the Series 2023A-B Bonds as set forth herein.

(36) "Series 2023A-B Minimum Subordinate Bond Reserve" shall mean an amount equal to the lesser of (a) the maximum amount of Subordinate Bond Requirements with respect to the Series 2023A-B Bonds, together with any additional Subordinate Bonds determined by the City to be secured by the Series 2023A-B Subordinate Bond Reserve Subaccount as provided herein, in any Fiscal Year, or (b) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2023A-B Bonds, together with any additional Subordinate Bonds determined by the City to be secured by the Series 2023A-B Subordinate Bond Reserve Subaccount as provided herein, or (c) 10% of the lesser of the proceeds of or the stated principal amount of the Series 2023A-B Bonds, together with any additional Subordinate Bonds determined by the City to be secured by the Series 2023A-B Subordinate Bond Reserve Subaccount as provided herein. Such amount shall be maintained in the Series 2023A-B Subordinate Bond Reserve Subaccount as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Subordinate Bond Requirements with respect to the Series 2023A-B Bonds.

(37) "Series 2023A-B Paying Agent" means, with respect to the Series 2023A Bonds and the Series 2023B Bonds, Zions Bancorporation, National Association, and includes any successor thereof.

(38) "Series 2023A-B Paying Agent and Bonds Registrar Agreement" means, with respect to the Series 2023A Bonds and the Series 2023B Bonds, one or more agreements executed by the City, for and on behalf of the Department, and the Series 2023A-B Paying Agent in substantially the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance, and any subsequent Series 2023A-B Paying Agent and Bonds Registrar Agreement executed by the Series 2023A-B Paying Agent and the City, for and on behalf of the Department, as provided herein.

(39) "Series 2023A-B Rebate Fund" has the meaning ascribed to it in Section 501B of this Supplemental Subordinate Ordinance.

(40) "Series 2023A-B Subordinate Bond Reserve Subaccount" has the meaning ascribed to it in Section 401B of this Supplemental Subordinate Ordinance.

(41) "Series 2023A-B Underwriters" means the underwriters listed in the Preliminary Official Statement and/or any other underwriter that the Treasurer is authorized to select pursuant to Section 302C hereof.

(42) "Series 2023B Bonds" means those securities issued hereunder and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B," or as otherwise designated as provided in the Pricing Certificate.

(43) "Series 2023B Escrow Account" means one or more special and separate escrow accounts created in Section 402A hereof and designated with respect to the Series 2023B Refunded Bonds as provided in the Series 2023A-B Escrow Agreement.

(44) "<u>Series 2023B Project</u>" means the use of the Series 2023B Bonds proceeds to (i) fund the Series 2023B Refunding Project; (ii) make any required deposit in the Series 2023A-B Subordinate Bond Reserve Subaccount; and (iii) pay certain Costs related to the issuance of the Series 2023B Bonds.

(45) "<u>Series 2023B Project Account</u>" has the meaning ascribed to it in Section 402C of this Supplemental Subordinate Ordinance.

(46) "<u>Series 2023B Refunded Bonds</u>" means the portion of the Refunded Bonds that are being refunded as part of the Series 2023B Refunding Project, as set forth in the Pricing Certificate and the Series 2023A-B Escrow Agreement, if applicable.

(47) "<u>Series 2023B Refunding Project</u>" means the project to refund the Series 2023B Refunded Bonds with the proceeds of the Series 2023B Bonds, together with other available moneys, if any, by paying the principal of, premium (if any) and interest on the Series 2023B Refunded Bonds upon redemption, as provided in the Series 2023A-B Escrow Agreement, if applicable. The Series 2023B Refunding Project shall constitute a Subordinate Bond Refunding Project within the meaning of the General Subordinate Bond Ordinance.

(48) "<u>Subordinate Bonds</u>" mean the following series of bonds: (i) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013A and Airport System Subordinate Revenue Bonds, Series 2013B" as authorized by the General Subordinate Bond Ordinance and Ordinance No. 301, Series of 2013; (ii) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2015A" as authorized by the General Subordinate Bond Ordinance and Ordinance No. 15-756, Series of 2015; (iii) the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2018A and Airport System Subordinate Revenue Bonds, Series 2018B" as authorized by the General Subordinate Bond Ordinance and Ordinance No.

775, Series of 2018; (iv) the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2019A and Airport System Subordinate Revenue Bonds, Series 2019B” as authorized by the General Subordinate Bond Ordinance and Ordinance No. 0543, Series of 2019; (v) the “City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2021C” as authorized by the General Subordinate Bond Ordinance and Ordinance No. 1387, Series of 2021; and (vi) any future Subordinate Bonds (including the Series 2023A-B Bonds) issued by the City, for and on behalf of the Department..

Section 103. Ratification. All action heretofore taken (not inconsistent with the provisions of this Supplemental Subordinate Ordinance) by the Council, the Manager, the Treasurer, and the other officers of the City relating to:

A. Series 2023A Project. The Series 2023A Project;

B. Series 2023B Project. The Series 2023B Project; and

C. Series 2023A-B Bonds. The sale and issuance of the Series 2023A-B Bonds;

be, and the same hereby is, authorized, ratified, approved, and confirmed, including, without limitation, the distribution of the Preliminary Official Statement, the execution and delivery of the Official Statement (if executed and delivered prior to the date of enactment of this Supplemental Subordinate Ordinance) and the execution of the Series 2023A-B Bond Purchase Agreement by the Treasurer (if so executed prior to the publication of the bill for this Supplemental Subordinate Ordinance and this Supplemental Subordinate Ordinance and if in conformity with the Pricing Certificate).

Section 104. Ordinance an Irrepealable Contract. This Supplemental Subordinate Ordinance and the General Subordinate Bond Ordinance shall constitute an irrevocable contract between the City, for and on behalf of the Department, and the owners of the Series

2023A-B Bonds, except as otherwise provided herein and in the General Subordinate Bond Ordinance.

Section 105. Repealer. All ordinances, resolutions, bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency; but nothing herein shall be construed to repeal any provision of the General Subordinate Bond Ordinance, it being intended that any inconsistent provision therein shall remain applicable to any other Subordinate Bonds hereafter issued thereunder. This repealer shall not be construed to revive any ordinance, resolution, bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 106. Severability. If any section, subsection, paragraph, clause, or other provision of this Supplemental Subordinate Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Supplemental Subordinate Ordinance.

Section 107. Effective Date. This Supplemental Subordinate Ordinance shall take effect immediately upon its final passage and publication.

Section 108. Publications. The bill for this Supplemental Subordinate Ordinance and this Supplemental Subordinate Ordinance are hereby authorized and directed to be published as required by the Charter.

Section 109. Recordation and Authentication. This Supplemental Subordinate Ordinance shall be recorded after its passage in the office of the Clerk, and authenticated by the signature of the Mayor and attested and countersigned by the Clerk.

Section 110. Delegated Powers. The Mayor, Auditor, Clerk, Treasurer and Manager and other officers and employees of the City are hereby authorized and directed to take all action necessary or appropriate to effect the provisions of this Supplemental Subordinate Ordinance, including without limitation:

A. Preliminary Official Statement. If not previously distributed, the distribution of the Preliminary Official Statement, with such amendments, supplements, omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may by the circumstances be required;

B. Official Statement and Basic Agreements. If not previously executed and delivered, the execution and delivery of the Official Statement (dated as the Manager and Treasurer may determine), the Series 2023A-B Bond Purchase Agreement, the Series 2023A-B Escrow Agreement, the Series 2023A-B Bonds Continuing Disclosure Undertaking, and the Series 2023A-B Paying Agent and Bonds Registrar Agreement, with such amendments, supplements, omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may by the circumstances be required;

C. Blue Sky Documents. The execution of such instruments and the taking of such other action in cooperation with the Series 2023A-B Underwriters as they may reasonably request in order to qualify the Series 2023A-B Bonds for offer and sale under the securities laws and regulations of such states and other jurisdictions of the United States as the Series 2023A-B Underwriters may designate, but said actions shall not constitute consent to process in any other jurisdiction;

D. Certificates and Agreements. The execution and delivery of such certificates and opinions as are required by the Series 2023A-B Bond Purchase Agreement and as may otherwise be reasonably required by the City's bond counsel, or the Series 2023A-B Underwriters, and the execution and delivery of such agreements as are necessary or desirable; and

E. Series 2023A-B Bonds. The preparation, execution and delivery of the Series 2023A-B Bonds and the payment of the Costs of issuing the Series 2023A-B Bonds.

ARTICLE II
COUNCIL'S DETERMINATIONS, NECESSITY OF SERIES 2023A PROJECT, SERIES 2023A BONDS, SERIES 2023B PROJECT, SERIES 2023B BONDS, TERMS OF BOND SALE AND OBLIGATIONS OF CITY

Section 201. Authority for this Ordinance. This Supplemental Subordinate Ordinance is executed pursuant to the City's powers as a home-rule city organized and operating under the Charter and Article XX of the State Constitution and pursuant to the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the provisions of which are hereby elected, to the extent not inconsistent herewith), and the General Subordinate Bond Ordinance; and the City hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effect the purposes hereof. Notwithstanding the provisions of Section 11-57-205 of the Supplemental Public Securities Act, any delegations set forth in this Supplemental Subordinate Ordinance shall not expire until all actions have been taken in connection with the sale and issuance of the Series 2023A-B Bonds consistent with the terms of this Supplemental Subordinate Ordinance.

Section 202. Necessity and Approval of Series 2023A Project, Series 2023A Bonds, Series 2023B Project, and Series 2023B Bonds. The Council hereby determines and declares that the Series 2023A Project, the Series 2023A Bonds, the Series 2023B Project, and the Series 2023B Bonds are necessary and in the best interests of the City and its residents.

Section 203. Terms of Bond Sale. The Series 2023A Bonds and the Series 2023B Bonds shall be sold and delivered to the Series 2023A-B Underwriters all in accordance with the Series 2023A-B Bond Purchase Agreement, bearing interest and otherwise upon the terms and conditions therein and herein provided.

Section 204. Tender for Delivery. The Series 2023A-B Underwriters are required to accept delivery of the Series 2023A-B Bonds and to make payment as provided in the Series 2023A-B Bond Purchase Agreement. The validity and enforceability of the Series 2023A-B Bonds shall be approved by Hogan Lovells US LLP, Denver, Colorado, as bond counsel.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE OF SERIES 2023A-B BONDS

Section 301. Authorization of Series 2023A-B Bonds. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purposes of defraying the Cost of the Series 2023A Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A" in the maximum aggregate principal amount of $508,000,000, payable as to all Subordinate Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Subordinate Bond Ordinance and this Supplemental Subordinate Ordinance. There are hereby authorized to be issued by the City, for and on behalf of the Department, for the purposes of defraying the Cost of the Series 2023B Project, the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B" in the maximum aggregate principal amount of $307,000,000, payable as to all Subordinate Bond Requirements solely out of the Net Revenues of the Airport System and certain funds and accounts to the extent provided in the General Subordinate Bond Ordinance and this Supplemental Subordinate Ordinance. The Net Revenues and such funds and accounts are thereby and hereby pledged to the payment of the Subordinate Bond Requirements of the Series 2023A-B Bonds, respectively, as therein and herein provided.

Section 302. Series 2023A-B Bond Details.

A. Series 2023A Bonds. The Series 2023A Bonds shall be issued as fully registered bonds, dated as of the date of delivery, in the denomination of $5,000 each, or any integral multiple thereof (provided that no Series 2023A Bond may be in a denomination which exceeds the principal coming due on any maturity date and no Series 2023A Bond shall be made payable on more than one maturity date). The Series 2023A Bonds shall be numbered as the Series 2023A-B Bonds Registrar may determine and shall bear interest from the date of the Series 2023A Bonds to maturity (computed on the basis of a 360-day year and 12 months of 30 days each) at their nominal rates per annum, payable semiannually on May 15 and November 15 in each year commencing May 15, 2024 (or such other date as shall be provided in the applicable Pricing Certificate), except that Series 2023A Bonds which are reissued upon transfer, exchange or replacement shall bear interest at the rates shown in the Pricing Certificate from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2023A Bonds. The Series 2023A Bonds shall bear interest at a coupon rate or rates not exceeding 5.50% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2043.

B. Series 2023B Bonds. The Series 2023B Bonds shall be issued as fully registered bonds, dated as of the date of delivery, in the denomination of $5,000 each, or any integral multiple thereof (provided that no Series 2023B Bond may be in a denomination which exceeds the principal coming due on any maturity date and no Series 2023B Bond shall be made payable on more than one maturity date). The Series 2023B Bonds shall be numbered as the Series 2023A-B Bonds Registrar may determine and shall bear interest from the date of the Series 2023B Bonds to maturity (computed on the basis of a 360-day year and 12 months of 30 days each) at their nominal rates per annum, payable semiannually on May 15 and November 15 in each year commencing May 15, 2024 (or such other date as shall be provided in the applicable Pricing Certificate), except that Series 2023B Bonds which are reissued upon transfer, exchange or replacement shall bear interest at the rates shown in the Pricing Certificate from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2023B Bonds. The Series 2023B Bonds shall bear interest at a coupon rate or rates not exceeding 5.50% and shall mature as Term Bonds or Serial Bonds, or both, in regular numerical order not later than November 15, 2043.

C. Pricing Delegation. Until December 31, 2024, the Treasurer is hereby authorized, without further approval of the Council, to determine in conformity with the standards set forth in this Supplemental Subordinate Ordinance the matters set forth below:

(1) The number of subseries of the Series 2023A Bonds and the Series 2023B Bonds, if any, to be issued, and after the Series 2023A-B Bonds or any subseries thereof have been priced in the market (provided that such pricing may occur one or more times on one or more days): (i) the respective aggregate principal amounts of the Series 2023A-B Bonds; (ii) the respective coupon interest rate or rates on the Series 2023A-B Bonds, (iii) the respective maturity or maturities of the Series 2023A-B Bonds (any of which may include Series 2023A-B Bonds bearing different interest rates) and the amount and date of any mandatory sinking fund redemptions; (iv) the provisions for the optional redemption of any or all of the Series 2023A-B Bonds prior to maturity, including any redemption premium to be paid in connection with any optional redemption; and (v) the respective purchase price of the Series 2023A-B Bonds; all as may be necessary to effect the Series 2023A Project and the Series 2023B Project, respectively; provided that the aggregate principal amount of the Series 2023A Bonds shall not exceed $508,000,000 and the aggregate principal amount of the Series 2023B Bonds shall not exceed $307,000,000, the true interest cost of the Series 2023A Bonds and the Series 2023B Bonds, respectively, shall not exceed 5.50%, the Underwriter's discount (if any) relating to the Series 2023A Bonds and the Series 2023B Bonds, respectively, shall not exceed 0.75% of the principal amount thereof, and the Series 2023A Bonds and the Series 2023B Bonds, respectively, shall be subject to redemption, at the option of the City, if at all, at a redemption price not exceeding 103% of the principal amount so redeemed.

(2) The Treasurer is further authorized to determine whether all or a portion of the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013A Bonds and the Series 2013B Bonds and such other outstanding bonds shall be designated as Refunded Bonds to be refunded, paid and discharged with a portion of the proceeds of the Series 2023A-B Bonds; provided that such determinations shall be consistent with the standards set in this Supplemental Subordinate Ordinance and shall be in the best financial interest of the City, and if so determined, to execute any additional documents and agreements

required in connection therewith, including an escrow agreement substantially in the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance.

(3) The Treasurer is further authorized to determine whether obtaining additional underwriters for all or a portion of the Series 2023A-B Bonds is in the best interest of the City, and if so, to select such additional underwriters and to execute any documents and agreements required in connection therewith, including a bond purchase agreement substantially in the form filed with the Clerk, with such revisions thereto as are permitted by this Supplemental Subordinate Ordinance.

(4) The Treasurer is further authorized, without further approval of the Council, to sign the Series 2023A-B Bond Purchase Agreement for the purchase of the Series 2023A-B Bonds and to make any and all determinations listed in Section 11-57-205(1), Colorado Revised Statutes, provided that such Series 2023A-B Bond Purchase Agreement and such determinations are not inconsistent with the standards set forth in this Supplemental Subordinate Ordinance.

(5) The Treasurer is further authorized to determine what portion of the Series 2023A-B Bonds shall be issued as Series 2023A Bonds or Series 2023B Bonds, to direct the final amounts to be deposited to each accounts created herein or pursuant to the terms hereof in respect of the Series 2023A-B Bonds, and, in accordance with Section 404 hereof, to create additional accounts or subaccounts, in addition to those created under Article IV, to additionally account for the use of the proceeds of the Series 2023A-B Bonds or as otherwise may be necessary in connection with the issuance of the Series 2023A-B Bonds.

(6) If the Treasurer determines that there is an economic benefit to the City to secure and pay for one or more municipal bond insurance policies with respect to all or a portion of the Series 2023A-B Bonds, the Treasurer is authorized to secure one or more such municipal bond insurance policies and to execute and deliver any agreements, instruments or certificates for and on

behalf of the City as may be necessary to secure such policies with such terms, covenants, provisions and agreements, including, without limitation, granting to any provider of such policies the power to exercise certain rights and privileges of the holders of the Series 2023A-B Bonds secured by such policies as may be approved by the Treasurer.

(7) The Treasurer is further authorized to determine whether to establish the Series 2023A-B Subordinate Bond Reserve Subaccount to secure the Series 2023A-B Bonds.

(8) Notwithstanding anything contained herein to the contrary (including the payment dates provided for herein), the Treasurer is authorized to determine the dates on which principal of, and interest on, the Series 2023A-B Bonds shall be paid, including the first interest payment date.

The determinations contemplated in this Section 302C shall be evidenced by a Pricing Certificate filed with the Clerk, and except as otherwise expressly provided herein or in the General Subordinate Bond Ordinance, the terms of the Series 2023A-B Bonds shall be as set forth in the Pricing Certificate.

Section 303. Payment of Subordinate Bond Requirements. The principal or Redemption Price (as defined in the General Subordinate Bond Ordinance) of any Series 2023A-B Bond shall be payable to the owner thereof as shown on the registration books maintained by the Series 2023A-B Bonds Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the principal office of the Series 2023A-B Paying Agent. If any Series 2023A-B Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to bear interest at the rate borne by said Series 2023A-B Bond, respectively, until the principal thereof is paid in full. Payment of interest on any Series 2023A Bond and Series 2023B Bond shall be made (i) by check or draft mailed by the Series 2023A-B Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2023A-B Bonds Registrar, at the close of business on the fifteenth day (whether or not a business day) next preceding such interest payment date (the "Regular Record Date"), or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner shall have provided written notice and completed wire instructions for a wire transfer address in the United States to the Series 2023A-B Paying Agent not less than 15 days prior to such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the owner at the close of business on the Regular Record Date and shall be payable to the person who is the owner at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Series 2023A-B Bonds Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Series 2023A-B Bonds not less than ten days prior to the Special Record Date by first-class mail to each such owner as shown on the registration books kept by the Series 2023A-B Bonds Registrar on a date selected by the Series 2023A-B Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Series 2023A-B Paying Agent may make payments of interest on any Series 2023A-B Bonds by such alternative means as may be mutually agreed to between the owner of such Series 2023A Bonds, Series 2023B Bonds, and the Series 2023A-B Paying Agent, provided, however, that the City shall not be required to make funds available to the Series 2023A-B Paying Agent prior to the dates established pursuant to Section 302A and Section 302B hereof. All such payments shall be made in lawful money of the United States of America.

Section 304. Optional Redemption. The Series 2023A-B Bonds may be subject to redemption prior to maturity at the option of the City as described in the Pricing Certificate and in the Series 2023A-B Bonds, respectively. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at the Redemption Price (as defined in the General Subordinate Bond Ordinance) designated therein.

Section 305. Mandatory Sinking Fund Redemption. The Series 2023A-B Bonds may be subject to mandatory sinking fund redemption, prior to maturity, at a Redemption Price (as defined in the General Subordinate Bond Ordinance) equal to 100% of the principal amount so redeemed plus accrued interest, if any, to the redemption dates, on December 1 in the designated amounts of principal and in the designated years as set forth in the Pricing Certificate.

Section 306. Selection of Series 2023A-B Bonds for Redemption. If less than all of the Series 2023A-B Bonds bearing the same rate and maturing on any fixed maturity date are called for prior redemption at the City's option, the Treasurer shall select the Series 2023A-B Bonds or portions thereof to be redeemed by lot in such manner as the Treasurer shall deem equitable (giving proportionate weight to Series 2023A Bonds or Series 2023B Bonds in denominations larger than a single unit of authorized denomination). Notwithstanding the foregoing, so long as the Series 2023A-B Bonds are registered in the name of the Securities Depository, the provisions for selecting the Series 2023A-B Bonds for redemption may be adjusted in order to conform to the requirements of the Securities Depository.

In the event a portion of any Series 2023A Bond or Series 2023B Bond is so redeemed, the Series 2023A-B Bonds Registrar shall, without charge to the owner of such Series 2023A Bonds or Series 2023B Bonds, authenticate a replacement Series 2023A Bond or Series 2023B Bond for the unredeemed portion thereof.

Section 307. Redemption Procedure. Except as otherwise provided herein, the Series 2023A-B Bonds shall be called for prior redemption and shall be paid by the Series 2023A-B Paying Agent upon such notice and otherwise in the manner provided in Section 308 herein and, to the extent applicable, by the General Subordinate Bond Ordinance. The Series 2023A-B Bonds Registrar shall not be required to transfer or exchange any Series 2023A Bond or Series 2023B Bond after notice of the redemption of such Series 2023A Bond or Series 2023B Bond has been given (except the unredeemed portion of such Series 2023A Bond or Series 2023B Bond, if redeemed in part) or to transfer or exchange any Series 2023A Bond or Series 2023B Bond during the period of 15 days next preceding the day such notice is given.

In addition, the Series 2023A-B Bonds Registrar is hereby authorized to comply with any operational procedures and requirements of the Securities Depository relating to redemption of Series 2023A-B Bonds and notice thereof. The City and the Series 2023A-B Bonds Registrar shall have no responsibility or obligation with respect to the accuracy of the records of the Securities Depository or a nominee therefor or any Participant with respect to any ownership interest in the Series 2023A-B Bonds or the delivery to any Participant, beneficial owner or any other person (except to a registered owner of the Series 2023A-B Bonds) of any notice with respect to the Series 2023A-B Bonds, including any notice of redemption.

Section 308. Notice of Redemption. Notice of the prior redemption of any Series 2023A-B Bonds shall be given by the Series 2023A-B Bonds Registrar in the name of the City by mailing a copy of the redemption notice by certified or first-class postage prepaid mail, not more than 60 nor less than 20 days prior to the redemption date to the owners of the Series 2023A-B Bonds to be redeemed at their addresses as shown on the registration records kept by the Series 2023A-B Bonds Registrar, or in the event that the Series 2023A-B Bonds to be redeemed are registered in the name of the Securities Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Securities Depository. Failure to give such notice as aforesaid or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2023A-B Bonds.

Such notice shall specify the Series 2023A-B Bonds to be redeemed, the Redemption Price (as defined in the General Subordinate Bond Ordinance) to be paid and the redemption date. Such notice shall further specify any condition to such redemption and shall state that, upon the satisfaction of any such condition, on the redemption date there will become and will be due and payable upon each Series 2023A-B Bond or portion thereof (in integral multiples of authorized denominations) so to be redeemed at the principal corporate trust office of the Series 2023A-B Bonds Paying Agent, the applicable Redemption Price (as defined in the General Subordinate Bond Ordinance) and accrued interest to the redemption date, and that from and after such date, interest on the Series 2023A-B Bonds (or portions thereof) called for redemption will cease to accrue. Notice having been given in the manner hereinabove provided and upon satisfaction of any condition to such redemption, the Series 2023A-B Bond or Series 2023A-B Bonds so called for redemption shall become due and payable on the redemption date so designated and, upon presentation thereof at the principal corporate trust office of the Series 2023A-B Bonds Paying Agent, the City will pay the Series 2023A-B Bond or Series 2023A-B Bonds so called for redemption. No further interest shall accrue on the principal of any such Series 2023A-B Bond (or portion thereof) called for redemption from and after the redemption date, provided sufficient funds are on deposit at the place of payment on the redemption date. Upon surrender of any Series 2023A-B Bond redeemed in part only, the Series 2023A-B Bonds Registrar shall execute and deliver to the owner thereof, at no expense to such owner, a new Series 2023A-B Bond or Series 2023A-B Bonds of the same maturity and interest rate and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2023A-B Bond surrendered.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Series 2023A-B 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 2023A-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 2023A-B Bonds called for redemption.

Once notice has been given by the Series 2023A-B Bonds Registrar as required by Section 308 hereof, such notice shall be conclusive against all parties and no owner may object thereto or may object to the cessation of interest on the redemption date on the ground that such owner failed to actually receive such notice.

Section 309. Custodial Deposit. Notwithstanding the provisions of Article III of the General Subordinate Bond Ordinance or of Section 302 hereof, the Series 2023A-B Bonds shall initially be evidenced by one Series 2023A Bond or Series 2023B Bond maturing in the same year and bearing interest at the same per annum rate, in the aggregate principal amount of such maturity; shall initially be registered in the name of the Securities Depository, or any nominee thereof; and may not thereafter be transferred or exchanged except (i) to any successor of the Securities Depository, or any nominee of such successor, upon the merger, consolidation, sale of substantially all of the assets or other reorganization of the Securities Depository or its successor, which successor of the Securities Depository must be a qualified and registered "clearing agency" under §17A of the Securities Exchange Act of 1934, as amended; (ii) to any new depository or nominee thereof (a) upon the resignation of the Securities Depository or a successor or new depository under clause (i) of this paragraph or this clause (ii), or (b) upon a determination of the City that the Securities Depository or such successor or new depository is no longer able to carry out its functions and the designation by the City of another depository institution acceptable to the depository then holding the Series 2023A-B Bonds which new depository institution must be a qualified and registered "clearing agency" under §17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of the Securities Depository or such successor or new depository; or (iii) to any owner as specified in the transfer instructions in the paragraph below (a) upon the resignation of the Securities Depository or upon a determination by the City that the Securities Depository is no longer able to carry out its functions, and (b) upon the failure by the City, after reasonable investigation, to locate another qualified depository institution under clause (ii) to carry out the functions of the Securities Depository.

In the case of a transfer to a successor of the Securities Depository or its nominee as referred to in clause (i) of the first paragraph hereof or in the case of a designation of a new depository pursuant to clause (ii) of the first paragraph hereof, upon receipt of the respective Outstanding Series 2023A-B Bonds by the Series 2023A-B Bonds Registrar, together with written instructions for transfer satisfactory to the Series 2023A-B Bonds Registrar, new respective Series 2023A-B Bonds shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (ii) of the first paragraph hereof and the failure after reasonable investigation to locate another qualified depository institution for the Series 2023A-B Bonds as provided in clause (ii) of the first paragraph hereof, and upon receipt of the Outstanding Series 2023A-B Bonds by the Series 2023A-B Bonds Registrar together with written instructions for transfer satisfactory to the Series 2023A-B Bonds Registrar, new Series 2023A-B Bonds shall be issued in authorized denominations, as provided in and subject to the limitations of Section 302 hereof and in such denominations as are requested in such written transfer instructions; provided the Series 2023A-B Bonds Registrar shall not be required to deliver such new Series 2023A-B Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

The City, the Series 2023A-B Bonds Registrar and the Series 2023A-B Paying Agent shall be entitled to treat the registered owner of any Series 2023A-B Bond as the absolute owner and owner of record for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them. So long as the registered owner of any Series 2023A Bond or Series 2023B Bond is the Securities Depository or a nominee thereof, the Securities Depository shall disburse any payments received, through Participants or otherwise, to the beneficial owners. Neither the City, nor the Series 2023A-B Paying Agent shall have any responsibility or obligation for the payment to any Participant, any beneficial owner or any other person (except a registered owner of Series 2023A-B Bonds) of the Subordinate Debt Service Requirements or Redemption Price (as defined in the General Subordinate Bond Ordinance) due in connection with the Series 2023A-B Bonds. The City, the Series 2023A-B Bonds Registrar and the Series 2023A-B Paying Agent shall have no responsibility for maintaining, supervising or reviewing the records kept by the Securities Depository.

Notwithstanding any other provision of the General Subordinate Bond Ordinance or this Supplemental Subordinate Ordinance to the contrary, so long as any Series 2023A Bond or Series 2023B Bond is registered in the name of the Securities Depository, or any nominee thereof, all payments with respect to the Redemption Price (as defined in the General Subordinate Bond Ordinance) due in connection with any Series 2023A-B Bonds and all notices with respect to such Series 2023A-B Bonds shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations dated June 22, 1995 with the Securities Depository.

Section 310. Execution, Recordation and Authentication. The Series 2023A-B Bonds shall be signed by the Mayor and countersigned by the Auditor, both of which signatures may be by facsimile, and the Series 2023A-B Bonds shall bear the official seal of the City or a facsimile thereof attested by the manual or facsimile signature of the Clerk. A record thereof shall be made by the Auditor, in such record to show the date of issue, date of payment, and date and amount of interest payments as the same shall accrue. The Series 2023A-B Bonds shall have been approved by the Manager and shall be authenticated by the Series 2023A-B Bonds Registrar as provided in Section 315 of the General Subordinate Bond Ordinance.

By authenticating the Series 2023A-B Bonds, the Series 2023A-B Bonds Registrar shall be deemed to have assented to the provisions of the General Subordinate Bond Ordinance, as supplemented by this Supplemental Subordinate Ordinance. If the Series 2023A-B Bonds Registrar, or its duly appointed successor pursuant to this section, shall resign, or if the City shall reasonably determine that such Series 2023A-B Bonds Registrar has become incapable of fulfilling its duties hereunder, the City may, upon notice mailed to each owner of Series 2023A-B Bonds at the address last shown on the registration books, appoint a successor Series 2023A-B Bonds Registrar.

Section 311. Bond Form. Subject to the provisions of this Supplemental Subordinate Ordinance, each Series 2023A Bond and Series 2023B Bond shall be in substantially the form set forth in Exhibit A hereto (provided that any of the text may, with appropriate reference, be printed on the back of the Series 2023A Bonds or Series 2023B Bonds), with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by the General Subordinate Bond Ordinance, or be consistent with the General Subordinate Bond Ordinance.

ARTICLE IV
USE OF BOND PROCEEDS

Section 401. Disposition of Series 2023A Bond Proceeds. The net proceeds of the Series 2023A Bonds, upon the receipt thereof, shall be deposited, together with other legally available moneys, in the following accounts and applied for purposes thereof:

A. Series 2023A Escrow Account. First, to the special account hereby created with the Series 2023A-B Escrow Bank and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A Bonds Escrow Account" (the "Series 2023A Escrow Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to purchase the securities and to fund the initial cash balance, as required by the Series 2023A-B Escrow Agreement. Amounts in the Series 2023A Escrow Account may be allocated to any subaccounts as the Treasurer may determine and shall be used to effect the Series 2023A Refunding Project.

B. Series 2023A-B Subordinate Bond Reserve Subaccount. Second, to the Subordinate Bond Reserve Account for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A-B Subordinate Bond Reserve Subaccount" (the "Series 2023A-B Subordinate Bond Reserve Subaccount"), an amount determined by the Treasurer as necessary to fund the applicable portion of the Series 2023A-B Minimum Subordinate Bond Reserve upon the issuance of the Series 2023A Bonds. Notwithstanding the foregoing, additional Subordinate Bonds may be issued in the future by the City that are secured by the Series 2023A-B Subordinate Bond Reserve Subaccount and, upon such issuance, the Series 2023A-B Minimum Subordinate Bond Reserve shall be recalculated as provided in the definition of Series 2023A-B Minimum Subordinate Bond Reserve. In such an event, the City may rename the Series 2023A-B Subordinate Bond Reserve Subaccount to properly reflect the Subordinate Bonds secured thereby and each such series of Subordinate Bonds so secured will be secured on a pro rata basis with respect to all bonds secured by the Series 2023A-B Subordinate Bond Reserve Subaccount.

C. Series 2023A Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A Project Account," (the "Series 2023A Project Account"), such amount as the Treasurer determines to be necessary for the payment of the costs of issuance for the Series 2023A Bonds, including the cost related to any municipal bond insurance policy secured by the Treasurer in accordance with the terms hereof.

Section 402. Disposition of Series 2023B Bond Proceeds. The net proceeds of the Series 2023B Bonds, upon the receipt thereof, shall be deposited, together with other legally available moneys, in the following accounts and applied for purposes thereof:

A. Series 2023B Escrow Account. First, to the special account hereby created with the Series 2023A-B Escrow Bank and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B Bonds Escrow Account" (the "Series 2023B Escrow Account"), the amount which, after taking into account other amounts expected to be deposited therein, the Treasurer determines to be necessary to purchase the securities and to fund the initial cash balance, as required by the Series 2023A-B Escrow Agreement. Amounts in the Series 2023B Escrow Account may be allocated to any subaccounts as the Treasurer may determine and shall be used to effect the Series 2023B Refunding Project.

B. Series 2023A-B Subordinate Bond Reserve Subaccount. Second, to the Series 2023A-B Subordinate Bond Reserve Subaccount, an amount determined by the Treasurer as necessary to fund the applicable portion of the Series 2023A-B Minimum Subordinate Bond Reserve upon the issuance of the Series 2023B Bonds.

C. Series 2023B Project Account. Third, to the Project Fund for credit to a special and separate subaccount hereby created therein and designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B Project Account" (the "Series 2023B Project Account"), such amount as the Treasurer determines to be necessary for the payment of the Costs of issuing the Series 2023B Bonds, including the cost related to any municipal bond insurance policy secured by the Treasurer in accordance with the terms hereof.

Section 403. Other Accounts. Notwithstanding anything contained herein to the contrary, consistent with Section 302C hereof, the Treasurer is hereby authorized to create and establish other accounts or subaccounts as is necessary to account for the disposition and use of the Series 2023A-B Bond proceeds. The Treasurer is further authorized to direct the disposition of the Series 2023A-B Bond proceeds in a manner contrary to Sections 401 and 402 hereof, so long as such direction is not otherwise inconsistent with the provisions of this Supplemental Subordinate Ordinance, including (without limitation) the authorized use of the Series 2023A-B Bond proceeds as provided herein. Such direction with respect to the disposition of the Series 2023A-B Bonds and creation of any accounts or subaccounts shall be set forth in the Pricing Certificate executed pursuant to Section 302C hereof.

Section 404. Other Transfers. The Treasurer is hereby authorized to transfer to the Series 2023A Escrow Account or the Series 2023B Escrow Account such other amounts, if any, legally available in the Subordinate Bond Fund, the Subordinate Bond Reserve Account, the Bond Fund, and/or the Bond Reserve Fund as the Treasurer determines to be necessary to effect the Series 2023A Refunding Project or the Series 2023B Refunding Project.

Section 405. Exercise of Option. The City, for and on behalf of its Department of Aviation, hereby irrevocably exercises (subject to any applicable conditions) its option to redeem the Refunded Bonds on or after the date set forth in the Pricing Certificate, for a purchase price equal to the principal amount thereof, accrued interest thereon, and applicable redemption premium, if any (the "Redemption Price"), the exercise of such option to be effective when moneys sufficient to provide for the Redemption Price with respect to such Refunded Bonds are credited to the Series 2023A Escrow Account and the Series 2023B Escrow Account for such purpose.

Section 406. Manner of Notice of Redemption. Notices of prior redemption and defeasance of the Refunded Bonds shall be given by the Series 2023A-B Escrow Bank in the manner and otherwise as provided in the Series 2023A-B Escrow Agreement and the ordinances authorizing the issuance of the Refunded Bonds.

ARTICLE V
MISCELLANEOUS

Section 501. Tax Covenants. In furtherance of Section 1013 of the General Subordinate Bond Ordinance, the City, for and on behalf of the Department, represents and specifically agrees as follows:

A. General Covenants. (1) The City hereby covenants that it shall not (i) make any use of the proceeds of the Series 2023A Bonds or the Series 2023B Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Series 2023A Bonds or the Series 2023B Bonds, or any other funds of the City; (ii) make or permit any use of the Airport Facilities financed with the Series 2023A Bonds or the Series 2023B Bonds; (iii) make or permit any use of the Airport Facilities financed or refinanced with the proceeds of the Refunded Bonds refunded through the Series 2023A Refunding Project or the Series 2023B Refunding Project; or (iv) take (or omit to take) any other action with respect to the Series 2023A Bonds or the Series 2023B Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Tax Code, cause the interest on the Series 2023A Bonds or the Series 2023B Bonds to be included in gross income for federal income tax purposes.

(2) In particular, without limitation, the City hereby covenants that it shall not take (or omit to take) or permit or suffer any action to be taken if the result of the same causes (i) the Series 2023A Bonds or the Series 2023B Bonds to be "arbitrage bonds" within the meaning of § 148 of the Tax Code or (ii) the Series 2023A Bonds to be "private activity bonds" within the meaning of Section 141 of the Tax Code.

B. Rebate. (1) Except as otherwise expressly provided therein, the City shall pay to the United States in accordance with the requirements of § 148(f) of the Tax Code an amount equal to the sum of (i) the excess of the amount earned on all nonpurpose investments allocable to the Series 2023A-B Bonds (other than investments attributable to such excess) over the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Series 2023A-B Bonds, plus (ii) any income attributable to such excess.

(2) The City shall maintain within the Airport System Fund a special and separate account hereby created and to be known as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A-B Rebate Fund" (the "Series 2023A-B Rebate Fund"). The City shall maintain within the Series 2023A-B Rebate Fund such subaccounts as may be necessary, and the City shall deposit to the credit of, and make disbursements to the United States and otherwise from, the Series 2023A-B Rebate Fund such amounts, at such times, as shall be necessary hereunder.

(3) Any amounts so deposited to the credit of the Series 2023A-B Rebate Fund shall be derived from the Net Revenues of the Airport System or from such other legally available sources as the City may determine; provided, however, that the accumulation and application of Net Revenues for such purpose shall be subordinate in priority to the payment of the principal of and interest on, when due, the Series 2023A-B Bonds.

(4) Notwithstanding any provision of this Section 501B, if the Treasurer shall obtain an 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 that any action required under this Section 501B is no longer required or that some further action is required to maintain the exclusion from federal income tax of interest on the Series 2023A-B Bonds, the City may rely conclusively on such opinion in complying with the requirements of this Section 501B, and the covenants contained herein shall be deemed to be modified to that extent.

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

Section 502. Preservation of Enterprise Status. The City hereby covenants that it shall not take (or omit to take) any action with respect to the Department that would cause the Department to lose its status as an "enterprise" within the meaning of Section 20, Article X, State Constitution.

Section 503. Applicability of General Subordinate Bond Ordinance. Except as otherwise provided herein, the provisions of the General Subordinate Bond Ordinance govern the Series 2023A Bonds, the Series 2023A Project, the Series 2023B Bonds, and the Series 2023B Project. The rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City set forth in the General Subordinate Bond Ordinance shall in respect of the Series 2023A-B Bonds be deemed the rights, undertakings, covenants, agreements, obligations, warranties, and representations of the City for and on behalf of the Department.

COMMITTEE APPROVAL DATE: _____________, 2023

MAYOR-COUNCIL DATE: _________________, 2023

PASSED BY THE COUNCIL ____ 2023

_________________________ ___________________ - PRESIDENT

APPROVED: _____________ ___________________ - MAYOR _____________________ 2023

ATTEST: ____________________________________ - CLERK AND RECORDER,
EX-OFFICIO CLERK OF THE
CITY AND COUNTY OF DENVER

NOTICE PUBLISHED IN THE DAILY JOURNAL ____________ 2023 AND ____________ 2023

PREPARED BY: HOGAN LOVELLS US LLP; DATE: _______________ __, 2023

Pursuant to section 13-12, D.R.M.C., this proposed ordinance has been reviewed by the office of the City Attorney. We find no irregularity as to form, and have no legal objection to the proposed ordinance. The proposed ordinance is submitted to the City Council for approval pursuant to § 3.2.6 of the Charter.

Kerry C. Tipper, City Attorney

BY: ______________________, ________ City Attorney

DATE: ___________________

EXHIBIT A

(FORM OF SERIES 2023A-B BOND)

UNITED STATES OF AMERICA
STATE OF COLORADO
CITY AND COUNTY OF DENVER
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM SUBORDINATE REVENUE BOND
SERIES 2023__

No. ____

Interest Rate	Maturity Date	Dated Date	CUSIP
		_________ __, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

For value received, the City and County of Denver, in the State of Colorado (the "City" and the "State," respectively), for and on behalf of its Department of Aviation (the "Department"), hereby promises to pay to the Registered Owner specified above, or registered assigns, solely from the special funds provided therefor in the Series 2023A-B Manager's Resolution and the General Subordinate Bond Ordinance, each as defined below, on the Maturity Date specified above (unless called for earlier redemption), the Principal Amount specified above and to pay solely from such special funds interest hereon at the Interest Rate per annum specified above (computed on the basis of a 360-day year and 12 months of 30 days each), payable on _________ 1 and _________ 1 in each year, commencing on _________ 1, 202__, until the principal sum is paid or payment has been provided. This Series 2023_ Bond is issued pursuant to a resolution approving, authorizing, and requesting the issuance of the 2023__ Bonds, executed by the Manager of the Department on ________ __, 2023 (the "Series 2023A-B Manager's Resolution") and in Ordinance No. 302, Series of 2013, as amended and supplemented from time to time, including by Ordinance No. ___, Series of 2023, authorizing the issuance of the Series 2023__ Bonds and adopted and made laws of the City prior to the issuance of the Series 2023__ Bonds (collectively, the "General Subordinate Bond Ordinance"). Copies of the Series 2023A-B Manager's Resolution and of the General Subordinate Bond Ordinance are on file for public inspection in the office of the City Clerk and Recorder in Denver, Colorado. **Except as otherwise provided herein, defined terms shall have the meanings ascribed to them in the General Subordinate Bond Ordinance.**

If upon presentation at maturity payment of this Bond is not made as herein provided, interest is to continue at the same rate until the principal hereof is paid in full. Principal and Redemption Price are payable at the principal office of the Series 2023A-B Paying Agent, initially Zions Bancorporation, National Association, upon presentation and surrender of this Bond. Interest hereon is to be paid (i) by check or draft mailed by the Series 2023A-B Paying Agent, on or before each interest payment date, to the owner thereof, at his or her address as it last appears on the registration books kept by the Series 2023A-B Bonds Registrar, initially Zions Bancorporation, National Association, at the close of business on the Regular Record Date, or (ii) by wire transfer on the applicable interest payment date to the owner at the close of business on the applicable Regular Record Date, if such owner has have provided written notice and completed wire instructions for a wire transfer address in the United States to the Series 2023A-B Paying Agent not less than 15 days prior to the Regular Record Date (which notice may provide that it remains in effect with respect to subsequent interest payment dates unless and until changed or revoked by subsequent notice). Any such interest not so timely paid or duly provided for ceases to be payable to the person who is the owner hereof at the close of business on the Regular Record Date and is payable to the person who is the owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Notice of the Special Record Date is to be given by first-class mail to the owner hereof as shown on the registration books on a date selected by the Series 2023A-B Bonds Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

The Series 2023__ Bonds bear interest and mature in regular numerical order on December 1 in each of the designated amounts of principal and years, as follows:

Maturity (December 1)	Principal Amount	Interest Rate
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%
____	$ ___________	______%

The Series 2023__ Bonds maturing on and after December 1, _____ are subject to redemption prior to maturity at the option of the City, on and after December 1, _____. Such redemption may be in whole or in part at any time in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a Redemption Price equal to the principal amount so redeemed [without premium], and accrued interest to the Redemption Date.

The Series 2023__ Bonds are subject to mandatory sinking fund redemption, prior to maturity, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on December 1 in the year and in the principal amount set forth below:

[INSERT TABLE]

If less than all of the Series 2023__ Bonds maturing on any date are redeemed, the Treasurer is to select the Bonds to be redeemed by lot in such manner as the Treasurer may deem equitable (giving proportionate weight to Series 2023__ Bonds in denominations larger than a single unit of authorized denomination). In the event a portion of any of the Series 2023__ Bond is redeemed, the Series 2023A-B Bonds Registrar, without charge to the owner of such Bond, is to authenticate a replacement Bond or Bonds for the unredeemed portion thereof.

Prior redemption is to be accomplished in the manner and upon the conditions provided in the General Subordinate Bond Ordinance.

The Series 2023__ Bonds do not constitute a debt or an indebtedness of the City within the meaning of any constitutional, Charter or statutory provision or limitation, and are not to be considered or held to be general obligations of the City. The City has not pledged its full faith and credit for the payment of the Series 2023__ Bonds. The Series 2023__ Bonds are special obligations of the City, for and on behalf of the Department, and are payable and collectible solely out of and are secured by an irrevocable pledge of the Net Revenues of the Airport System and the funds and accounts to the extent provided in the Series 2023A-B Manager's Resolution and General Subordinate Bond Ordinance, which Net Revenues and funds and accounts are so pledged; and the owner hereof may not look to any general or other fund for the payment of the Subordinate Bond Requirements of this Bond.

Payment of the Subordinate Bond Requirements due in connection with the Series 2023__ Bonds (except as provided herein) is to be made solely from, and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Series 2023A-B Manager's Resolution and the General Subordinate Bond Ordinance, four special and separate subaccounts created by the General Subordinate Bond Ordinance and defined therein as the Interest Account, Principal Account, Sinking Fund Account, and Redemption Account within the Subordinate Bond Fund, into which the City, for and on behalf of the Department, pledges to pay from the Net Revenues sums sufficient to pay when due the Subordinate Bond Requirements of the Series 2023__ Bonds and any other bonds issued pursuant to the General Subordinate Bond Ordinance and payable from such Net Revenues on a parity therewith, and, to the extent therein provided, a special and separate subaccount created by the General Subordinate Bond Ordinance within the Subordinate Bond Reserve Account, in which the City, for and on behalf of the Department, covenants to accumulate and maintain from such Net Revenues a specified reserve for such purpose. To the extent provided in the Series 2023A-B Manager's Resolution and the General Subordinate Bond Ordinance, the Subordinate Bond Requirements of the Series 2023__ Bonds may also be paid from the special and separate account created by the General Bond Ordinance and defined therein as the Capital Fund.

The Series 2023_ Bonds are special obligations of the City, equally and ratably secured by an irrevocable lien on the Net Revenues and certain funds and accounts to the extent provided in the General Subordinate Bond Ordinance. Bonds and other securities, in addition to the Series 2023__ Bonds, subject to express conditions, have been and may hereafter be issued and made payable from the Net Revenues of the Airport System having a lien thereon subordinate and junior to the lien or, subject to additional express conditions, having a lien thereon on a parity with or senior to the lien, of the Series 2023__ Bonds, in accordance with the provisions of the General Subordinate Bond Ordinance.

The Series 2023__ Bonds are issued for the purposes of (i) refunding the Series 2023__ Refunded Bonds, (ii) making any required deposit in the Series 2023A-B Subordinate Bond Reserve Subaccount, and (iii) paying certain Costs relating to the issuance of the Series 2023__ Bonds.

The Series 2023__ Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest), and are issuable in denominations authorized by the General Subordinate Bond Ordinance. Upon surrender of any of such Subordinate Bonds to the Series 2023A-B Bonds Registrar with a written instrument satisfactory to the Series 2023A-B Bonds Registrar duly executed by the owner or his or her duly authorized attorney, such Series 2023__ Bond may, at the option of the owner or his or her duly authorized attorney, be exchanged for an equal aggregate principal amount of such Subordinate Bonds of the same maturity or other authorized denominations, subject to such terms and conditions as are set forth in the General Subordinate Bond Ordinance.

Every privilege of registration, transfer, discharge from registration, or conversion hereinabove provided may be exercised only in accordance with and subject to the terms and provisions of the General Subordinate Bond Ordinance.

Reference is made to the Series 2023A-B Manager's Resolution, the General Subordinate Bond Ordinance, the Pricing Certificate, and to any and all modifications and amendments thereof, for an additional description of the nature and extent of the security for the Series 2023__ Bonds, the funds and accounts or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the owners of the Series

2023__ Bonds with respect thereto, the terms and conditions upon which the Series 2023__ Bonds are issued, and a statement of rights, duties, immunities, and obligations of the City and other rights and remedies of the owners of the Series 2023__ Bonds.

This Bond is one of an authorized series of bonds of the City in the maximum aggregate principal amount of $____________, designated as the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023__" (the "Series 2023__ Bonds" or the "Bonds"). The Series 2023__ Bonds are issued by the City, for and on behalf of the Department, pursuant to the home rule powers granted to the City in accordance with its Charter under Article XX of the State Constitution, and, pursuant to the General Subordinate Bond Ordinance, this recital is conclusive evidence of the validity of the Series 2023__ Bonds and the regularity of their issuance.

To the extent and in the respects permitted by the General Subordinate Bond Ordinance, the provisions of the General Subordinate Bond Ordinance or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the General Subordinate Bond Ordinance. The pledge of revenues and other obligations of the City, for and on behalf of the Department, under the General Subordinate Bond Ordinance may be discharged at or prior to the maturities or prior redemption of the Series 2023__ Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the General Subordinate Bond Ordinance.

Subject to the provisions for registration for payment stated herein and endorsed hereon, this Series 2023__ Bond is subject to the conditions, and every owner hereof by accepting the same agrees with the obligor and with every subsequent owner hereof that: (a) the delivery of this Series 2023__ Bond to any transferee as registered owner vests title in this Series 2023__ Bond in such transferee to the same extent for all purposes as would the delivery under like circumstances of any negotiable instrument payable to a registered owner; (b) the obligor and any agent of the obligor may treat the registered owner of this Series 2023__ Bond as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary; (c) the Subordinate Bond Requirements of this Series 2023__ Bond are to be paid, and this Series 2023__ Bond is transferable, free from and without regard to any equities between the obligor and the original or any intermediate registered owner hereof or any setoffs or cross-claims; and (d) the surrender to the obligor or to any agent of the obligor of this Series 2023__ Bond shall be a good discharge to the obligor for the same.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Series 2023__ Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and in particular the Charter and the General Subordinate Bond Ordinance; and that this Series 2023__ Bond does not contravene any constitutional, Charter or statutory limitation. The Series 2023__ Bonds are also issued pursuant to Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Act"), as amended. Pursuant to Section 11-57-210 of the Supplemental Act, this recital is conclusive evidence of the validity and the regularity of the issuance of the Series 2023__ Bonds after their delivery for value.

No recourse for the payment of the Subordinate Bond Requirements of this Series 2023__ Bond or for any claim based thereon, or otherwise, upon the General Subordinate Bond Ordinance or other instrument pertaining thereto, may be had against any individual member of the Council, or any officer or other agent of the City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Series 2023__ Bond and as a part of the consideration of its issuance specifically waived and released.

IN WITNESS WHEREOF, the City, for and on behalf of the Department, has caused this Series 2023__ Bond to be signed and executed in the name of the City, for and on behalf of the Department, by the manual or facsimile signature of its Mayor and to be subscribed and executed by the manual or facsimile signature of the City Auditor; has caused a manual or facsimile of the seal of the City to be affixed hereon; and has caused this Series 2023__ Bond to be executed and attested by the manual or facsimile signature of the City Clerk and Recorder; all as of ____________________ ____, _______.

CITY AND COUNTY OF DENVER, COLORADO,
for and on behalf of its Department of Aviation

By: ____
Mayor

(SEAL)

Attest:

____
City Clerk and Recorder

Countersigned:

____
City Auditor

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2023__ Bonds described in the within-mentioned General Subordinate Bond Ordinance, and this Bond has been duly registered on the registration books kept by the undersigned as the Series 2023A-B Bonds Registrar for such Series 2023__ Bonds.

_______________________________________,
Zions Bancorporation, National Association,
as the Series 2023A-B Bonds Registrar

Date of Authentication: __________ __, 2023

By:____________________________________
Authorized Signatory

(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto ____________ the within Series 2023__ Bond and hereby irrevocably constitutes and appoints ___________________ attorney, to transfer the same on the books of the Series 2023A-B Bonds Registrar, with full power of substitution in the premises.

____

Dated: ________________

Signature Guaranteed by a Member of the Medallion Signature Program:

____

Name and address of transferee:

____
____
____

Social Security or other tax
identification number of transferee:

____

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Series 2023A-B Bond in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS
SERIES 2023A
SERIES 2023B

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This Table of Contents is not a part of the Series 2023A-B Airport System Supplemental Subordinate Bond Ordinance

APPENDIX C

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 2023A-B Subordinate Bonds under the Senior Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Senior Bond Ordinance with respect to the Series 2023A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2023A-B Subordinate Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2023A-B Subordinate Bonds. Series 2023A-B Subordinate Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). One fully registered bond certificate will be issued for each maturity of the Series 2023A-B Subordinate Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2023A-B Subordinate Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2023A-B Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023A-B Subordinate Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023A-B Subordinate Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023A-B Subordinate Bonds except in the event that use of the book-entry system for the Series 2023A-B Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023A-B Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023A-B Subordinate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023A-B Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023A-B Subordinate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023A-B Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023A-B Subordinate Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2023A-B Subordinate Bonds may wish to ascertain that the nominee holding the Series 2023A-B Subordinate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2023A-B Subordinate Bonds within a maturity of the Series 2023A-B Subordinate Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consider or vote with respect to the Series 2023A-B Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023A-B Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2023A-B Subordinate Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2023A-B Subordinate Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative to DTC, is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2023A-B Subordinate Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the Series 2023A-B Subordinate Bonds are required to be printed and delivered as provided in the Senior Bond Ordinance.

The City may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2023A-B Subordinate Bonds. In that event, certificates representing the Series 2023A-B Subordinate Bonds will be printed and delivered to DTC.

* * *

* * *

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APPENDIX D

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021

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DEN

CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2022 AND 2021

PREPARED BY THE FINANCE DIVISION

DEPARTMENT OF AVIATION

AN ENTERPRISE FUND OF THE CITY & COUNTY OF DENVER

COLORADO

DENVER INTERNATIONAL AIRPORT

CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2022 AND 2021

PREPARED BY THE FINANCE DIVISION

DEPARTMENT OF AVIATION
AN ENTERPRISE FUND OF THE CITY & COUNTY OF DENVER
COLORADO

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Statistical Section (Unaudited)

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal

June 30, 2023

To the Public and Fellow Employees

We are pleased to present the Annual Comprehensive Financial Report of the Municipal Airport System for the fiscal years ended December 31, 2022, and 2021. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel. These financial statements were audited by Moss Adams, LLP, independent certified public accountants.

The letter of transmittal is designed to complement and should be read in conjunction with Management's Discussion and Analysis (MD&A). The MD&A, which immediately follows the Independent Auditor's Report, provides an introduction, overview, and analysis of the Airport financial statements.

Responsibility for the accuracy, completeness, and fairness of the presentation and disclosures included in this report rests with management. To the best of our knowledge, this report is accurate in all material respects and designed to fairly present the financial position and results of Airport operations.

Background

The Municipal Airport System is organized as a department of the City and County of Denver, Colorado (the City) and includes Denver International Airport (the Airport or DEN) and former Stapleton International Airport (Stapleton). The Airport is headed by a Chief Executive Officer who reports directly to the Mayor. In addition, the senior management team further consists of five executive vice presidents. This report was prepared by the Airport's Finance Division in collaboration with other Airport personnel to provide a better understanding of the Airport.

The Airport is an enterprise fund of the City. Enterprise funds are defined as government-owned businesses or business-type activities that are authorized to issue their own revenue bonds. Enterprise funds also receive fewer than 10% of their annual revenues in grants from all State and Local governments combined. An enterprise fund is established to account for operations that are financed and operated in a manner similar to businesses, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

Description of DEN

Situated approximately 24 miles northeast of downtown Denver, DEN is the primary air carrier airport serving the region. According to Airports Council International, in 2022, DEN was the third busiest airport in the United States and the third busiest in the world, serving 69.3 million passengers. DEN comprises approximately 33,800 acres (53 square miles) of land, an area twice the size of the island of Manhattan and is the second largest physical airport in the world. The passenger terminal complex is reached via Peña Boulevard, a 12-mile dedicated access road which connects Interstate 70 and intersects with the E-470 toll highway. DEN has six runways—four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide, providing unrestricted global access for any airline and the ability to accommodate fully loaded jumbo jets, including the Airbus A-380.

The Airport's passenger terminal complex has a landside terminal and three airside concourses, as well as cargo and general aviation facilities. The landside terminal accommodates passenger ticketing, baggage claim, concessions, and passenger screening and is flanked by roads and curbs for public and private vehicles. Automobile parking is available in public garages adjacent to the landside terminal and in surface parking lots. DEN has approximately 16,000 public parking spaces in the garages and approximately 9,250 spaces in the surface parking lots. Spaces are also provided for employee parking. Additional passenger services include car rental facilities and ground transportation. In 2015, the 519-room Westin hotel and conference center was opened to the public and is connected to the terminal via a public plaza. In 2016, passenger rail service to downtown Denver began via a train station in the same area.

Passengers travel between the landside terminal and three airside concourses (Concourses A, B, and C) via an underground Automated Guideway Transit System (AGTS). In addition, there is a pedestrian passenger bridge to Concourse A. The passenger terminal complex includes a total of 148 full-service contact gates and 20 ground loading positions.

Metro Area

The Denver Metropolitan Area (Metro Denver), with a population of more than 3.0 million, is the primary region served by DEN. Metro Denver is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. Metro Denver is home to 10 Fortune 500 companies. The Wall Street Journal and Moody's Analytics place the Denver metro area in 11th place on their annual ranking of America's hottest job markets.

Metro Denver's diverse employment base across various industries, central location and transformation of its transportation network has positioned it to become a key distribution hub, fostering strong economic growth and development for the region/state. Metro Denver's unemployment rate was 2.8% as of December 2022.

Vision 100

DEN has developed a new strategic plan (Vision 100). Vision 100 will enable DEN to prepare for and reach 100 million annual passengers. The strategic plan will serve as a blueprint to align decision-marking and enable accountability so together we can thoughtfully prepare to serve 100 million passengers in the next eight to 10 years. This plan will guide the organization's work over the next three to five years as part of the first phase of reaching Vision 100. The mission is to provide excellence in service and support. DEN's strategic plan is centered around four pillars of Vision 100 and under each pillar are strategic objectives.

Along with the four pillars are four guiding principles, which will be incorporated into the execution of each pillar and are just as critical to our success.

2023-2027 CIP

To welcome and prepare for the 100 million passengers under Vision 100, DEN developed a 2023-2027 Capital Improvement Program (CIP) to Grow Our Infrastructure and Maintaining What We Have. The 2023-2027 CIP is estimated to have a total value of $2.9 billion, of which $2.1 billion is estimated for infrastructure and Jeppesen Terminal (Great Hall Completion Phase) construction and $815.0 million for asset rehabilitation.

The final phase for construction within the Jeppesen Terminal is known as the Great Hall Completion Phase. The completion phase consists of a full buildout of improvements to the Jeppesen Terminal and includes a new security checkpoint with enhanced technology, relocation of certain existing checkpoints, the addition of new screening lanes, new modern and spacious ticketing spaces, new concession area, renovations to restrooms, flooring, lighting, elevators, escalators, and other critical infrastructure, and added leisure spaces for travelers. The Great Hall Completion Phase includes the development of a new Center of Equity and Excellence in Aviation (CEEA). The CEEA is designed to engage, educate, empower, motivate, and provide opportunities for under-represented students and young people who are interested and passionate about careers in aviation. CEEA includes finding worldwide aviation best practices and disseminating through the aviation industry, adapting new technology systems or studying new technology as a means to improve the aviation industry, providing aviation research, and providing training and guidance for DEN employees, including introduction of an aviation Career Pathway to all employees at DEN. Total development for the Great Hall Completion Phase is estimated to cost approximately $1.3 billion with 80% of funding included in the 2023-2027 CIP.

Federal Stimulus

In March 2020, the United States responded to the economic impact of COVID-19 by executing the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package. DEN was awarded $269.1 million in CARES Act funds. DEN deposited these funds into an irrevocable escrow to pay debt service for its outstanding bonds. These funds have been expended. In December 2020, in response to the slow economic recovery due to COVID-19, the United States executed the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act. DEN received two awards totaling $55.8 million of which $7.2 million is to provide rent relief to concessionaires and the remaining amount of $48.6 million was deposited into an irrevocable escrow to pay debt service for its outstanding bonds. In March 2021, additional Federal stimulus funds were available under the American Rescue Plan Act (ARPA). DEN received two awards totaling $233.0 million of which $28.8 million is to provide rent relief to concessionaires and the remaining amount of $204.3 million was deposited into an irrevocable escrow to pay debt service for DEN's outstanding bonds. DEN has used all of the funds placed into the irrevocable escrow accounts, except for approximately $154.0 million remaining from the ARPA funds.

Rent Relief

Due to COVID-19 Pandemic (COVID-19), DEN experienced a significant passenger traffic decrease in 2020. This directly impacted the airlines, concessionaires, and rental car company's operations and revenues. In response to this, DEN provided some rent and payment relief for 2020 which carried over into 2021. This included rent payment deferrals for the airlines and a waiver of the minimum annual guarantee for the concessionaires and rental car companies. In 2021, qualified airlines received rent payment deferrals of 25% on facility rental and landing fees of about $92.8 million. The airlines started paying on these deferrals in 2022 and will repay them within five years, which includes interest. At the end of 2022, only about $13.6 million of the deferrals remains outstanding. For qualified airlines, they may be eligible to receive an additional 25% of the annual revenue share through 2026.

Federal Infrastructure Bill

On November 13, 2021, the Unites States executed the $1.0 trillion Bipartisan Infrastructure Bill (BIL). BIL allocated $25.0 billion to airports, which includes $15.0 billion for Airport Infrastructure Grant (AIG), $5.0 billion for Airport Terminal Program (ATP), and $5.0 billion for Federal Aviation Administration (FAA) infrastructure assets. Funding under BIL will be over a five-year period. The Airport Infrastructure Program formula-based funding is allocated based on passenger traffic. DEN anticipates receiving approximately $300.0 million of this type of funding over five years to fund qualified infrastructure projects. DEN has already been allocated approximately $118.0 million in AIG funding and has been awarded $48.5 million from the AIG available funding. The ATP portion is issued at the FAA's discretion. DEN has applied for approximately $200.0 million in ATP funded qualified projects. DEN has already been awarded approximately $83 million in ATP funding for the 2022 and 2023 ATP.

Air Traffic

Located close to the geographic center of the United States mainland, the City has long been a major air transportation hub. DEN provides airline service to more than 200 cities. Denver's natural geographic advantage as a connecting hub is enhanced by the Airport's ability to accommodate aircraft landings and takeoffs in virtually any weather conditions. As reported by the Department of Transportation's Bureau of Transportation Statistics (BTS), total passenger traffic at DEN was up 17.8% in 2022 from 2021, compared with a 30.0% increase nationally. In 2022, 69.3 million passengers traveled through DEN, with approximately 58.8% originating or concluding their air journeys at DEN and 41.2% connecting to flights beyond DEN. Originating and destination traffic (O&D) increased by 17.9% in 2022 from 2021 and connecting traffic increased by 17.7% during the same period. As shown in the table below, as of December 31, 2022, 26 airlines provided scheduled passenger service at DEN: 10 major/national airlines, five regional/commuter airlines, and 11 foreign-flag airlines.

In addition, several passenger charter and all-cargo airlines, including Federal Express and United Parcel Service provide service at the Airport.

Scheduled Passenger Airlines Serving Denver
as of December 31, 2022

Major/National	Regional/Commuter
Alaska Airlines	American Eagle
Allegiant Air	Boutique Air
American Airlines	Denver Air Connection
Delta Air Lines	Delta Connection
Frontier Airlines	Southern Airways Express
JetBlue Airways	United Express
Southwest Airlines	
Spirit Airlines	
Sun Country Airlines	
United Airlines	

Foreign Flag
Aeromexico
Air Canada
Air France
British Airways
Cayman Airways
Copa Airlines
Edelweiss
Icelandair
Lufthansa German Airlines
Volaris
Westjet

Airline Use and Lease Agreements

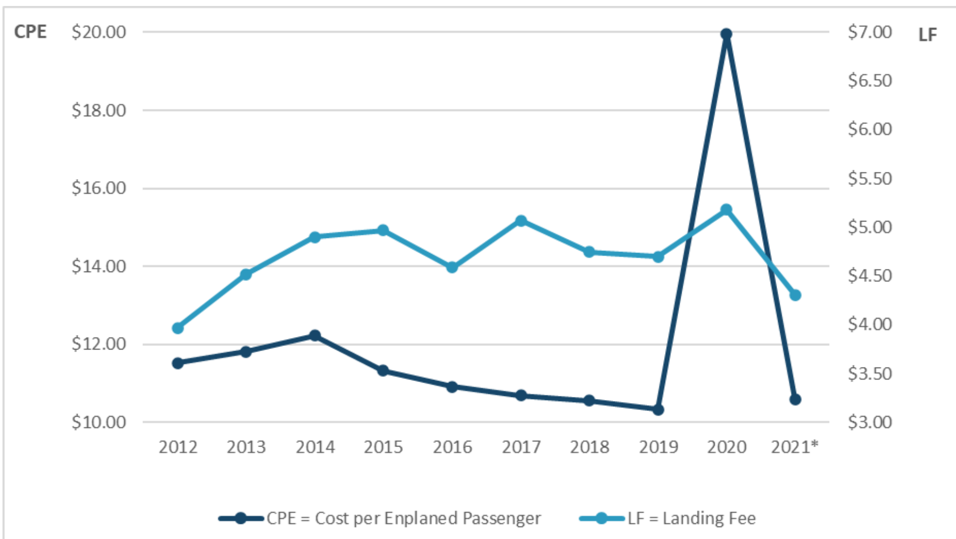
United Airlines operates under a Use and Lease agreement that extends through February 28, 2035. Southwest Airlines operates under a Use and Lease agreement, that extends through February 28, 2035. In May 2022, Frontier Airlines and the City executed a new Use and Lease agreement providing for terms of 10 years from the operational date of the new Concourse A east Ground Loading Facility (GLF). All other signatory airlines operate under one-year Use and Lease agreements which expired on December 31, 2021, with options for two one-year extensions through December 31, 2023. The Airport exercised both one-year extensions through December 31, 2023.

Airlines Rates, Fees, and Charges

The Airport utilizes a hybrid rate structure established by the Use & Lease Agreements which includes a combination of residual and compensatory rate methods based on cost recovery principles. Residual cost centers recover the full cost of operations from the airlines (e.g. airfield). Compensatory cost centers recover only the costs associated with the space that has been leased by the airlines (e.g. terminal buildings) and allows the Airport to lease vacant space to concessionaires and other tenants for non-airline revenue opportunities. These opportunities allow the Airport to generate free cash flow for reinvestment. In return, the Use and Lease Agreement has established a revenue share between the Airport and airlines, with the airlines receiving 50% of the net revenue up to a $40.0 million cap per year. In 2022, the Airport provided the airlines with $50.0 million net revenue credit and has estimated to deposit $215.9 million into the capital improvement account that can be used for any lawful airport purpose. The net revenue available for sharing for the years ended December 31, 2013 through 2022 is reflected in the table below:

Net Revenue Available for Sharing
($ in thousands)

Year	Total	Airport Share
2013	122,784	82,784
2014	134,612	94,612
2015	130,147	90,147
2016	112,091	72,091
2017	135,976	95,976
2018	155,892	115,892
2019	183,064	143,064
2020	54,220	25,844
2021	204,542	164,542
2022*	265,878	215,878



CPE is total airline revenues per total enplaned passengers. The numbers above reflect an average across all carriers. Individual airlines may have a CPE higher or lower than this based on their individual operating models.
LF is a residual based recovery of airfield cost per 1,000 lbs. of aircraft landed weight.
Note: Airport Year-End Settlement Reports
*Landing Fee and CPE are not finalized until the year-end settlement is completed

Traditionally, the overall CPE has trended downward as a result of continued enplanement growth, the effective management of airline costs, as well as changes in leased space. For 2020, the effect of COVID-19 directly impacted the airlines operations which drove up the CPE for 2020. The reduction in the 2021 CPE is a combination of increased passenger traffic, cost saving measures, and the use of CARES Act irrevocable escrow funds to pay debt service.

Traditionally, the landing fee has been impacted by changes in landed weight, as well as increases in airfield expenses and debt service requirements. For 2020, the effect of COVID-19 directly impacted the airlines operations which drove up the landing fee for 2020. The reduction in the 2021 landing fee is a combination of increased operations and larger aircraft, cost saving measures, and the use of CARES Act irrevocable escrow funds to pay debt service.

United Group

United Group (United) includes the operations of United Airlines, as well as regional affiliate airlines operating under the United Express brand. United is one of the world's largest airlines and is the principal air carrier operating at the Airport. United operates a major connecting hub at the Airport under a Use and Lease Agreement with the City that expires in 2035. In November 2020, the Airport opened four new gates on the west end of Concourse B, all leased by United. In November 2022, the Airport opened 12 new gates at the west end of Concourse A and 10 new gates at the east end of Concourse B and is has transitioned all new gates to United. As of December 31, 2022, United occupies 69 full-service contact gates on Concourses A and B, 15 ground loading positions on Concourses A and B, and has agreed to lease a total of 90 combined full-service contact gates and ground loading positions across both concourses. At the Airport, United accounted for 46.4% of total passengers for the year ended December 31, 2022.

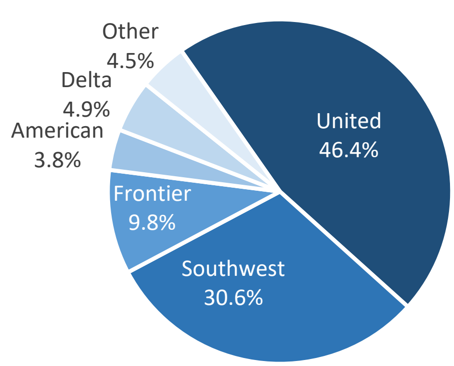
Southwest Airlines

Southwest Airlines (Southwest) maintains the second largest market share at the Airport. Southwest began service at the Airport in January 2006, and since that time has experienced strong and continued growth. The Airport is now the airline's busiest station in its system, in terms of total scheduled flights. In May 2022, the Airport opened 16 new gates at the east end of Concourse C and has transitioned all new gates to Southwest. As of December 31, 2022, Southwest occupies 32 full-service gates on Concourse C and has agreed to lease a total of 40 full-service gates. The Airport anticipates delivering the remaining gates to Southwest by the second quarter of 2024. At the Airport, Southwest accounted for 30.6% of total passengers for the year ended December 31, 2022.

Frontier Airlines

Frontier Airlines (Frontier) maintains the third largest market share at the Airport, which is Frontier's only hub and the busiest airport in the Frontier system. Frontier is an ultra-low-cost carrier. As of December 31, 2022, Frontier leases nine full-service contact gates on Concourse A. Frontier accounted for 9.8% of total passengers for the year ended December 31, 2022. In May 2022, a new Use and Lease agreement was entered into with Frontier. Under the Use and Lease agreement, Frontier will lease a total of 14 ground load gates along with new hold-rooms and modifications to existing hold-rooms, collectively known as the New GLF. Upon completion of the New GLF, the Use and Lease agreements terms will be for 10 years.

Airline Market Share
2022 Total Passengers



Cash Management

The Airport's cash is under the control of the City's Chief Financial Officer who invests the funds pursuant to the City's Investment Policy. As of December 31, 2022, and 2021, cash and investments totaled $3.9 billion and $2.7 billion, respectively. Current investment vehicles include U.S. treasury securities, U.S. agency securities, corporate bonds, structured products, multinational fixed income, municipal bonds, commercial paper, local government investment pools, certificates of deposit, and money market funds. In 2022 and 2021, the City charged fees of $0.6 million and $0.6 million, respectively, to the Airport for performing the cash management function.

Accounting and Internal Control

The Airport follows accounting principles generally accepted in the United States of America applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis of accounting in accordance with these accounting principles. In developing and evaluating the Airport's accounting system, consideration has been given to the adequacy of internal controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits require estimates and judgments by management.

We believe that the Airport's process of internal control adequately safeguards assets and provides reasonable assurance that financial transactions are recorded properly.

Awards

DEN is consistently named a passenger favorite and is the proud recipient of dozens of national and international awards for excellence. Notable awards include “Highly Commended” Frontier award for “Excellence in Service and Support” and # 4 Green Fleet in the country by National Fleet Association in 2022. DEN also passed the 2022 FAA Part 139 Inspection with no discrepancies.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its Annual Comprehensive Financial Report for each of the fiscal years ended: (a) December 31, 2021, and (b) December 31, 2020. This was the third year that the Airport received this prestigious award. To be awarded the prestigious Certificate of Achievement, the Airport must publish an easily readable and efficiently organized financial report that meets GFOA eligibility requirements and comply with Generally Accepted Accounting Principles (GAAP). DEN believes that the current financial report will meet the Certificate of Achievement Program requirements and will submit it to the GFOA to determine the Airport’s eligibility to receive a certificate for this financial report.

Acknowledgments

The preparation of this report in a timely and efficient manner is the result of, in large part, the dedicated service and professionalism of the Airport’s accounting staff. We thank all members of the Airport who contributed to the preparation of the report.

Respectfully Submitted,

Phillip A. Washington	Mike Nakornkhet
Chief Executive Officer	Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver International Airport
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

City and County of Denver – City Officials

Mayor

Michael B. Hancock

City Council

Robin Kniech, At-Large
Deborah Ortega, At-Large

Amanda Sandoval
Kevin Flynn
Jamie Torres
Kendra Black
Amanda Sawyer
Paul Kashmann

Jolon Clark
Christopher Herndon
Candi CdeBaca
Chris Hinds
Stacie Gilmore

Auditor

Timothy M. O'Brien

Clerk and Recorder

Paul D. López

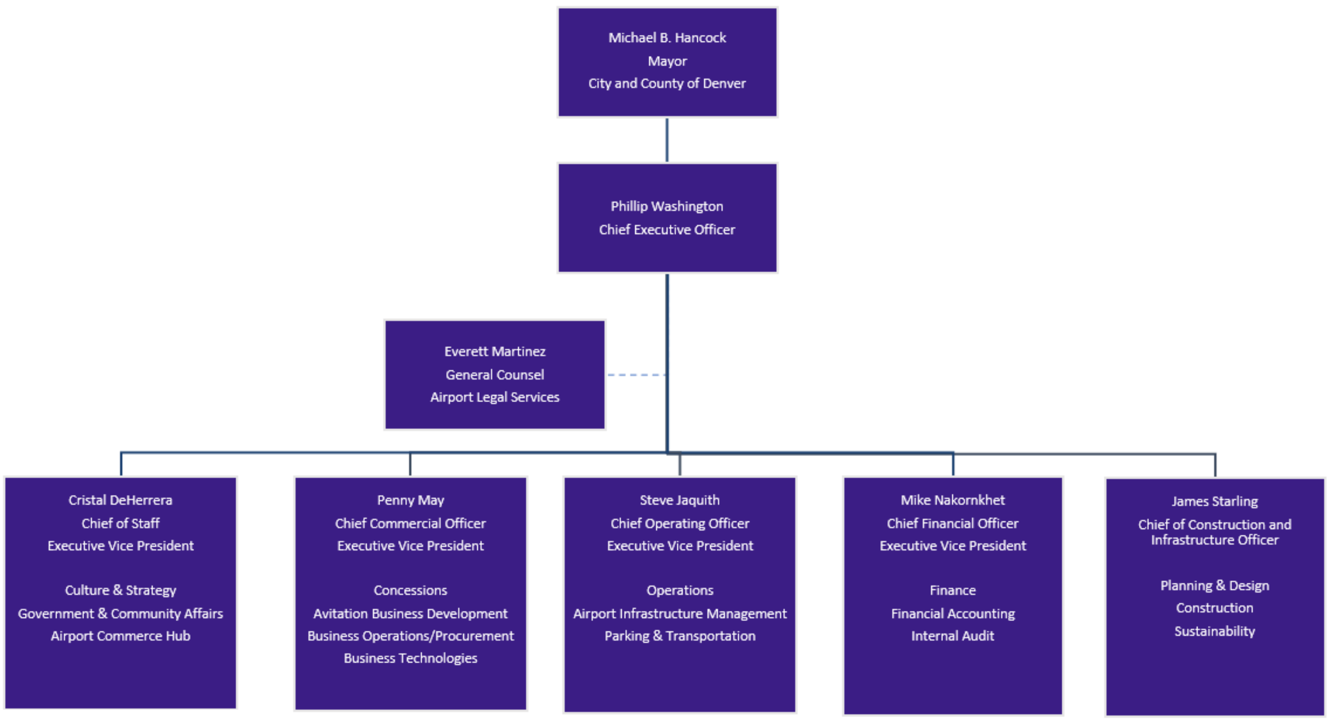
Cabinet Officials

Margaret Danuser	Deputy Mayor, Chief Financial Officer
Jay Morein	Executive Director of the Department of Human Services
Kerry Tipper, Esq.	City Attorney
Laura Aldrete	Executive Director of the Department of Community Planning and Development
Adam Phipps	Executive Director of the Department of Transportation and Infrastructure
Phillip Washington	Executive Director of the Department of Aviation
Allegra "Happy" Haynes	Executive Director of the Department of Parks and Recreation
Robert M. McDonald	Executive Director of the Department of Public Health and Environment
Armando Saldate	Executive Director of the Department of Safety
Andrew Amador	Executive Director of the Department of General Services
Molly Duplechian	Executive Director of the Department of Excise and Licenses

Department of Aviation

Mike Nakornkhet	Executive Vice President/Chief Financial Officer
Cristal Torres DeHerrera	Executive Vice President/Chief of Staff
Steve Jaquith	Executive Vice President/Chief Operating Officer
James Starling	Executive Vice President/Chief Construction and Infrastructure Officer
Penny May	Executive Vice President/Chief Commercial Officer
Everett B. Martinez, Esq.	General Counsel

Denver International Airport
Organizational Chart
as of December 31, 2022



MOSSADAMS

Report of Independent Auditors

The Audit Committee
City and County of Denver
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City and County of Denver, Colorado Municipal Airport System ("Airport"), an enterprise fund of the City and County of Denver, Colorado ("City"), which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of the City and County of Denver, Colorado Municipal Airport System as of December 31, 2022 and 2021, and the respective changes in net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not, present fairly the net position of the City and County of Denver, Colorado, as of December 31, 2022 and 2021, the changes in its net position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Airport adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2021. The financial statements of the Airport have been retroactively restated in accordance with the requirements of the new accounting standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of Airport proportionate share – net pension liability, schedule of Airport contributions – net pension liability, schedule of Airport proportionate share – net OPEB liability, schedule of Airport employer contributions – net OPEB liability, and schedule of Airport proportionate share – Implicit Rate Subsidy (collectively the "required supplementary information") be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section on pages 2-14, Other Information Section on pages 123-126, and Statistical Section on pages 128-150, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Denver, Colorado
June 30, 2023

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis (MD&A) (Unaudited)

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 years ended December 31, 2022, 2021 and 2020. 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 revenue at the Airport totaled $930.2 million, an increase of $213.8 million, or 29.8%, for the year ended December 31, 2022, as compared to the same period in 2021. Airline revenue totaled $399.4 million, an increase of $61.8 million, or 18.3%. The overall increase was primarily due to an increase in facility rentals revenue, partially offset by a decrease in landing fee revenue. Non-airline revenue totaled $530.8 million, an increase of $152.0 million, or 40.1%, primarily due an increase in overall passengers. Non-airline revenue represented 57.0% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $542.6 million for the year ended December 31, 2022, representing an increase of $81.1 million, or 17.6%, as compared to the year ended December 31, 2021. The increase compared to prior year was primarily driven by a $33.6 million, or 15.8%, increase in contractual services, $24.7 million or 110.5% increase in repair and maintenance projects, and a $8.1 million, or 35.9%, increase in hotel expenses.

COVID-19 Pandemic

General Description

The outbreak of a strain of coronavirus spread across the globe, including the United States. As a result of the COVID-19 Pandemic (COVID-19), the U.S. government and governments of other countries issued travel restrictions and warnings for numerous countries. Some of these restrictions have been adjusted and eliminated. Below is a timeline of some of the current mandates and requirements:

- On January 21, 2021, the President of the United States issued an Executive Order "*Promoting COVID-19 Safety in Domestic and International Travel*", requiring masks to be worn in airports, on commercial aircraft and in various modes of surface transportation.
- On April 30, 2021, the Transportation Security Administration (TSA) announced it was extending the face mask requirement for individual across all transportation networks through the United States, including at airports, onboard commercial aircraft, through September 13, 2021.
- On May 14, 2021, the Governor amended the Executive Order by providing fully vaccinated people to go without masks in public indoor spaces unless the setting required otherwise.
- On August 2, 2021, the Mayor announced that all Denver city employees, as well as private-sector workers in high-risk settings, were required to be fully vaccinated against COVID-19 by September 30, 2021. Denver airport employees were included in this public health order.
- On August 17, 2021, the TSA extended its mask mandate that applied to the public transportation network through January 18, 2022. The Airport continued its operations as an essential service, which included all services (i.e. concessions, rental car, etc.). Also, the Airport made it mandatory for all individuals to wear facial coverings within the Airport and provided face coverings for all individuals.

- On November 8, 2021, the international travel ban for non-essential travelers from select countries was lifted. All non-immigrant, non-citizen air travelers to the United States were required to be fully vaccinated and to provide proof of vaccination status prior to boarding an airplane to the United States.
- On March 10, 2022, the TSA announced the extension of the federal mask mandate in the aviation and across transportation hubs and public transportation through April 18, 2022. The mandate required anyone over the age of two to wear a mask while on airport property and on aircraft.
- On April 13, 2022, the TSA announced an extension of the Security Directives and Emergency Amendment requiring mask use on public transportation and transportation hubs for 15 days through May 3, 2022.
- On April 18, 2022, the TSA announced that following a court ruling and effective immediately the TSA would not enforce its face mask requirement for public transportation, in airports and on airplanes. As a result, masks are no longer required at the Airport. TSA's withdrawal of its directive does not preclude a transportation operator from imposing its own face mask requirements.

Airport Operations

The Airport continued to see an increase in passenger traffic and airport operations, with a 17.8% increase in total passengers and a 3.7% increase in total aircraft operations, respectively, for the year ended December 31, 2022, as compared to the same period in 2021. As of December 31, 2022, the Airport had 110 gates and 12 ground loading positions leased and operated by Signatory Airlines, and 14 gates and one ground loading position available on a per-use basis. For the years ended December 31, 2022 and 2021, originating and destination (O&D) passenger traffic as a percentage of overall traffic remained flat at 58.8%. Connecting traffic as a percentage of overall traffic also remained flat at 41.2% for the years ended December 31, 2022 and 2021. For the year ended December 31, 2022, international passengers increased 74.7%, amounting to 4.8% of total passengers in 2022 and 3.2% of total passengers in 2021. Total cargo, in tons, increased 7.4% during 2022 compared to the same period in 2021. Under Presidential Proclamations issued in 2020, air service to the United States was prohibited from certain international locations and for certain foreign nationals. Effective on November 8, 2021, the United States President issued a new Presidential Proclamation, which ended the travel restrictions previously in place, and announced the United States would follow global vaccination requirement for all adult foreign national travelers. Effective on May 12, 2023, non-citizen non-immigrant air passengers will no longer need to show proof of being fully vaccinated with an accepted COVID 19 vaccine to board a flight in the United States. This coincides with the official end of the COVID 19 public health emergency.

As of December 31, 2022, the Airport continued passenger traffic recovery and all concessions were open to serve customers. The Airport reopened some parking operations driven by the increase in O&D passengers. East and west economy parking lots and all garage parking are currently in operation. The Pikes Peak shuttle lot reopened in the fourth quarter of 2021. The Mt. Elbert shuttle lot was decommissioned and is now the new Landside Employee Lot. On May 26, 2023, the Airport converted the old Landside Employee Lot into a Public parking lot called Longs Peak which will become the overflow shuttle parking for Pikes Peak.

Stimulus Funds

CARES Act

On March 27, 2020, the United States executed the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package. Under the CARES Act, the Federal Aviation Administration (FAA) awarded funds to airports based on enplanements and other metrics related to cash reserves and debt service. Funding received through the CARES Act is intended to prevent, prepare for, and respond to the impacts of COVID-19. On April 28, 2020, The City, for and on behalf of the Airport, executed the CARES Act Grant with the FAA and was eligible to receive a total of $269.1 million in CARES Act Funding (CARES Act Funds). The Airport determined to use the CARES Act Funds as a reimbursement of debt service payments. During 2020, the Airport received $262.7 million in CARES Act Funds with the remaining amount, $6.4 million, received in early 2021. On September 8, 2020, the City, for and on behalf of the Airport, executed a CARES Act Irrevocably Committed Escrow Agreement (CARES Act Irrevocable Escrow) to restrict all the reimbursed CARES Act Funds for application to future senior and/or subordinate debt service payments and deposited the full reimbursed CARES Act Funds into the CARES Act Irrevocable Escrow. Approximately $130.0 million and $139.1 million of the CARES Act Irrevocable Escrow were used for senior and/or subordinate debt service payments during 2020 and 2021, respectively. As of December 31, 2021, all of the CARES Act Irrevocable Escrow was expended.

CRRSA Act

On December 27, 2020, the United States executed the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act. Under the CRRSA Act, the FAA awarded funds to airports based on calendar year 2019 enplanements. Funding received through the CRRSA Act is intended to prevent, prepare for, and respond to the impacts of COVID-19. These funds may be used for costs related to operations, personnel, cleaning sanitization, janitorial services, combating the spread of pathogens at the Airport, and debt service payments, including reimbursement of debt service. The CRRSA Act includes relief from rent and minimum annual guarantees (MAG) for eligible airport concessions. Under the CRRSA Act, the FAA provides funding through the Airport Coronavirus Relief Grant Program (ACRGP).

On March 25, 2021, the City for and on behalf of the Airport, executed an ACRGP grant with the FAA and was eligible to receive a total of $48.6 million (ACRGP Grant). The Airport determined to use the ACRGP Grant funds as a reimbursement of debt service payments and has been reimbursed the full $48.6 million. As of December 31, 2021, the full $48.6 million was reimbursed by the FAA and recognized as non-operating revenue. On October 1, 2021, the City, for and on behalf of the Airport, executed the CRRSA Act Irrevocably Committed Escrow Agreement (CRRSA Act Irrevocable Escrow) to restrict all of the reimbursed ACRGP Grant funds (i.e. $48.6 million) for application to future senior and/or subordinate debt service payments and deposited the full amount of the reimbursed ACRGP Grant into the CRRSA Act Irrevocable Escrow. As December 31, 2021, the Airport had not used any of the $48.6 million CRSSA Act Irrevocable Escrow to pay senior and/or subordinate debt service payments. As of December 31, 2022, all of the CRRSA Act Irrevocable Escrow was expended.

On March 31, 2021, the City, for and on behalf of the Airport, executed an ACRGP Concessions Relief Addendum with the FAA and was eligible to receive a total of $7.2 million (ACRGP Concession Grant). The ACRGP Concessions Grant may be used to provide credit relief to eligible concessions based on criteria established by the FAA. A portion of these funds, up to two percent, may be used to reimburse the Airport for administrative costs. In April 2021, the Airport granted $7.1 million in credit relief to eligible concessions under this ACRGP Concession Grant.

ARPA

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to COVID-19. Under ARPA, primary commercial service airports share nearly $6.5 billion in a similar way to how airports currently receive Airport Improvement Program (AIP) entitlement funds. Also, shared funds are available for airports to provide relief from rent and minimum annual guarantees to eligible airport concessions. The Airport received an award totaling $204.3 million of general grant funding, as well as an additional $28.8 million reserved for concessionaire relief (together known as ARPA Funds). The ARPA general grant funding may be used to fund costs related to operations, personnel, cleaning, sanitation, janitorial services, combating spread of pathogens at the Airport, and debt service payments, including reimbursement of debt service payments. Airport management determined to use the $204.3 million in the general grant funding of ARPA Funds as a reimbursement of debt service payments. As of December 31, 2021, the Airport had been reimbursed $195.2 million and recognized as non-operating revenue in 2021. In July 2022, the Airport received the remaining $9.1 million. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocably Committed Escrow Agreement (ARPA Act Irrevocable Escrow) to restrict all the reimbursed general grant funding under ARPA Funds solely for future application to senior and/or subordinate debt service payments and deposited the full amount of the general grant funding under the ARPA Funds into the ARPA Act Irrevocable Escrow. Approximately $50.3 million of the ARPA Act Irrevocable Escrow was utilized for debt service payments in 2022. As of December 31, 2022, approximately $154.0 million in ARPA Act Irrevocable Escrow remained available for future debt service.

COVID-19 Relief Policies

2021 Rent Relief Policy

Issued in November 2020 and effective in January 2021, the Airport implemented relief policies (2021 COVID-19 Relief Policies) for revenue contracts providing payment deferrals and certain fee waivers. For the signatory airlines, participants were required to maintain payment compliance through the policy term and were required to pay 75% of their fixed and variable rate billings as outlined in the Use and Lease Agreements for 2021. The remaining 25% of these billings must be paid over the next five years in equal annual installments starting in 2022 and any outstanding balance is charged interest at the U.S. Treasury Note rate set at 1.63% as of February 1, 2022. As of December 31, 2021, 15 signatory airlines were under the 2021 COVID-19 Relief Policy. As of December 31, 2022, and December 31, 2021, approximately $13.6 million and $92.9 million, respectively of payments were deferred with the signatory airlines. As of December 31, 2022, deferred payment balance reduced by $79.3 million as some of the airlines paid the full outstanding deferred balances. For the concessionaires, the minimum annual guarantees, contractually due on a monthly basis, were waived for the year 2021 and were charged only for the contractual percentage of the concessionaires' gross sales. For rental car companies, the minimum annual guarantees, contractually due on a monthly basis, were waived for the year 2021 and were charged the contractually percentage of their gross sales. Rental car companies were provided a three-month payment deferral of the ground and facility billings for January, February, and March 2021. Deferred ground and facility payments were due by December 31, 2021 and were collected.

2020 Rent Relief Policy

In March 2020, the Airport implemented relief policies (2020 COVID-19 Relief Policy) for revenue contracts providing payment deferrals and some fee waivers. For the airlines, the Airport provided an option for a three-month payment deferral of all April, May, and June 2020 billings, but required these deferrals to be paid in full by December 31, 2020. All deferred payments from the airlines were received by December 31, 2020. For the concessionaires, the minimum annual guarantees, contractually due on a monthly basis, were waived for March through December 2020. The concessionaires were charged only for the contractual percentage of the concessionaire's gross sales during March through December 2020. For rental car companies, the minimum annual guarantees, contractually due on a monthly basis, were waived for April through December 2020. The car rental companies were charged the contractually percentage of their gross sales during April through December 2020 and provided a three-month payment deferral of the ground and facility April, May, and June 2020 billings. Deferred ground and facility payments were due by December 31, 2020 and were collected.

Bankruptcy Filings

On May 22, 2020, The Hertz Corporation (which includes Hertz Car Rental, Dollar Car Rental and Thrifty Car Rental) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. On June 10, 2021, the United States Bankruptcy Court confirmed the Chapter 11 Plan of Reorganization of The Hertz Corporation. The Hertz Corporation Chapter 11 Plan of Reorganization became effective on June 30, 2021. There was no impact to the Airport and all lease agreements between the City and The Hertz Corporation were assumed.

On May 27, 2020, Advantage Holdco, Inc. (which includes Advantage Rent a Car and E-Z Rent-A-Car) filed a Voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. In July 2020, the ground and facility and concession agreements between the City and Advantage Holdco, Inc. subsidiaries were acquired by Sixt Rent A Car, LLC.

On June 30, 2020, Aerovias de Mexico, S.A. de C.V. (Aeromexico) filed a voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. On December 22, 2022, the court approved Aeromexico's plan of reorganization, which went into effect on March 17, 2023.

Financial Impacts

The Airport proactively implemented several cost saving measures in 2020 intended to mitigate operational and financial impacts of COVID-19. Non-essential contract services were deferred, and service level reductions were implemented where appropriate. The Airport also instituted a hiring freeze along with furlough hours for all employees, reassigned available employees to other operating areas of the Airport and limited the number of personnel physically present at the Airport based on essential operating needs. During 2021, some of the cost saving measures were lifted which included the hiring freeze, eliminated furlough hours and increase in contractual services as passenger traffic continued to increase. The Airport continues to monitor costs and can make necessary adjustments to ensure appropriate services were available and provided to passengers and users of the facilities.

Other Matters

Infrastructure Investment and Jobs Act

On November 5, 2021, Congress passed H.R.3684 – Infrastructure Investment and Jobs Act and on November 13, 2021, the President executed the $1.0 trillion Bipartisan Infrastructure Bill (BIL). Under BIL, airports were allocated $25.0 billion over the next five years. The allocation was split into three components: $15.0 billion for Airport Infrastructure Grant (AIG) Program, $5.0 billion for Airport Terminal Program (ATP), and $5.0 billion for FAA infrastructure assets. The AIG is formula-based funding allocated based on passenger traffic. The ATP portion is discretionarily awarded by the FAA. The Airport anticipates funding from the AIG and ATP. The Airport submitted applications for the fiscal year 2022 ATP available funding. The Airport was initially approved for $60.0 million of fiscal year 2022 ATP funding for improvements to the baggage handling system but was awarded an additional $1.0 million for a total award amount of $61.0 million. The Airport was also awarded $46.7 million under the AIG. The Airport submitted applications for the fiscal year 2023 ATP available funding and was approved for $22.0 million in funding for improvements to the baggage handling system.

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 of resources, liabilities, deferred inflows of resources and net position. 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 when 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.

On January 1, 2021, the Airport adopted Governmental Accounting Standard Board Statement (GASB) No. 87, Leases (GASB 87), and as a result, restated the December 31, 2021 Statement of Net Position and Statement of Cash Flows. The statement of Revenue, Expenses and Changes in Net Position did not require restatement as of December 31, 2021, because the amounts were not significant.

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.

GASB allows the Airport to present comparative financial statements but requires that the Airport's Management Discussion and Analysis (MD&A) addresses both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – the current year, the prior year and the year preceding the prior year (i.e., 2022, 2021 and 2020).

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, 2022, 2021, and 2020 ($ in thousands):

	2022	As restated 2021	2020	2022 / 2021 $ change	2022 / 2021 % change
Operating revenue	$ 930,184	$ 716,396	$ 591,810	$ 213,788	29.8%
Less: operating expenses	542,554	461,413	475,900	81,141	17.6%
Operating income before depreciation and amortization	387,630	254,983	115,910	132,647	52.0%
Less: depreciation and amortization	274,187	226,852	210,513	47,335	20.9%
Operating income (loss)	113,443	28,131	(94,603)	85,312	303.3%
Add: nonoperating revenues	58,709	349,157	498,162	(290,448)	(83.2%)
Less: nonoperating expenses	273,907	237,274	281,789	36,633	15.4%
Add: capital grants and contributions	74,107	24,814	33,773	49,293	198.6%
(Decrease) increase in net position	(27,648)	164,828	155,543	(192,476)	(116.8%)
Net position, beginning of year	1,572,016	1,407,188	1,251,645	164,828	11.7%
Net position, end of period	$ 1,544,368	$ 1,572,016	$ 1,407,188	$ (27,648)	(1.8%)

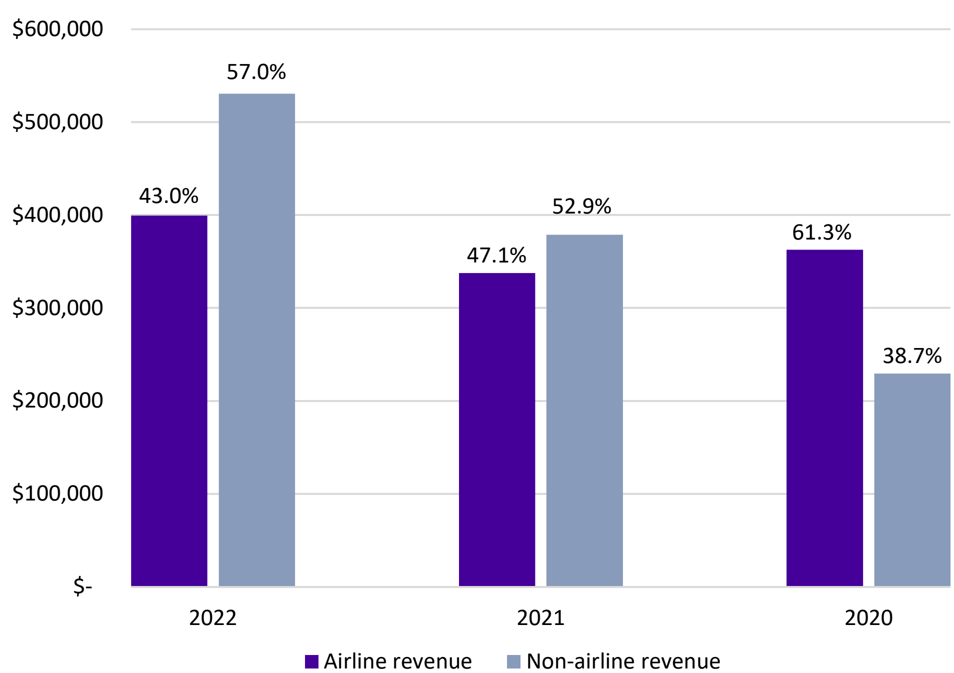
Summary of Operating Revenues

The following is a summary of operating revenues for the years ended December 31, 2022, 2021, and 2020 ($ in thousands):

	2022	As restated 2021	2020	2022 / 2021 $ change	2022 / 2021 % change
Operating revenue:					
Airline revenue					
Facility rentals	$ 249,586	$ 187,007	$ 226,837	$ 62,579	33.5%
Landing fees	149,791	150,575	135,708	(784)	(0.5%)
Total airline revenue	399,377	337,582	362,545	61,795	18.3%
Non-airline revenue					
Parking	206,468	147,809	88,259	58,659	39.7%
Concession	103,189	69,120	45,216	34,069	49.3%
Car rental	88,326	75,703	45,993	12,623	16.7%
Hotel	65,078	43,674	24,481	21,404	49.0%
Aviation fuel tax	38,238	21,626	9,789	16,612	76.8%
Ground transportation	19,722	13,848	8,575	5,874	42.4%
Other sales and charges	9,786	7,034	6,952	2,752	39.1%
Total non-airline revenue	530,807	378,814	229,265	151,993	40.1%
Total operating revenue	$ 930,184	$ 716,396	$ 591,810	$ 213,788	29.8%

Total Operating Revenues

for the years ended December 31, 2022, 2021, and 2020
(% of total)



2022/2021

The Airport's activities changed as described below for the year ended December 31, 2022, as compared to 2021:

	2022	2021	Percentage change
Passengers (in thousands)	69,286	58,829	17.8%
Enplanements (in thousands)	34,643	29,418	17.8%
Landed weight (in millions lbs)	39,171	35,614	10.0%
Aircraft operations (in thousands)[(1)]	616	594	3.7%
Cargo (in thousand tons)	362	337	7.4%

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

Total airline revenues at the Airport were $399.4 million, an increase of $61.8 million, or 18.3%, for the year ended December 31, 2022, as compared to the same period in 2021.

Facility rental revenue increased by $62.6 million, or 33.5%, primarily due to an increase in signatory terminal complex rental costs coupled with an increase in available leased space with the completion of the concourse expansion program in 2022. The increase is partially offset by an increase in the estimated airline revenue credit for fiscal year 2022.

Landing fee revenue decreased by $0.8 million, or 0.5%, primarily due to a reduction in the signatory landing fee rate for 2022 compared to 2021. The decrease was partially offset by a 10.0% increase in landed weight.

Total non-airline revenues at the Airport were $530.8 million, an increase of $152.0 million, or 40.1%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021. The increase was primarily due to a 17.8% increase in overall passengers.

Parking revenue increased by $58.7 million, or 39.7%, primarily due to a 35.7% increase in transaction volume, along with the reopening of one of the remote parking lots, which resulted from increased O&D passenger traffic. The increase in parking revenue was also driven by an increase in parking rates for select parking lots effective July 15, 2022.

Concession revenue increased by $34.1 million, or 49.3%, primarily due to an increase in the monthly gross revenue reported by concessionaires of approximately 29.3%, driven by the 17.8% increase in enplaned passengers. In addition, the COVID-19 Relief Policy for 2021 expired at the end of 2021, which resulted in reinstatement of the minimum annual guarantees. Also, in 2021, $4.3 million in ACRGP Concessions Grant credits were issued to qualifying concessionaires. No additional rent relief credits were issued in 2022.

Car rental revenue increased by $12.6 million, or 16.7%, primarily due to an increase in reported total gross monthly revenues by the car rental companies, driven by the 17.9% increase in O&D passenger traffic. Additionally, ground and facility rental rates increased in 2022 and car sharing operation volume increased over the same period in 2021. Also contributing to these increases were $2.7 million in ACRGP Concessions Grant credits issued in 2021 to qualifying car rental companies. No additional rent relief credits were issued in 2022.

Hotel revenue increased by $21.4 million, or 49.0%, primarily due to an increase in hotel guest room occupancy from 71.1% to 81.4%. The average daily rate for the period also increased by 24.1%, which resulted in an overall increase in total rooms revenue of 42.1%. Hotel food and beverage revenue increased 89.5%, primarily due to the return of large group banquet events, coupled with increased restaurant traffic as result of higher room occupancy.

Aviation fuel tax revenue increased by $16.6 million, or 76.8%, due to an increase in fuel prices and an increase of 17.1% in gallons sold driven by increased airline operations and larger aircraft. 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% in sales tax collections.

Ground transportation revenue increased by $5.9 million, or 42.4%, primarily due to a 49.7% increase in transportation network company (TNC) trips compared to the same period in 2021. Additionally, off-site parking revenue increased $1.1 million, or approximately 26.1%.

Other sales and charges revenue increased by $2.8 million, or 39.1%, due to changes in various operational revenue sources.

The Airport as a Lessor

GASB Statement No. 87, *Leases* (GASB 87), was adopted by the Airport as of January 1, 2021. This statement requires that fixed in substance payments established in leasing agreements with customers, with contracted rates spanning greater than one year, must be valued over the life of the lease. The Airport, as a lessor, recognizes lease revenue from certain Concessions, Rental Car and other agreements meeting the GASB 87 standards. Revenue from airlines Use and Lease Agreements, airline operating permits and some related airline support agreements, subject to FAA and other governmental regulations, are considered regulated leases. Regulated leases are exempt from the lessor accounting treatment under GASB 87, and the revenue earned from these agreements are accounted for as non-lease revenues. In addition, revenues earned from agreements, based on variable rates and short-term arrangements, are considered non-lease revenue.

Gross billings to customers, or tenants, include fixed in substance charges and variable charges, such as percentage rents which are based on activity. Generally, the fixed in substance charges are defined as a “not to go below” MAGs amounts due to the Airport from these tenants, primarily Concessions and Rental Car Companies, under their respective agreements. Fixed in substance charges are also based on a stated rate, including fixed escalation clauses, applied to square footage or other measurement, primarily associated with other agreements meeting the GASB 87 standards. During 2021 under the COVID-19 policies, the Airport waived the MAGs for concessions and rental car agreements and revenues for these tenants were based on percentage rents. The fixed rents billed to other GASB 87 agreements tenants were not significant during 2021. Accordingly, the Airport did not restate the Statement of Revenues, Expenses, and Changes in Net Position for GASB 87 for the year ended December 31, 2021. The net effect of 2021 was included in the Statement of Revenues, Expenses, and Changes in Net Position for year ended December 31, 2022.

Revenue in 2022 from tenants with agreements that met the criteria as leases under GASB 87, was comprised of lease and non-lease revenue. The following table highlights the components of total revenue as of December 31, 2022 and provides a comparison to total revenue as of December 31, 2021.

	2021	2022					
	Total revenue	Total billings	Proceeds from GASB 87 Leases	Total non-lease revenue	GASB 87 lease revenue	GASB 87 regulated lease revenue	Total revenue
Concessions	$ 69,120	$ 105,530	$ (39,892)	$ 65,638	$ 37,428	$ 123	$ 103,189
Car rentals	75,703	91,469	(51,970)	39,499	48,827	-	88,326
Airline support revenue [1]	508	524	(524)	-	91	422	513
Solar facilities, wireless telecommunications and farms rent [2]	2,084	2,262	(2,080)	182	2,114	-	2,296
Total inflows for lessor agreements	$ 147,415	$ 199,785	$ (94,466)	$ 105,319	$ 88,460	$ 545	$ 194,324

[1] Included in facility rents
[2] Included in other sales and charges

2021/2020

The Airport's activities changed as described below for the year ended December 31, 2021, as compared to 2020:

	2021	2020	Percentage change
Passengers (in thousands)	58,829	33,741	74.4%
Enplanements (in thousands)	29,418	16,874	74.3%
Landed weight (in millions lbs)	35,614	26,146	36.2%
Aircraft operations (in thousands)[(1)]	594	443	34.1%
Cargo (in thousand tons)	337	331	1.8%

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

Total airline revenues at the Airport were $337.6 million, a decrease of $25.0 million, or 6.9%, for the year ended December 31, 2021, as compared to the same period in 2020.

Facility rental revenue decreased by $39.8 million, or 17.6%, primarily due to a reduction in the signatory terminal complex rental rate in 2021 along with an increase in airline revenue credit.

Landing fee revenue increased by $14.9 million, or 11.0%, due to a 34.1% increase in operations and a 36.2% increase in landed weight. The landing fee revenue increase was partially offset by a reduction in the signatory landing fee rate and an increase in the incentive provided to international routes.

Total non-airline revenues at the Airport were $378.8 million, an increase of $149.5 million, or 65.2%, for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The increase was primarily due to a 74.4% increase in overall passengers.

Parking revenue increased by $59.6 million, or 67.5%, primarily due to a 72.5% increase in O&D passenger traffic. Although parking revenue is increased, the increase in transaction volume slowed during 2021. This combined with a lower percentage of garage transactions resulted in a lower overall percentage increase when compared to O&D passenger traffic trends.

Car rental revenue increased by $29.7 million, or 64.6%, compared to December 31, 2020, primarily due to a 72.5% increase in O&D passenger traffic as well as increased total gross monthly receipts, ground rent rate, and the addition of car sharing operations. Offsetting this increase was $2.7 million provided in credit relief to eligible concessions under the ACRPG Concessions Relief Addendum award with the FAA. With the implementation of the COVID-19 Relief Policies for 2020 and 2021, car rental revenue primarily includes contractual percentage of gross monthly receipts, as well as ground and facility rents.

Concession revenue increased by $23.9 million, or 52.9%, primarily due to a 74.3% increase in enplaned passengers. Offsetting this increase was $4.3 million provided in credit relief to eligible concessions under the ACRGP Concessions Relief Addendum award with the FAA. With the implementation of the COVID-19 Relief Policies for 2020 and 2021, concession revenue consisted mostly of the contractual percentage of the concessionaires' gross sales.

Hotel revenue increased by $19.2 million, or 78.4%, primarily due to an increase in hotel guest room occupancy from 47.0% to 71.1%. The average daily rate for the period also increased by 16.4% during 2021, which resulted in an overall increase to rooms revenue of 75.5% when compared to the same period in 2020.

Aviation fuel tax revenue increased by $11.8 million, or 120.9%, compared to December 31, 2020, due to a 55.5% increase in gallons sold as a result of increased airline operations, coupled with increased fuel prices over the same period. 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 revenue increased by $5.3 million, or 61.5%, primarily due to a 50.1% increase in transportation network company (TNC) trips compared to the same period in 2020. Additionally, off-site parking revenue increased $1.9 million, approximately 90%.

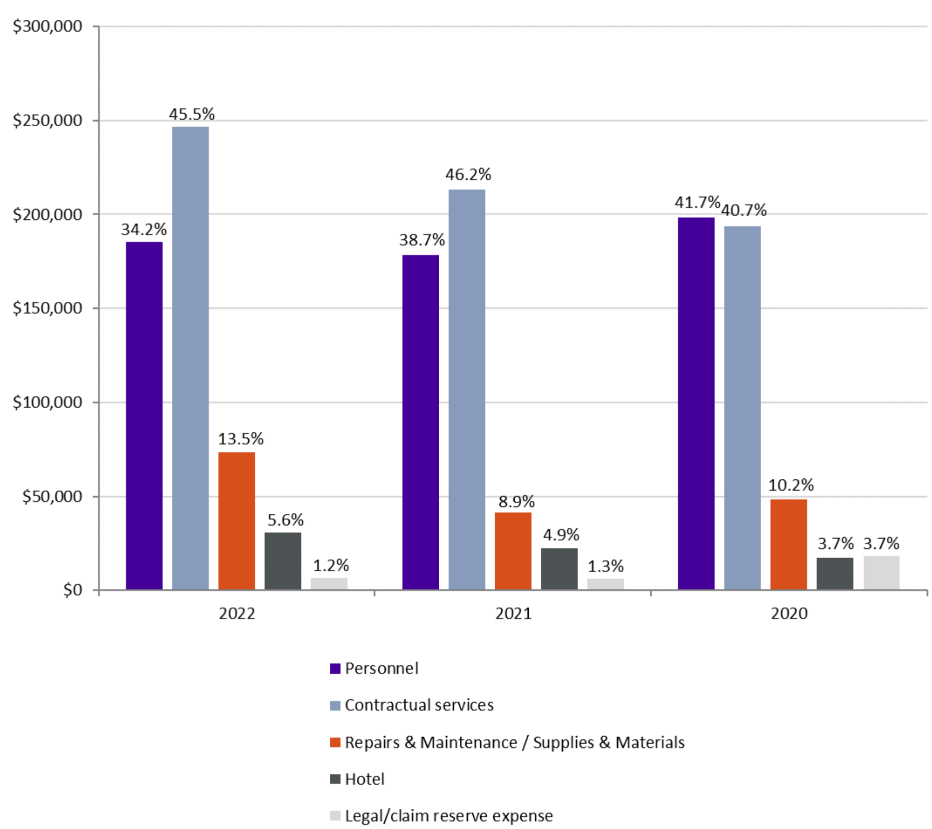
Other sales and charges revenue increased by $0.1 million, or 1.2%, due to changes in various operational revenue sources.

Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2022, 2021, and 2020 ($ in thousands):

	2022	As restated 2021	2020	2022 / 2021 $ change	2022 / 2021 % change
Personnel	$ 185,289	$ 178,530	$ 198,582	$ 6,759	3.8%
Contractual services	246,839	213,225	193,606	33,614	15.8%
Repair and maintenance projects	47,095	22,372	29,229	24,723	110.5%
Maintenance, supplies, and materials	26,388	18,867	19,092	7,521	39.9%
Hotel	30,523	22,458	17,378	8,065	35.9%
Legal/claim reserve expense	6,420	5,961	18,013	459	7.7%
Total operating expenses	$ 542,554	$ 461,413	$ 475,900	$ 81,141	17.6%

Operating Expenses before Depreciation and Amortization
for the years ended December 31, 2022, 2021 and 2020
(% of total)



2022/2021

Operating expenses, exclusive of depreciation and amortization, were $542.6 million for the year ended December 31, 2022, an increase of $81.1 million, or 17.6%, as compared to the same period in 2021. In 2020, the Airport implemented several cost saving measures as a result of COVID-19 including a hiring freeze, reductions in contractual services and suspension of nonessential procurements and contracts which carried forward into 2021. Starting in mid to late 2021, the Airport lifted the hiring freeze, increased the use of contractual services and purchased additional supplies to support continued passenger growth.

Personnel costs increased $6.8 million, or 3.8%, primarily due to a 3.0% merit increase effective January 1, 2022, coupled with a 1.0% increase in employer contributions to the Denver Employees' Retirement Plan (DERP). Offsetting this increase was $10.3 million decrease to pension expense associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For additional information, see notes 17 and 18 to the financial statements.

Contractual services increased by $33.6 million, or 15.8%, primarily due to increases in services associated with continued passenger growth. Some of the operating services levels reduced during 2020 were carried forwarded into 2021.

Repair and maintenance expenses increased by $24.7 million, or 110.5%, due to cost associated with retirement of the oil field assets along with more non-capitalizable project expenditures identified during the year.

Maintenance, supplies, and materials increased $7.5 million, or 39.9%, primarily due to continued passenger growth resulting in increased janitorial supplies, as well as increases in fuel prices. Additionally, there was an increase in use of snow removal chemicals and materials due to a heavier snow season.

Hotel expenses increased by $8.1 million, or 35.9%, due to increased operating activities required to service higher occupancy and additional food and beverage business. Hotel guest room occupancy increased from 71.1% to 81.4% and food and beverage revenue increased 89.5%, indicating an increase in personnel required to service hotel rooms and food and beverage patrons.

Legal/claim reserve expense increased by $0.5 million, or 7.7%. For additional information, see note 22 (d) to the financial statements.

The Airport as a Lessee

The Airport classifies leases as those agreements in which the Airport controls the right to use a tangible asset over a period of time. At the commencement of these agreements, the Airport recognizes a lease liability and an intangible right-to-use lease asset based on the net present value of the future expected lease payments. This right-to-use asset is amortized over the life of the lease or useful life of the asset whichever is shorter. With the adoption of GASB 87, the Airport analyzed the impact to 2021 operating expense and determined that the overall impact to Net Position was not significant. Accordingly, the Airport did not restate the Statement of Revenues, Expenses, and Changes in Net Position for GASB 87 for the year ended December 31, 2021. The net effect of 2021 was included in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

2021/2020

Operating expenses, exclusive of depreciation and amortization, were $461.4 million for the year ended December 31, 2021, a decrease of $14.5 million, or 3.0%, as compared to the same period in 2020. The Airport implemented several cost saving measures as a result of COVID-19 including a hiring freeze, reductions in contractual services and suspension of nonessential procurements and contracts. During 2021, the Airport lifted the hiring freeze, increased the use of contractual services, and purchased additional supplies to support the 74.4% increase in total passengers as compared to December 31, 2020.

Personnel costs decreased $20.1 million, or 10.1%, primarily due to $12.8 million decrease to pension expense associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For additional information, see notes 17 and 18 to the financial statements. Also contributing to the decrease was an increase in the average vacancy rate in 2021.

Contractual services increased by $19.6 million, or 10.1%, which was impacted by the scaling back of some cost savings measures in 2020, increased total passengers traffic in 2021, and execution of new contracts.

Repair and maintenance expenses decreased by $6.9 million, or 23.5%, due to fewer non-capitalizable project expenditures during the year. For 2021, the majority of the repairs related to sewer lines as well as landside road repairs.

Maintenance, supplies, and materials decreased $0.2 million, or 1.2%, primarily due reduced snow removal chemicals and materials as a result of the light snow season, partially offset by increased cost of materials attributed to supply chain issues.

Hotel expenses increased by $5.1 million, or 29.2%, for the year ended December 31, 2021, compared to the same period in 2020. The increase is attributable to increased operating activities required to service higher occupancy and additional food & beverage business at the hotel as the industry continues to recover from COVID-19. Hotel guest room occupancy increased from 47% in 2020 to 71.1% in 2021.

Legal/claim reserve expense decreased by $12.1 million, 66.9%. For additional information, see notes 22 (c) and (d) to the financial statements.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

The following is a summary of net non-operating revenues for the years ended December 31, 2022, 2021, and 2020 ($ in thousands):

	2022	As restated 2021	2020	2022 / 2021 $ change	2022 / 2021 % change
Nonoperating revenues (expenses):					
Passenger facility charges	$ 132,709	$ 113,500	$ 64,922	$ 19,209	16.9%
Customer facility charges	17,389	15,585	10,621	1,804	11.6%
Investment (loss) income	(117,330)	(34,937)	150,043	(82,393)	235.8%
Lease interest income	10,243	-	-	10,243	100.0%
Interest expense	(257,069)	(221,738)	(247,293)	(35,331)	15.9%
Stimulus funds	939	250,880	269,074	(249,941)	(99.6%)
Other expenses, net	(2,079)	(11,407)	(30,994)	9,328	(81.8%)
Total net nonoperating (expenses) revenues	$ (215,198)	$ 111,883	$ 216,373	$ (327,081)	(292.3%)

2022/2021

Total nonoperating revenues decreased by $290.5 million, or 83.2%, during the year ended December 31, 2022, as compared to the same period in 2021. The decrease was primarily due to the reduction in Stimulus Funds earned in 2022 compared to 2021. The decrease is also attributable to the investment loss due to changes in fair value of investments. Offsetting these decreases were increases in Passenger Facility Charges (PFC) and Customer Facility Charges (CFC). PFC revenue increased 16.9%, primarily due to a 17.8% increase in enplaned passengers. CFC revenue increased 11.6%, due to a 11.8% increase in the number of car rental transaction days, resulting from a 17.9% increase in O&D passenger traffic.

Lease interest income under GASB 87 was $10.2 million for the year ended December 31, 2022. Lease interest income is the current year amortization of the discounted portion of the lease receivable. The Airport did not restate the year ended December 31, 2021 Statement of Revenues, Expenses, and Net Position for GASB 87, as the lease revenue and interest income amounts were not significant.

Total nonoperating expenses increased $36.6 million, or 15.4%, for the year ended December 31, 2022, as compared to the same period in 2021. This is primarily due to an increase in interest expense associated with an overall increase in the Airport's debt portfolio.

In 2022 and 2021, capital grants totaled $74.1 million and $24.8 million, respectively. These grants are FAA Airport Improvement Program (AIP) funds used for airfield improvement projects and certain equipment replacement.

2021/2020

Total nonoperating revenues decreased by $149.0 million, or 29.9%, during the year ended December 31, 2021, as compared to the same period in 2020. The decrease is primary attributable to a decrease in investment income. This decrease is attributable to changes in fair value of investments. Offsetting this decrease are increases in Passenger Facility Charges (PFC), and Customer Facility Charges (CFC). The increase in PFC revenue, approximately 74.8%, is primarily the result of a 74.3% increase in enplaned passengers. The increase in CFC revenue, approximately 46.7%, is the result of a 56.4% increase in number of transaction days which was impacted by the 72.5% increase in O&D passenger traffic. In 2021, the Stimulus Funds represent $195.2 million for ARPA, $48.6 million for CRRSA, and an additional $7.1 million in operating grant revenues, as a part of CRRSA, in the form of credit relief provided to eligible concessions under the ACRGP Concessions Relief Addendum award with the FAA. In 2020, the Stimulus Funds represent $269.1 million for the CARES Act.

Total nonoperating expenses decreased $44.5 million, or 15.8%, during the year ended December 31, 2021, as compared to the same period in 2020. The decrease is primarily due to a $25.6 million, or 10.3%, decrease in interest expense associated with Airport's overall debt portfolio. In 2020, associated with the transition on development of the Great Hall Project, there has been some re-design of the project. Some of the prior design costs, $23.4 million, were determined to not be relevant under the re-design and these costs were expensed as a capital asset disposal. For 2021, there was no disposal of Great Hall Project re-design costs. Partially offsetting the decrease is a $4.8 million arbitrage payment associated with the full redemption of the 1992C bonds.

In 2021 and 2020, capital grants totaled $24.8 million and $33.8 million, respectively. These are FAA Airport Improvement Program funds for the airfield and certain equipment replacement.

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 December 31, 2022, 2021, and 2020 ($ in thousands):

	2022	As restated[2] 2021	2020	2022/ 2021 $ change	2022 / 2021 % change
Assets:					
Current assets, unrestricted[1]	$ 610,722	$ 522,841	$ 249,197	$ 87,881	16.8%
Current assets, restricted	1,089,105	463,443	503,411	625,662	135.0%
Noncurrent investments, unrestricted	807,089	954,429	752,600	(147,340)	(15.4%)
Noncurrent investments, restricted	1,665,584	982,175	1,479,310	683,409	69.6%
Long-term receivables	46,754	107,651	31,152	(60,897)	(56.6%)
Long-term lease receivable	399,542	107,058	-	292,484	273.2%
Capital assets, net	6,058,777	5,572,702	4,838,360	486,075	8.7%
Bond insurance costs, net	-	91	114	(91)	(100.0%)
Interest rate swaps	-	2,916	4,773	(2,916)	(100.0%)
Total assets	10,677,573	8,713,306	7,858,917	1,964,267	22.5%
Deferred outflows of resources	67,705	91,570	108,924	(23,865)	(26.1%)
Liabilities:					
Current liabilities, unrestricted	230,975	301,645	196,162	(70,670)	(23.4%)
Current liabilities, restricted	425,403	1,051,154	298,415	(625,751)	(59.5%)
Bonds payable, noncurrent	7,748,121	5,418,728	5,729,750	2,329,393	43.0%
Interest rate payable swaps, noncurrent	-	9,902	20,112	(9,902)	(100.0%)
Notes payable, noncurrent	282	-	-	282	100.0%
Lease liability, noncurrent	2,269	200	-	2,069	1,034.5%
Compensated absences payable, noncurrent	10,084	9,617	9,573	467	4.9%
Net pension liability	166,159	187,776	199,878	(21,617)	(11.5%)
Net OPEB liability	21,946	23,470	21,616	(1,524)	(6.5%)
Claim litigation reserves	86,895	80,474	74,513	6,421	8.0%
Total liabilities	8,692,134	7,082,966	6,550,019	1,609,168	22.7%
Deferred inflows of resources	508,776	149,894	10,634	358,882	239.4%
Net position (deficit)					
Net investment in capital assets (deficit)	(168,978)	(136,825)	(104,547)	(32,153)	23.5%
Restricted	481,380	385,941	655,032	95,439	24.7%
Unrestricted	1,231,966	1,322,900	856,703	(90,934)	(6.9%)
Total net position	$ 1,544,368	$ 1,572,016	$ 1,407,188	$ (27,648)	(1.8%)

[1] Accounts receivable net of allowance for doubtful accounts of $3,252, $2,763, and $2,726, respectively.

[2] The fiscal year 2021 financial statements have been restated for the adoption on GASB 87 effective January 1, 2021.

The following table shows the effect of the restatement of the December 31, 2021 Statement of Net Position due to the implementation of GASB 87:

	Statement of Net Position As of December 31, 2021		
	Prior to GASB 87	Post GASB 87	Effect of Change
Total current assets	$ 971,605	$ 986,284	$ 14,679
Total non-current restricted assets	1,092,833	1,092,833	-
Other non-current unrestricted assets	954,429	1,061,487	107,058
Capital assets, net	5,567,215	5,572,702	5,487
Total assets	$ 8,586,082	$ 8,713,306	$ 127,224
Total deferred outflows of resources	$ 91,570	$ 91,570	$ -
Current liabilities	$ 1,349,380	$ 1,352,799	$ 3,419
Net OPEB Liability	23,470	23,470	-
Non-current liabilities	5,706,497	5,706,697	200
Total liabilities	$ 7,079,347	$ 7,082,966	$ 3,619
Deferred inflows - debt refundings	$ 4,053	$ 4,053	$ -
Deferred inflows - leases	-	123,605	123,605
Deferred inflows - pension plans	18,796	18,796	-
Deferred inflows - OPEB plans	3,440	3,440	-
Total deferred inflows of resources	$ 26,289	$ 149,894	$ 123,605
Net position	$ 1,572,016	$ 1,572,016	$ -

2022/2021

Total assets were $10.7 billion as of December 31, 2022, an increase of $2.0 billion, or 22.5%, compared to December 31, 2021. Cash and investments increased $1.2 billion, or 44.3%, primarily due to proceeds from the issuance of Airport System Revenue Series 2022A, 2022B, 2022C, and 2022D Bonds. Net capital assets increased $486.1 million, or 8.7%, increase, primarily due to capitalization of constructed asset related to the 2018-2022 Capital Program and additions to construction in progress related to the 2018-2022 and Vision 100 2023-2027 Capital Programs. Also contributing to the increase was GASB 87, which resulted in a $48.2 million or 291.1% increase in current lease receivable and a $292.5 million, or 273.2% increase to long-term lease receivable. See note 19 for more information on GASB 87. Offsetting this increase was a decrease of $60.9 million, or 56.6%, in long-term other receivables, due to collections from carriers of the COVID-19 deferred payment of invoices, and a decrease of $20.6 million, or 73.1%, in other receivables due to receipt of insurance proceeds on the Concourse B East water damage insurance claim.

Total deferred outflows of resources decreased by $23.9 million, or 26.1% primarily due to the amortization of deferred losses on bond refundings and the change in fair value and the termination of derivative instruments.

Total liabilities were $8.7 billion as of December 31, 2022, an increase of $1.6 billion, or 22.7%, compared to December 31, 2021. The increase in total liabilities was mainly attributed to an increase of $1.5 billion, or 25.5%, in bonds payable and an increase of $133.8 million, or 39.9%, in net unamortized premium due to the issuance of Airport System Revenue Series 2022A, 2022B, 2022C, and 2022D Bonds. Also contributing to the increase in total liabilities was an increase of $14.6 million, or 58.9%, in accrued interest and matured coupons based on interest payment due dates, and an increase of $13.5 million, or 14.5%, in retainage payable due to expenditures associated with the 2018-2022 Capital Program, and a $10.0 million, or 25.0% increase in revenue credit payable due to the 2021 Rent Relief Policy with qualified airlines. Offsetting these increases was a decrease of $17.4 million, or 12.5% in vouchers payable, both restricted and unrestricted, primarily due to payment of outstanding capital project payables, a decrease of $43.2 million, or 92.5%, in other liabilities due to issuance of airline annual credits, a decrease of $21.6 million, or 11.5% in net pension liability based on actuarial valuations, and a decrease of $11.6 million, or 32.3%, in amounts due to other city agencies attributable to the timing of payments for city services. Also, contributing to the decrease was the reduction in derivative instruments of $9.9 million, or 100%, which was due to change in fair value and terminations.

Total deferred inflows of resources increased by $358.9 million, or 239.4%, primarily due to GASB 87. See note 19 for more information on GASB 87. Also contributing to the increase are changes in proportionate shares related to pension and OPEB, as well as deferred gains related to the issuance of Airport System Revenue Series 2022C and 2022D Bonds. The increase was offset by the amortization of deferred gain on bond refundings.

As of December 31, 2022, total net position is $1.5 billion, of which 31.2% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $463.9 million. This includes bond reserve account, bonds accounts, and the ARPA Act Irrevocable Escrow accounts, which represents $154.0 million restricted for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. The net position restricted for capital projects represent $17.4 million.

As of December 31, 2022, the remaining net position consist of unrestricted balance of $1.2 billion and a net deficit investment in capital assets of ($169.0) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2021/2020

Total assets were $8.7 billion as of December 31, 2021, an increase of $727.2 million, or 9.3%, compared to December 31, 2020. The main contribution to the increase was an increase of $728.9 million, or 15.1%, in net capital assets, primarily due to additions to construction in progress related to the 2018-2022 Capital Program. Also contributing to the increase is an increase of $76.5 million, or 245.6%, in long-term receivables and an increase of $18.9 million, or 48.5%, in accounts receivable, mostly due to payment deferrals for the signatory airline carriers from the 2021 COVID-19 Relief Policies. In addition to these increases, there were increases in grant receivables of $11.4 million, or 57.0%, and other receivables of $21.1 million, or 299.3%. The increase in other receivables relates to realizable insurance recovery of $21.3 million related to water damage incurred in Concourse B East gate expansion. Offsetting these increases was a net decrease in total cash and investments of $129.5 million, or 4.5% due to spending associated with the 2018-2022 Capital Program as well as long-term payment deferrals resulting from the 2021 COVID-19 relief policies.

Total deferred outflows of resources decreased by $17.4 million, or 15.9% primarily due to GASB 68 changes in proportionate shares, as well as due to the amortization of deferred losses on bond refundings and the change in fair value of hedging activities. Offsetting the decrease was an increase in GASB 75 due to change in proportionate share and changes in assumptions for net OPEB liability.

Total liabilities were $7.1 billion as of December 31, 2021, an increase of $529.3 million, or 8.1%, compared to December 31, 2020. The main contribution to the increase was an increase of $724.9 million, or 361.4%, in current maturities of revenue bonds due to the issuance of the Tax-Exempt Interim Note Subordinate Obligations (2021 Interim Note), approximately $700.0 million, to assist in funding the 2018-2022 Capital Program. Additional increases included a $34.1 million, or 57.9%, increase in retainage payable due to expenditures associated with the 2018-2022 Capital Program, a $28.9 million, or 412.3%, increase in due to other city agencies attributable to the timing of payments for city services, and an increase of $29.5 million, or 27.2%, in unrestricted vouchers payable. The increase was mainly offset by a $311.0 million, or 5.4%, decrease in noncurrent bonds payable due to the full redemption of 1992C Bonds and normal redemption of revenue bond maturities and a $10.2 million, or 50.8%, reduction in the fair value of the airports derivative instrument liability.

Total deferred inflows of resources increased by $15.7 million, or 147.2%, due to changes in proportionate shares required under GASB 68 and GASB 75. This increase was offset by the amortization of deferred gain on bond refundings.

As of December 31, 2021, total net position is $1.6 billion, of which 24.6% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $371.2 million. This includes the bond reserve account, bonds accounts, and the CRRSA Act Irrevocable Escrow account. The bond reserve account and bond accounts represent $522.0 million and are restricted for debt service. Effective on July 14, 2021, the Minimum Bond Reserve requirement for the senior lien was adjusted. In October 2021, the amount deposited in the CRRSA Act Irrevocable Escrow account was $48.6 million and was funded by reimbursement of debt service from CRRSA Acts. As of December 31, 2021, the remaining unused portion of the CRRSA Act Irrevocable Escrow account is $48.6 million. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. The net position restricted for capital projects represent $14.7 million.

As of December 31, 2021, the remaining net position consist of unrestricted balance of $1.3 billion and a deficit net investment in capital assets of ($136.8) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. Also, the Airport has internally designated $195.2 million, which represents the debt service reimbursed under the ARPA Act funds. The ARPA Act debt service reimbursements will be used to fund the ARPA Act Irrevocable Escrow. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

Long-Term Debt

As of December 31, 2022, the Airport had approximately $7.5 billion in outstanding senior and subordinate bonded debt, bearing fixed and variable interest rates. The total annual debt service (principal and interest) was approximately $1,191 million in 2022 and included $700.0 million of the 2021 Interim Note which was refunded into the Airport System Revenue Series 2022A and 2022B Bonds on July 19, 2022. Estimated annual debt service for 2023 will be approximately $617.4 million. Funds from the CRRSA Act Irrevocable Escrow and ARPA Act Irrevocable Escrow assisted in funding for 2022 debt service.

As of December 31, 2022, the Airport's senior lien debt was rated by Standard & Poor's (S&P) at AA- with stable outlook, by Moody's at Aa3 with stable outlook, and by Fitch at AA- with stable outlook. As of December 31, 2022, the Airport's subordinate lien debt is rated by S&P at A+ with stable outlook, by Moody's at A1 with stable outlook, and by Fitch at A+ with stable outlook. On June 17, 2022, Moody's upgraded the Airport's senior and subordinate lien debt ratings from A1 to Aa3 and A2 to A1, respectively, with a stable outlook. On October 26, 2022, S&P upgraded the Airport's senior and subordinate lien bond ratings from A+ to AA- and A to A+, respectively, with 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, and junior liens. The debt service coverage ratio on all bonds for the years ended December 31, 2022 and 2021 were 199% and 210% of total debt service, respectively.

On December 16, 2022, the Airport fully terminated the 2005 and 2006B Swap Agreements with JP Morgan Chase Bank, N.A. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. The proceeds from the Series 2022C and 2022D Bonds, coupled with Airport bond funds were used to provide project funds to pay a portion of the Vision 100 2023-2027 Capital Program, refund and redeem all or a portion of the outstanding principal amounts of $93.4 million, $70.2 million, $113.0 million, and $85.8 million of the Airport System Revenues Bonds Series 2007G1-G2, Series 2012A, Series 2012B, and Series 2019D respectively, pay the costs of terminating a 2006A Swap Agreement with GKB Financial Services Corp. and a 2008A Swap Agreement with Royal Bank of Canada, make necessary deposits to the Bond Reserve Fund, make deposits to the Capitalized Interest Subaccount for the Series 2022C and Series 2022D Bonds, and pay the costs of issuance of the Series 2022C and Series 2022D Bonds. The Series 2022C and Series 2022D Bonds bear interest at various fixed rates, staggered maturities through November 15, 2053 and are subject to redemption prior to maturity.

On July 19, 2022, the City, for and on behalf of the Airport, issued Airport System Revenue Bonds Series 2022A (AMT) Bonds (Series 2022A) and Airport System Revenue Bonds Series 2022B (non-AMT) Bonds (Series 2022B) in the aggregate principal amounts of $1.5 billion and $175.6 million, respectively. The proceeds of the Series 2022A and Series 2022B Bonds were used to redeem and pay the 2021 Interim Note, to fully fund the Airport's 2018 – 2022 Capital Program, to make deposits to the Bond Reserve Fund and Capitalized Interest Subaccount, and to pay costs of issuance for Series 2022A and Series 2022B Bonds. Both series were issued at premium, bear interest at various fixed interest rates, and are subject to redemption prior to maturity.

On December 17, 2021, the City, for and on behalf of the Airport, issued private activity Airport System Subordinate Revenue Bonds, Series 2021C (Series 2021C Bonds) and issued a Note Purchase Agreement (2021 Interim Note) in the amounts of $26.2 million and $700.0 million, respectively. The proceeds from the issuance of the 2021 Interim Note were used to assist in funding the 2018-2022 Capital Program and to pay for issuance cost. The maturity date of the 2021 Interim Note was June 30, 2022. On June 10, 2022, the 2021 Interim Note maturity was extended to August 31, 2022. The 2021 Interim Note bore interest at a variable rate with payment due at maturity. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds. The Series 2021C Bonds were issued at a fixed interest rate for the purposes of current refunding Series 2011A Bonds maturing on November 15, 2021. The Series 2021C Bonds matured on November 15, 2022.

On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. This adjusted the calculation of the Minimum Bond Reserve as defined within the General Bond Ordinance and reduced the Minimum Bond Reserve amount as it applies to the senior lien airport system revenue bonds. The City, for and on behalf of the Airport, filed a Voluntary Notice (see https://emma.msrb.org/P21480842-P21148170-P21561857.pdf).

On April 19, 2021, the City, for and on behalf of the Airport, issued a Notice of Full Prior Redemption of the Airport System Revenue Bonds, Series 1992C (LOI 1998/1999 bond). On May 20, 2021, the City, for and on behalf of the Airport, fully redeemed all the outstanding principal amount of $40.1 million, plus accrued interest.

On October 28, 2020, the Airport issued the Airport System Revenue Bonds Series 2020A-1 (Non-AMT Private Activity), Series 2020A-2 (Non-AMT Governmental), Series 2020B-1 (AMT), Series 2020B-2 (AMT), and Series 2020C (Taxable) for $95.3 million, $60.5 million, $37.5 million, $24.1 million, and $411.5 million, respectively. Proceeds from these 2020A-C bonds coupled with use of bond reserve and bond funds were used to (i) refund and redeem all or a portion of the outstanding principal amounts of $35.3 million, $35.5 million, $79.1 million, $114.8 million, $17.0 million, $9.0 million, $135.4 million, and $198.7 million of the Airport System Revenues Bonds Series 2007F1, Series 2007F2, Series 2008C1, Series 2010A, Series 2011A, Series 2012A, and Series 2012B, respectively, (ii) pay the costs of terminating a 2008B Swap Agreement with Loop Financial Products I, LLC ($9.6 million), and (iii) pay the costs of issuance. All the 2020A-C bonds bear interest at various fixed rates and staggered maturities through November 15, 2037. The transactions yielded a net present value savings of $58.4 million.

On July 1, 2020, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2008B Bonds, bearing interest at the SIFMA Index Rate. This agreement was scheduled to expire on July 1, 2023. On April 1, 2023, the City, on behalf of the Airport, amended and restated credit facility and reimbursement agreement with Bank of America, N.A. for Series 2008B Credit Facility bonds. See note 25 for more information.

On April 28, 2020, the Airport extended the credit facility and reimbursement agreements with Bank of America for the Series 1992 F, G, Series 2002C and Series 2009C bonds through April 28, 2023.

For additional information about the Airport's long-term debt, see note 9 to the financial statements.

Capital Assets

As of December 31, 2022, and December 31, 2021, the Airport had $6.1 billion and $5.6 billion, respectively, in total capital assets, net of accumulated depreciation. The net accumulated depreciation is approximately $4.2 billion in 2022 and $4.0 billion in 2021. For additional information about the Airport's capital assets, see note 6 to the financial statements.

2018-2022 Capital Program

The Airport developed a capital program for the years 2018 through 2022 (2018-2022 Capital Program). The projects included in the 2018-2022 Capital Program were periodically evaluated by the Airport with respect to their timing, costs, availability of funding, Airport cash position, any environmental issues that may arise and other factors that might affect the implementation of the 2018-2022 Capital Program. Accordingly, projects currently included in the 2018-2022 Capital Program, their timing and costs were subject to change and are reflected below.

The 2018-2022 Capital Program identifies capital projects with a total cost of approximately $4.3 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$ 2.8
Jeppesen Terminal	1.0
Airside	0.3
Landside	0.2
TOTAL	**$ 4.3**

Concourse A, B, C:

Major projects include the concourse gate expansion, as well as renewal of existing facilities including but not limited to hold-room, signage and wayfinding upgrades, remodeling of the public restrooms, ramp replacement, 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 most of the additional gates and space will be revenue-producing in the near and longer term due to current airline demand. On November 20, 2020, the Airport completed four new gates on the west side of Concourse B, leased by United Airlines, as part of the Gate Expansion project. In May 2022, the Airport completed 16 new gates and 20 hold-rooms among other improvements on the east side of Concourse C. All 16 new gates are leased by Southwest with 11 of the gates currently operational. In November 2022, the Airport completed 12 new gates on the west side of Concourse A and seven new gates on the east side of Concourse B and are all leased by United. Also included in gate expansion is expansion of and modifications to the ground loading facilities on Concourse A (New GLF).

Jeppesen Terminal:

Major projects include the Great Hall project, baggage system upgrades, additional Automated Guideway Transit System (AGTS) train sets and the AGTS car replacement program. Major projects in connection with the baggage handling system improvements consist of the development of two new checked bag resolution areas that will replace the nine existing locations; installation of new conventional baggage conveyors and individual carrier system to move bags identified for additional screening between the screening areas to the new checked bag resolution areas; modifications to the run out belts and equipment in the airline use area of level 6 and associated rights of way to accommodate upgrades; and replacement and update of baggage handling system controls, automatic tag readers, and baggage handling reporting systems to meet the latest TSA requirements. 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.

After termination of the Development Agreement with Great Hall Developers, who were granted an exclusive right for the renovation and reconfiguration of a portion of the Great Hall Project, the Airport projects that the design and construction costs of the Great Hall Project remain at the original budgeted amount of $770 million which includes $120 million of contingency costs. This budgeted amount includes a portion of the termination payment that represents project value costs that were originally part of the construction budget. In order to meet the original construction budget, the Airport is working to reduce the scope of the Great Hall Project without compromising the original project goals to enhance security of passengers and the Airport, improve passenger flow and increase and improve concessions areas. The construction costs are anticipated to be funded with proceeds of the Series 2018 Subordinate Bonds, amounts on deposit in the Capital Fund, and future bond issuances.

In early 2020, the procurement process was completed, and the construction of the Great Hall Project resumed in the first quarter of 2020. Upon completion of the Great Hall Project, the City, for and on behalf of the Airport, expects to operate any commercial development in the Jeppesen Terminal and retain 100 percent of the revenues generated. In October 2021, the Great Hall Project completed construction of the initial phase, which consisted generally of renovations to the central Great Hall area for new airline ticketing operations, self-bag drop-units, renovated restrooms and new commercial spaces. In July 2021, construction began on the second phase of improvements to the Great Hall. These improvements consist of a new security checkpoint, widened balcony for more capacity and space at the new checkpoint, a new triple escalator from the security check to the train platform to access the AGTS system.

On November 19, 2021, the City, for and on behalf of the Airport, issued a Voluntary Notice related to the Great Hall Project Status Update. This disclosure is available at https://emma.msrb.org/P21516492-P21172857-P21588899.pdf.

Airside:

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

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In December 2021, the first phase of eastbound Peña Boulevard was completed and operational. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

The Airport revised its land development plan which reduced the Airport's infrastructure investment requirement.

Vision 100 - 2023-2027 CIP

The Airport developed a capital improvement program for the years 2023-2027 (Vision 100 - 2023-2027 Capital Program). The projects included in the Vision 100 – 2023-2027 Capital Program are periodically evaluated by the Airport 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 Vision 100 – 2023-2027 Capital Program.

The Vision 100 - 2023-2027 Capital Program identifies capital projects with a total cost of approximately $2.9 billion in the following areas of the Airport:

	in billions
Jeppesen Terminal	$ 1.6
Airside	0.6
Concourse Projects	0.5
Landside	0.2
TOTAL	**$ 2.9**

Jeppesen Terminal:

Included in Jeppesen Terminal is the Great Hall completion phase. The completion phase consists of a full buildout of improvements to the Jeppesen Terminal and includes a new security checkpoint with enhanced technology, relocation of certain existing checkpoints, the addition of new screening lanes, new modern and spacious ticketing spaces, new concession area, renovations to restrooms, flooring, lighting, elevators/escalators and other critical infrastructure, and added leisure spaces for travelers. In addition, the completion phase includes the development of a new Center of Equity and Excellence in Aviation (CEEA). CEEA will engage, educate, empower, motivate, and provide opportunities for under-represented students and young people who are interested and passionate about careers in aviation. Major projects in connection with the baggage handling system is to modernize the existing facilities and equipment as well as other improvements, along with upgrades to the screening system. The modernization project will replace transport conveyors, power turns, merges, high-speed diverters, motors and gearboxes, and automatic tag readers. Other improvements include replacing both domestic and international inbound/claim system. Also, the improvements include the replacement of existing conveyors located at the curbside.

Airside:

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

Concourse:

Major projects include the remodeling of the public restrooms throughout the concourses, the conveyance replacement and passenger loading bridge programs, and replacement of 15 AGTS cars.

Landside:

Major projects include reconstruction, realignment, and widening of various sections of Peña Boulevard both east and west bound and associated roadways as well as the replacement of deteriorating concrete. In addition, this includes rehabilitation of all six surface parking lot locations. Also included is the plug and abandonment of all the existing oil and gas drilling wells and tank batteries and removal of all flowlines.

Passenger Facility Charges (PFCs)

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 (FAA) 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, 2022, a total of $2.6 billion has been remitted to the Airport (including interest earned), of which $130.3 million has been expended on approved projects during 2022. $2.5 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $11.4 million is unexpended. The Airport's prior authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.2 billion. On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose additional PFC collections at the Airport. As a result of the decision, the PFC rate will remain the same, at $4.50, but the authorized maximum PFC collection total increased by $244.4 million to $3.5 billion through February 1, 2029. The decision is to fund already approved capital projects. On August 5, 2021, the FAA issued an Acknowledgement Letter regarding the City's application on notice of intent to impose PFC collections at the Airport. As a result of the Acknowledgement Letter, the PFC rate will remain the same, at $4.50, but authorized maximum PFC collection total increased by $136.7 million to $3.6 billion. The collection will begin on October 1, 2030, and will complete on October 1, 2031.

Customer Facility Charges (CFCs)

Effective January 1, 2014, the Airport imposed a CFC of $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.

Effective February 1, 2023, the CFC rate will increase to $6.00 per rental car transaction day for all airport customers to be collected by all on-airport rental car companies. This will also apply to the outlying locations that have qualified airport passengers.

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.

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
FINANCIAL STATEMENTS

Statements of Net Position

December 31, 2022 and 2021 ($ in thousands)

	2022	As restated 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 29,490	$ 57,688
Investments	398,706	308,599
Accounts receivable, net of allowance of $3,252 and $2,763, respectively	48,699	57,816
Lease receivable	64,717	16,547
Grants receivable	36,201	31,299
Customer facility charges receivable	3,705	1,539
Accrued interest receivable	6,361	6,693
Other receivables	7,603	28,241
Due from other City agencies	-	807
Inventories	9,648	9,182
Prepaid expenses and other	5,592	4,430
Total current unrestricted assets	610,722	522,841
Restricted assets:		
Cash and cash equivalents	221,232	113,758
Investments	822,806	317,570
Accrued interest receivable	11,854	3,256
Prepaid expenses and other	17,443	14,692
Passenger facility charges receivable	15,770	14,167
Total current restricted assets	1,089,105	463,443
Total current assets	1,699,827	986,284
Noncurrent assets:		
Investments - unrestricted	807,089	954,429
Lease receivable	399,542	107,058
Other receivables	46,754	107,651
Capital assets (non-depreciable):		
Art	7,376	7,376
Capacity rights	12,400	12,400
Construction in progress	553,596	1,747,240
Land, land rights and air rights	295,766	295,766
Capital assets (depreciable):		
Buildings, improvements, and intangibles	8,047,817	6,309,971
Machinery and equipment	1,312,512	1,154,318
Lease asset	11,007	5,487
Less: accumulated depreciation and amortization	4,181,697	3,959,856
Total capital assets	6,058,777	5,572,702
Prepaid bond insurance	-	91
Interest rate swaps	-	2,916
Investments - restricted	1,665,584	982,175
Total noncurrent assets	8,977,746	7,727,022
Total assets	10,677,573	8,713,306
Deferred outflows of resources	67,705	91,570
Total assets and deferred outflows	$ 10,745,278	$ 8,804,876

See accompanying notes to financial statements

Statements of Net Position

December 31, 2022 and 2021 ($ in thousands)

	2022	As restated 2021
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 116,718	$ 137,991
Due to other city agencies	24,280	35,879
Compensated absences payable	2,385	2,255
Other liabilities	3,518	46,746
Lease liability	195	3,408
Revenue credit payable	50,000	40,000
Advance rent	33,879	35,366
Total current unrestricted liabilities	230,975	301,645
Restricted:		
Vouchers payable	5,544	1,696
Retainages payable	106,432	92,949
Accrued interest and matured coupons	39,492	24,861
Note payable	133	-
Other liabilities	13,247	6,178
Revenue bonds	260,555	925,470
Total current restricted liabilities	425,403	1,051,154
Total current liabilities	656,378	1,352,799
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	7,278,770	5,083,180
Plus: net unamortized premiums	469,351	335,548
Total bonds payable, noncurrent	7,748,121	5,418,728
Interest rate swaps	-	9,902
Lease liability	2,269	200
Note payable	282	-
Compensated absences payable	10,084	9,617
Net pension liability	166,159	187,776
Net OPEB liability	21,946	23,470
Claim litigation reserves	86,895	80,474
Total noncurrent liabilities	8,035,756	5,730,167
Total liabilities	8,692,134	7,082,966
Deferred inflows of resources	508,776	149,894
Net Position		
Net deficit in capital assets	(168,978)	(136,825)
Restricted for:		
Capital projects	17,443	14,692
Debt service	463,937	371,249
Unrestricted	1,231,966	1,322,900
Total net position	1,544,368	1,572,016
Total liabilities, deferred inflows and net position	$ 10,745,278	$ 8,804,876

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2022 and 2021 ($ in thousands)

	2022	As restated 2021
Operating revenues:		
Facility rentals	$ 249,586	$ 187,007
Parking	206,468	147,809
Landing fees	149,791	150,575
Concession	103,189	69,120
Car rental	88,326	75,703
Hotel	65,078	43,674
Aviation fuel tax	38,238	21,626
Ground transportation	19,722	13,848
Other sales and charges	9,786	7,034
Total operating revenues	930,184	716,396
Operating expenses:		
Personnel	185,289	178,530
Contractual services	246,839	213,225
Repair and maintenance projects	47,095	22,372
Maintenance, supplies and materials	26,388	18,867
Hotel	30,523	22,458
Legal/claim reserve expense	6,420	5,961
Total operating expenses	542,554	461,413
Operating income, before depreciation and amortization	387,630	254,983
Less: Depreciation and amortization	274,187	226,852
Operating income	113,443	28,131
Nonoperating revenues (expenses):		
Passenger facility charges	132,709	113,500
Customer facility charges	17,389	15,585
Investment (loss) income	(117,330)	(34,937)
Lease interest income	10,243	-
Interest expense	(257,069)	(221,738)
Stimulus funds	939	250,880
Other revenues (expenses), net	(2,079)	(11,407)
Total net nonoperating (expenses) revenue	(215,198)	111,883
Change in net position before capital grants and contributions	(101,755)	140,014
Capital grants and contributions	74,107	24,814
Change in net position	(27,648)	164,828
Net position, beginning of year	1,572,016	1,407,188
Net position, end of period	$ 1,544,368	$ 1,572,016

See accompanying notes to financial statements

Statements of Cash Flows

Years Ended December 31, 2022 and 2021 ($ in thousands)

	2022	As restated 2021
Cash flows from operating activities:		
Receipts from customers	$ 967,748	$ 664,507
Payments to suppliers	(313,415)	(229,341)
Interfund activity payments to other funds	(19,809)	(19,459)
Payments to employees	(204,416)	(161,171)
Net cash provided by operating activities	430,108	254,536
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	3,001,943	726,220
Proceeds from issuance of lease	2,435	-
Principal paid on notes payable and capital leases	(11)	(2,235)
Principal paid on revenue bonds	(225,470)	(240,675)
Principal paid on interim note	(700,000)	-
Principal paid on lease liability	(3,579)	-
Interest paid on revenue bonds	(266,854)	(250,931)
Other bond costs	(13,448)	(4,820)
Interest on lease and notes payable	(76)	(27)
Capital grant receipts	69,204	14,099
CARES Act grant receipts	-	6,402
CRRSA Act grant receipts	-	48,641
ARPA Act grant receipts	-	195,188
Interest portion of lease proceeds	10,243	-
Passenger facility charges	131,106	108,387
Customer facility charges	15,223	14,285
Purchases of capital assets	(790,000)	(932,418)
Payments to escrow for current refunding of debt	(351,690)	(30,415)
Proceeds from sale of capital assets	1,035	677
Net insurance claim (recovery) costs - capital asset	33,000	(1,120)
Net cash provided by (used in) financing activities	913,061	(348,742)
Cash flows from investing activities:		
Purchases of investments	(1,960,108)	(1,050,122)
Proceeds from sales and maturities of investments	639,387	1,141,717
Proceeds from sales of assets held for disposition	-	1,700
Net swap termination receipts (payments)	(666)	-
Interest and dividends on investments and cash equivalents	57,494	(37,035)
Payments to maintain assets held for disposal	-	(22)
Insurance recoveries for Stapleton environmental premeditation	-	22
Net cash provided by (used in) investing activities	(1,263,893)	56,260
Net increase (decrease) in cash and cash equivalents	79,276	(37,946)
Cash and cash equivalents, beginning of year	171,446	209,392
Cash and cash equivalents, end of period	$ 250,722	$ 171,446

(continued)

Statements of Cash Flows

Years Ended December 31, 2022 and 2021 ($ in thousands)

	2022	As restated 2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 113,443	$ 28,131
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	274,187	226,852
Changes in assets and liabilities:		
Receivables, net of allowance	70,763	(95,302)
Lease receivable	(340,654)	-
Due from other city agencies	807	339
Inventories	(466)	114
Prepaid expenses and other	(1,162)	(3,878)
Deferred outflows - pension	7,755	1,738
Vouchers and other payables	11,170	12,246
Deferred rent	(1,487)	(5,169)
Due to other city agencies	(11,599)	28,875
Compensated absences	597	(225)
Net pension liability	(21,617)	(12,103)
Net OPEB liability	(1,525)	1,854
Deferred inflows - pension	12,811	16,223
Deferred inflows - lease	335,872	-
Claim litigation reserve	6,420	5,961
Other operating liabilities	(25,207)	48,880
Net cash provided by operating activities	$ 430,108	$ 254,536

	2022	2021
Noncash activities:		
Unrealized gain (loss) on investments	$ (189,459)	$ (96,175)
Change in fair value of the interest rate swaps	5,545	8,353
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	34,060	28,482
Bond refunding transactions:		
Proceeds from bond issuance	-	28,900
Advanced refunding	-	(28,900)
Capital assets in vouchers payable and retainage payable	79,592	136,405
Net loss on disposal of capital assets	(9,897)	(29,868)
Capital assets - notes payable	425	-
Notes payable	(425)	-
GASB 87 lease receivable	-	123,605
GASB 87 deferred inflows	-	(123,605)
GASB 87 lease liability	-	(3,608)
GASB 87 right to use asset	-	5,487
GASB 87 prepaid lease liability	-	(1,879)

See accompanying notes to financial statements

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (the Airport or DEN) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

The Airport consists of a landside terminal building, hotel, transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 7 for further discussion.

(b) Reporting Entity

The accompanying financial statements present only the Airport enterprise fund and are not intended to present fairly the financial position of the City, the changes in its financial position, or where applicable, its cash flows in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents. See note 4 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, 2022 and 2021. The Airport's investments are maintained in pools at the City and include U.S. treasury securities, U.S. agency securities, corporate bonds, multinational fixed income, structured products, commercial paper, local government investment pools, municipal bonds, money market funds, and certificates of deposit. The City's investment policy can be viewed at https:// www.denvergov.org/content/dam/denvergov/Portals/344/documents/transparency/investments/Investment_Policy.pdf.

(d) Inventories

Inventories consist of materials and supplies valued at cost or net realizable value.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at the Airport. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of the Airport are included in construction in progress.

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
Furniture and Furnishings	3 - 5 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refundings, and Unamortized Premiums (Discounts)

Bond insurance premiums are recorded as assets and amortized over the life of the insurance policy using the effective interest method. Premiums (discounts) on bonds payable are recorded as liabilities or contra-liabilities and amortized over the life of bonds 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 and vacation leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport, for periods subsequent to the reporting period and prior to when the Airport has a legal right claim to the payments as revenue. Included in advance rent are customer credits and deposits.

(i) Pensions and Other Postemployment Benefits (OPEB)

For purposes of recording the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources relating to pension and OPEB, and pension and OPEB 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) Leases

Lease receivables and lease liabilities are measured at the present value of lease payments expected to be received or paid during the lease term using the Airport's incremental borrowing rate based on interest rates that are stated in 2021-2022 Airport Revenue Bond Issuances. These rates are used as they best reflect the borrowing rates of the Airport, and rates that would be charged to tenants during the lease terms. Variable payments that are based on future performance of the lessee or usage of the underlying assets are not included in the measurement of the lease receivables or lease liabilities. DEN monitors changes in lease terms and circumstances and remeasures lease receivables and lease liabilities if certain changes occur that are expected to significantly affect the carrying amount of the Lease Receivable or Lease Liability.

(k) Net Position

2022

The Airport's assets and deferred outflows exceeded liabilities and deferred inflows by $1.5 billion as of December 31, 2022, a $27.6 million, or 1.8%, decrease in net position from December 31, 2021.

As of December 31, 2022, total net position is $1.5 billion, of which 31.2% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $463.9 million. This includes the bond reserve account, bonds accounts, and the remaining portion of ARPA Act Irrevocable Escrow accounts, which represents $154.0 million for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. The net position restricted for capital projects represents $17.4 million.

As of December 31, 2022, the remaining net position consists of unrestricted balance of $1.2 billion and a deficit net investment in capital assets of ($169.0) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2021

The of December 31, 2021, total net position is $1.6 billion, of which 24.6% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $371.2 million. This includes bond reserve account, bonds accounts, and the CRRSA Act Irrevocable Escrow Account. The bond reserve fund and bond fund represent $522.0 million and are restricted for debt service. Effective on July 14, 2021, the Minimum Bond Reserve requirement for the senior lien was adjusted. In October 2021, the amount deposited in the CRRSA Act Irrevocable Escrow account was $48.6 million and funded by reimbursement of debt service from CRRSA Acts. As of December 31, 2021, the remaining unused portion of the CRRSA Act Irrevocable Escrow account is $48.6 million. The net position restricted for capital projects represent $14.7 million.

As of December 31, 2021, the remaining net position consist of unrestricted balance of $1.3 billion and a deficit net investment in capital assets of ($136.8) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. Also, the Airport has internally designated $195.2 million, which represents the debt service reimbursed under the ARPA Act funds. The ARPA Act debt service reimbursements will be used to fund the ARPA Act Irrevocable Escrow. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

(l) 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.

(m) 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 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.

(n) 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, and investment income.

(o) 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 operating revenues.

(p) 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 (Airline Revenue Credit) are to be credited in the following year to the airline rates and charges. As of December 31, 2022, and 2021, the Airline Revenue Credit liability balance is $50.0 million and $40.0 million, respectively, and is reported in the statements of net position as revenue credit payable.

(q) 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.

(r) Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in total net position.

(s) Restatement of Net Position

The Airport adopted Governmental Accounting Standard Board (GASB) Statement No. 87, *Leases*, (GASB 87) effective January 1, 2021. Total effect of the implementation on the fiscal year 2021 Statement of Net Position is summarized below ($ in thousands):

	Statement of Net Position As of December 31, 2021		
	Prior to GASB 87	Post GASB 87	Effect of change
Lease receivable - current	$ -	$ 16,547	$ 16,547
Prepaid expenses and other	6,298	4,430	(1,868)
Lease receivable - noncurrent	-	107,058	107,058
Lease asset	-	5,487	5,487
Other liability - current	(46,735)	(46,746)	(11)
Lease liability - current	-	(3,408)	(3,408)
Lease liability - noncurrent	-	(200)	(200)
Deferred Inflows of Resources	(26,289)	(149,894)	(123,605)
Total effect	$ (66,726)	$ (66,726)	$ -

The Airport did not restate the year ended December 31, 2021 Statement of Revenues, Expenses, and Changes in Net Position for GASB 87, since the impact was not significant.

(3) New Accounting Standards

Effective GASB statements impacting the Airport.

GASB 87 was adopted by the Airport as of January 1, 2021. The primary objective of GASB 87 is to enhance the relevance and consistency of information about governments' leasing activities. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As part of the implementation of GASB 87, the Airport changed its method of accounting for leases. The Airport recognized a lease liability and an intangible right-to-use lease asset for eligible leases with its vendors. The Airport also recognized a lease receivable and a deferred inflow of resources for its eligible leases with customers using space within the Airport's facilities. GASB 87 requires changes adopted to conform to the provisions of the statement applied retroactively by restating financial statements for all prior periods presented. The Airport presents comparative financial statements. Changes to the Statement of Net Position as of December 31, 2021 are included to conform to GASB 87 guidance. The Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2021 is not restated as the effect of GASB 87 was determined to not be significant. See note 2(s) and note 19 for additional information.

Future GASB Statements:

Issued in May 2020, GASB Statement No. 96, *Subscription-Based Technology Arrangements (SBITAs)* (GASB 96) establishes standards of accounting and financial reporting for SBITAs by a government end user. GASB 96 defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability. GASB 96 also provides the capitalization criteria for outlays other than subscription payments, including SBITA implementation costs as well as note disclosure requirements for SBITAs. Implementation of this statement is effective for fiscal years beginning after June 15, 2022. The Airport is currently evaluating the impact of this statement on its financial statements.

Issued in June 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100) establishes standards of accounting and financial reporting for (a) each type of accounting changes and (b) the correction of an error in previously issued financial statements (error correction). GASB 100 defines requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements of GASB 100 for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. GASB 100 also requires that the aggregate amounts of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statement. Implementation of this statement is effective for fiscal years beginning after June 15, 2023. Earlier application is encouraged.

Issued in June 2022, GASB Statement No. 101, *Compensated Absences* (GASB 101) establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). GASB 101 requires that liabilities for compensated absences by recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Under GASB 101, a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB 101 requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. GASB 101 also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Implementation of this statement is effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.

(4) Cash and Cash Equivalents

(a) Deposits

As a department of the City, the Airport System's deposits are pooled with the City's. Deposits are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's Investment Policy (the Policy) requires that certificates of deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. At December 31, 2022, the amount of the Airport's collateralized deposits was $17.8 million. At December 31, 2021, the amount of the Airport's deposits was $9.5 million.

(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 City Chief Financial Officer (City 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 City 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, 2022 and 2021, respectively, the Airport's cash, cash equivalents, and investment balances were as follows ($ in thousands):

	December 31, 2022	December 31, 2021
Cash and cash equivalents (including cash on hand)	$ 250,722	$ 171,446
Certificate of deposit	27,136	-
Municipal bonds	125,332	71,506
Commercial paper	98,373	158,170
Corporate bonds	509,919	376,763
Multinational fixed income	248,757	261,111
Structured products	287,223	214,402
U.S. treasury securities	1,278,566	775,285
U.S. agency securities	1,118,879	705,536
	$ 3,944,907	$ 2,734,219

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 currently does not maintain securities classified as level 1 or Level 3. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Fixed income securities and derivatives within all asset classes that are classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call feature, and ratings. Matrix pricing issued to value securities based on the securities' relationship to benchmark quoted prices. Such securities include U.S. Treasuries, corporate bonds, and structured products. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Investment derivative instruments determination of fair value consists of a two-step process. First settlement prices are determined by utilizing the income approach under GASB 72 from "mid-market" pricing data available from public and subscription sources. The second step is to determine the credit valuation adjustment for the derivative instruments. The purpose of the credit valuation adjustment is to quantify the nonperformance risk of the reporting entity as well as the nonperformance risk of the counterparty. Fair value is then determined as the settlement price of the derivative instrument adjusted by the credit valuation adjustment of both the reporting entity's payment obligation and the counterparty's payment obligation. On December 16, 2022, the Airport terminated the remaining outstanding derivative instruments.

At December 31, 2022, the Airport has the following recurring fair value measurements ($ in thousands):

	Fair value measurements			
Asset	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 27,136	-	$ 27,136	-
Commercial paper	98,373	-	98,373	-
Corporate bonds	509,919	-	509,919	-
Multinational fixed income	248,757	-	248,757	-
Municipal bonds	125,332	-	125,332	-
Structured products	287,223	-	287,223	-
U.S. agency securities	1,118,879	-	1,118,879	-
U.S. treasury securities	1,278,566	-	1,278,566	-
Total investments	3,694,185	-	3,694,185	-
Net liability derivative instruments interest rate swaps	$ -	$ -	$ -	$ -

At December 31, 2021, 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	$ 158,170	$ -	$ 158,170	$ -
Corporate bonds	376,763	-	376,763	$ -
Multinational fixed income	261,111	-	261,111	-
Municipal bonds	71,506	-	71,506	-
Structured products	214,402	-	214,402	-
U.S. agency securities	705,536	-	705,536	-
U.S. treasury securities	775,285	-	775,285	-
Total investments	2,562,773	-	2,562,773	-
Net liability derivative instruments interest rate swaps	$ 6,986	$ -	$ 6,986	$ -

The City invests in two Local Government Investment Pools, CSAFE and Colotrust. CSAFE and Colotrust are regulated by state statute so that the funds held are fully collateralized. As of December 31, 2022, the Airport has balances of $37.7 million and $38.6 million in CSAFE and Colotrust, respectively, included in cash and cash equivalents. As of December 31, 2021, the Airport has balances of $37.3 million and $75.5 million in CSAFE and Colotrust, respectively. CSAFE measures all of its investments at $1 net asset per share or amortized cost. 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, 2022 and 2021, is as follows ($ in thousands):

	December 31, 2022	December 31, 2021
Unrestricted cash and cash equivalents	$ 29,490	$ 57,688
Unrestricted investments	1,205,795	1,263,028
Restricted cash equivalents	221,232	113,758
Restricted investments	2,488,390	1,299,745
	$ 3,944,907	$ 2,734,219

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. Per the City's Policy, commercial paper can have a maximum maturity of 270 days, U.S. Treasury and Agency securities can have a maximum maturity of 10 years, and structured products, such as Mortgage Pass-Through Securities and Collateralized Mortgage Obligations can have a maximum of 31 years. The City manages interest rate risk for investments under the control of the City CFO by limiting their maximum maturity of investments.

At December 31, 2022, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

		Investments maturity in years			
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**10+**
Commercial paper	$ 98,373	$ 98,373	$ -	$ -	$ -
Certificates of deposit	27,136	27,136	-	-	-
Municipal securities	125,332	21,557	72,639	31,136	-
U.S. treasury securities	1,278,566	605,223	434,050	239,293	-
U.S. agency securities	1,118,879	312,293	627,929	176,804	1,853
Corporate bonds	509,919	77,872	393,127	38,920	-
Multinational fixed income	248,757	49,560	173,513	25,684	-
Structured products	287,223	29,498	172,588	82,830	2,307
Total	$ 3,694,185	$ 1,221,512	$ 1,873,846	$ 594,667	$ 4,160

At December 31, 2021, the Airport's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows ($ in thousands):

		Investments maturity in years			
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**10+**
Commercial paper	$ 158,170	$ 158,170	$ -	$ -	$ -
Municipal bonds	71,506	13,177	58,329	-	-
U.S. treasury securities	775,285	275,577	329,352	170,356	-
U.S. agency securities	705,536	73,308	528,149	101,877	2,202
Corporate bonds	376,763	46,975	324,699	5,089	-
Multinational fixed income	261,111	50,745	191,466	18,900	-
Structured products	214,402	8,217	143,699	59,990	2,496
Total	$ 2,562,773	$ 626,169	$ 1,575,694	$ 356,212	$ 4,698

As of December 31, 2022, the Airport portfolio included callable corporate bond and U. S. Agency securities with a fair value of $287.8 million and $33.6 million, respectively. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date.

Credit Quality Risk: Credit quality risk is the risk that an issuer or other counterparty to a debt security will not fulfill its obligation to the City. Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Fitch are the three primary Nationally Recognized Securities Rating Organizations (NRSRO) that assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are assigned credit quality ratings AAA or its equivalent. Of the City's investments at December 31, 2022, commercial paper, U.S. Agency securities and local government investment pools were subject to credit quality risk. The City's Policy requires that commercial paper be rated by at least two of the NRSRO's and have a minimum short-term rating of A-1, P-1, and or F-1 at the time of purchase. The Policy also requires the local government investment pools be in conformity with Title 24, Article 75 Part 7 of the Colorado Revised Statutes and have an office in Denver.

As of December 31, 2022, the Airport's investments complied with the City's Policy. More than 5.0% of Airport investments in U.S. Agency securities are in individual issuers: Federal Home Loan Bank 11.61% and Federal Farm Credit Bank 8.74%.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name.

None of the Airport System's investments owned at December 31, 2022, 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 fair 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.

Foreign Currency Risk: Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The City's Policy does not allow for investments in foreign currency.

As of December 31, 2022, all investments complied with this policy.

(5) Accounts and Long-Term Other Receivables

(a) Allowance for Doubtful Accounts

Management of the Airport reviews accounts receivable periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2022 and 2021, an allowance of $3.3 million and $2.8 million, respectively, was established.

(b) Long-Term Other Receivables

2021 COVID-19 Rent Relief

Issued in November 2020 and effective in January 2021, the Airport implemented relief policies (2021 COVID-19 Relief Policies) for revenue contracts providing payment deferrals and certain fee waivers. For the signatory airlines, participants must maintain payment compliance through the policy term and for 2021 were required to pay 75% of their fixed and variable rate billings as defined in the Use and Lease Agreements. The remaining 25% of these billings must be paid over the next five years in equal annual installments starting in 2022 with each installment due by September 30th. The outstanding payment deferrals will be charged the U.S. Treasury Note rate is based on the 5-year Daily Treasury Par Yield Curve rate effective on February 1, 2022, which was 1.63%. This rate is fixed over the repayment term. As of December 31, 2022, some of the airlines paid in full the total outstanding deferred balances. The remaining outstanding receivables, as of December 31, 2022 are as follows ($ in thousands):

	Amount
Year:	
2023	$ 2,149
2024	3,813
2025	3,813
2026	3,817
Total	$ 13,592
Less current portion	(2,149)
Long-term receivables	$ 11,443

The equal annual installments due for 2024-2026 are included in long-term other receivables, net of current portion in other receivables on the Statement of Net Position.

Other Receivable (Loan)

Included in long-term receivable is approximately $4.8 million notes receivable related to solar panel installation and approximately $27.0 million loans due from two districts. The districts are reimbursing the Airport for funding the construction and infrastructure of the rail station at 61st Boulevard and Pena Boulevard for infrastructure work around the Airport property. Each loan bears interest at 5.0% with interest compounded and due semiannually on June 1st and December 1st with principal due annually on December 1st. The outstanding loan balance, including compounded interest, is included in the table below, and will be repaid from ad valorem taxes. Total loan payments are capped at $41.6 million. As of December 31, 2022, the projected future principal and interest collections from the districts are as follows ($ in thousands):

	Amount
Year:	
2023	$ 186
2024	293
2025	381
2026	588
2027	1,006
2028-2032	7,559
2033-2037	9,168
2038-2042	10,122
2043-2047	11,175
2048	461
Total	$ 40,939

The installments due for 2023-2048 are included in long-term other receivables, net of current portion on the Statement of Net Position.

(6) Capital Assets

Changes in capital assets for the years ended December 31, 2022 and 2021 were as follows ($ in thousands):

	2022				
	January 1, 2022 (As restated)	Additions	Transfers and reclassifications	Reductions	December 31, 2022
Non depreciable capital assets					
Art	$ 7,376	$ -	$ -	$ -	$ 7,376
Capacity rights	12,400	-	-	-	12,400
Construction in progress	1,747,240	773,923	(1,956,410)	(11,157)	553,596
Land, land rights, and air rights	295,766	-	-	-	295,766
Total non depreciable capital assets	2,062,782	773,923	(1,956,410)	(11,157)	869,138
Depreciable capital assets					
Buildings and improvements	4,865,468	-	1,672,205	(773)	6,536,900
Machinery and equipment	1,154,318	1,878	209,234	(52,918)	1,312,512
Infrastructure and land improvements	1,412,265	-	74,824	(7,333)	1,479,756
Intangibles	32,238	-	154	(1,231)	31,161
Leased assets (GASB 87)	5,487	5,520	-	-	11,007
Total depreciable capital assets	7,469,776	7,398	1,956,417	(62,255)	9,371,336
Less accumulated depreciation and amortization					
Buildings and improvements	(2,370,432)	(168,214)	-	609	(2,538,037)
Machinery and equipment	(834,678)	(49,164)	(7)	48,451	(835,398)
Infrastructure and land improvements	(723,455)	(49,634)	-	2,062	(771,027)
Intangibles	(31,291)	(882)	-	1,231	(30,942)
Leased assets (GASB 87)	-	(6,293)	-	-	(6,293)
Total accumulated depreciation and amortization	(3,959,856)	(274,187)	(7)	52,353	(4,181,697)
Total depreciable capital assets, net	3,509,920	(266,789)	1,956,410	(9,902)	5,189,639
Total capital assets	$ 5,572,702	$ 507,134	$ -	$ (21,059)	$ 6,058,777

In December 2021, water damage occurred to the Concourse B-East expansion project, which caused an asset impairment of approximately $24.1 million, which was recognized in 2021. As of December 31, 2021, approximately $21.4 million, net of $0.2 million deducible, of the loss was estimated to be recoverable through insurance proceeds, and as of December 31, 2022, a total of $33.0 million was received.

	2021 (As restated)				
	January 1, 2021	Additions	Transfers and reclassifications	Reductions	December 31, 2021
Non depreciable capital assets					
Art	$ 7,376	$ -	$ -	$ -	$ 7,376
Capacity rights	12,400	-	-	-	12,400
Construction in progress	1,393,010	992,141	(606,712)	(31,199)	1,747,240
Land, land rights, and air rights	295,766	-	-	-	295,766
Total non depreciable capital assets	1,708,552	992,141	(606,712)	(31,199)	2,062,782
Depreciable capital assets					
Buildings and improvements	4,459,137	-	412,459	(6,128)	4,865,468
Machinery and equipment	1,048,021	459	111,532	(5,694)	1,154,318
Infrastructure and land improvements	1,345,181	-	82,488	(15,404)	1,412,265
Intangibles	32,515	-	233	(510)	32,238
Lease assets (GASB 87)	5,487	-	-	-	5,487
Total depreciable capital assets	6,890,341	459	606,712	(27,736)	7,469,776
Less accumulated depreciation and amortization					
Buildings and improvements	(2,242,908)	(133,180)	-	5,656	(2,370,432)
Machinery and equipment	(795,100)	(45,192)	-	5,614	(834,678)
Infrastructure and land improvements	(686,906)	(46,811)	-	10,262	(723,455)
Intangibles	(30,132)	(1,669)	-	510	(31,291)
Total accumulated depreciation and amortization	(3,755,046)	(226,852)	-	22,042	(3,959,856)
Total depreciable capital assets, net	3,135,295	(226,393)	606,712	(5,694)	3,509,920
Total capital assets (restated)	$ 4,843,847	$ 765,748	$ -	$ (36,893)	$ 5,572,702

The Airport adopted GASB 87 during the year, with retroactive application to January 1, 2021. The 2021 table is restated to incorporate the impact of GASB 87 to depreciable capital assets and total accumulated depreciation and amortization.

(7) Disposal of Stapleton

The City ceased aviation operations at Stapleton upon the opening of the Airport on February 28, 1995 and all property has been disposed. 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 the Airport. 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 current and anticipated costs accrued in restricted other liabilities for the environmental liability for Stapleton as of December 31, 2022 and 2021 was $2.7 million and $2.7 million, respectively. The Airport has accrued $5.2 million and $5.2 million of insurance recoveries in accounts receivable at December 31, 2022 and 2021. The Airport received no insurance recovery payments for 2022 and 2021.

(8) Due to Other City Agencies

The City provides various services to the Airport, including data processing, investing, financial services, budgeting, engineering, and personnel (including airport police and fire salaries). Billings from the City, both direct and indirect, during 2022 and 2021 totaled $67.8 million and $65.0 million, respectively, and have been included in operating expenses. The outstanding liability to the City and its related agencies in connection with these services totaled $24.3 million and $35.9 million at December 31, 2022 and 2021, respectively.

(9) Bonds Payable

Changes in long-term debt for the years ended December 31, 2022 and 2021 were as follows ($ in thousands):

	2022					
	January 1, 2022	Additions	Refunded debt	Retirements	December 31, 2022	Amounts due within one year
Senior lien bonds	$ 1,695,365	$ 2,808,120	$ (266,375)	$ (104,170)	$ 4,132,940	$ 175,715
Subordinate lien bonds	3,155,980	-	-	(36,220)	3,119,760	47,030
Direct Placement						
Senior lien bonds	227,155	-	(85,600)	(30,800)	110,755	5,790
Subordinate lien bonds	930,150	-	-	(754,280)	175,870	32,020
Total Airport System revenue bonds	6,008,650	2,808,120	(351,975)	(925,470)	7,539,325	260,555
Plus unamortized net premiums	335,548	193,823	(15,151)	(44,869)	469,351	-
Total bond debt	$ 6,344,198	$ 3,001,943	$ (367,126)	$ (970,339)	$ 8,008,676	$ 260,555
Less current portion					(260,555)	
Noncurrent portion					$ 7,748,121	

	2021					
	January 1, 2021	Additions	Refunded debt	Retirements	December 31, 2021	Amounts due within one year
Senior lien bonds	$ 1,824,230	$ -	$ (30,415)	$ (98,450)	$ 1,695,365	$ 104,170
Subordinate lien bonds	3,176,130	-	-	(20,150)	3,155,980	36,220
Direct Placement						
Senior lien bonds	262,155	28,900	(28,900)	(35,000)	227,155	30,800
Subordinate lien bonds	250,925	726,220	-	(46,995)	930,150	754,280
Total Airport System revenue bonds	5,513,440	755,120	(59,315)	(200,595)	6,008,650	925,470
Economic defeasance	40,080	-	-	(40,080)	-	-
Plus unamortized net premiums	376,825	-	-	(41,277)	335,548	-
Total bond debt	$ 5,930,345	$ 755,120	$ (59,315)	$ (281,952)	$ 6,344,198	$ 925,470
Less current portion					(925,470)	
Noncurrent portion					$ 5,418,728	

The Airport has issued bonds, bearing 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 and variable rate bonds are issued in weekly mode.

The maturity dates, interest rates, and principal amounts outstanding as of December 31, 2022 and December 31, 2021 are as follows ($ in thousands):

			Amount outstanding	
Bond	**Maturity**	**Interest rate**	**December 31, 2022**	**December 31, 2021**
Senior lien bonds				
Series 2009B	November 15, 2036 to 2039	6.41%	$ 65,290	$ 65,290
Series 2012A	November 15, 2023, and 2031 to 2043	4.00-5.00%	32,380	116,885
Series 2012B	November 15, 2023 to 2024, 2031, and 2038 to 2043	4.00-5.00%	157,045	276,355
Series 2012C	November 15, 2026	3.59%	30,285	30,285
Series 2016A	November 15, 2023 to 2025, and 2031 to 2032	5.00%	207,020	207,020
Series 2017A	November 15, 2023 to 2024, and 2026 to 2030	5.00%	158,805	172,785
Series 2017B	November 15, 2033	5.00%	21,280	21,280
Series 2019C	November 15, 2026 to 2036	5.00%	120,005	120,005
Series 2019D	November 15, 2026 to 2031	5.00%	-	83,725
Series 2020A-1	November 15, 2023 to 2024, 2026, 2029, and 2032	5.00%	42,390	90,790
Series 2020A-2	November 15, 2023 to 2025	5.00%	36,640	46,930
Series 2020B-1	November 15, 2023 to 2025	5.00%	18,930	28,420
Series 2020B-2	November 15, 2025	5.00%	24,060	24,060
Series 2020C	November 15, 2023 to 2037	0.877 - 2.867%	410,690	411,535
Series 2022A	November 15, 2023 to 2053	4.00 - 5.50%	1,465,560	-
Series 2022B	November 15, 2026 to 2053	5.00 - 5.25%	175,570	-
Series 2022C	November 15, 2023 to 2053	5.00 - 5.25%	349,180	-
Series 2022D	November 15, 2024 to 2053	5.00 - 5.75%	817,810	-
Subordinate lien bonds				
Series 2013A	November 15, 2023 to 2043	4.00-5.50%	290,380	295,220
Series 2013B	November 15, 2023 to 2043	5.00-5.25%	350,100	357,025
Series 2018A	December 1, 2023 to 2048	3.75-5.25%	2,295,930	2,320,110
Series 2018B	December 1, 2023 to 2048	3.50-5.00%	183,350	183,625
Direct Placement				
Senior lien bonds				
Series 2002C	November 15, 2023, and 2026 to 2031	4.17%*	13,800	17,200
Series 2007G1-G2	November 15, 2023 to 2031	3.09%*	-	92,800
Series 2008B	November 15, 2023 to 2031	4.17%*	29,600	35,100
Series 2009C	November 15, 2026 to 2031	4.17%*	45,255	56,455
Series 2021A-B	November 15, 2024 to 2031	4.17%*	22,100	25,600
Subordinate lien bonds				
Series 2015A	November 15, 2023 to 2025	2.20%	99,540	99,540
Series 2019A	November 15, 2024 and 2030	1.37%	76,330	104,390
Series 2021 Interim Note	June 30, 2022	0.69%*	-	700,000
Series 2021C	November 15, 2022	0.51%	-	26,220
Total revenue bonds			7,539,325	6,008,650
Less current portion			(260,555)	(925,470)
Net unamortized premiums			469,351	335,548
Total bonds payable noncurrent			$ 7,748,121	$ 5,418,728

* Variable rates are as of December 31, 2022

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Economic Defeasances

On November 1, 1999, the Airport entered into an economic defeasance of $54.9 million of Airport Revenue Bonds through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds were intended to pay principal and interest on $40.1 million of the Series 1992C Bonds (LOI 1998/1999 bond) maturing on November 15, 2025. On May 20, 2021, these bonds were fully redeemed. Escrow B proceeds were used to pay principal and interest on $14.8 million of the Series 1991D Bonds which matured on November 15, 2013.

(b) Bond and Note Issuances

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. The proceeds from the Series 2022C and 2022D Bonds, coupled with Airport bond funds were used to provide project funds to pay a portion of the Vision 100 2023-2027 Capital Program, refund and redeem all or a portion of outstanding principal amounts, pay the costs of terminating a 2006A Swap Agreement with GKB Financial Services Corp. and a 2008A Swap Agreement with Royal Bank of Canada, make necessary deposits to the Bond Reserve Fund, make deposits to the Capitalized Interest Subaccount for the Series 2022C and Series 2022D Bonds, and pay the costs of issuance of the Series 2022C and Series 2022D Bonds. The Series 2022C and Series 2022D Bonds bear interest at various fixed rates, staggered maturities through November 15, 2053 and are subject to redemption prior to maturity. The refunding transactions yielded a net present value savings of $8.1 million.

On July 19, 2022, the Airport issued senior lien Airport System Revenue Bonds Series 2022A (AMT) (Series 2022A) and Airport System Revenue Bonds Series 2022B (non-AMT) (Series 2022B) in the aggregate principal amounts of $1.5 billion and $175.6 million, respectively. The proceeds of the Series 2022A and Series 2022B Bonds were used to redeem and pay the 2021 Interim Note, to fully fund the Airport's 2018-2022 Capital Program, to make deposits to the Bond Reserve Fund and Capitalized Interest Subaccount, and to pay costs of issuance for Series 2022A and Series 2022B Bonds. Both series were issued at premium, bear interest at various fixed rates, and are subject to redemption prior to maturity.

On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. This adjusted the calculation of the Minimum Bond Reserve as defined within the General Bond Ordinance and reduced the Minimum Bond Reserve amount as it applies to the senior lien airport system revenue bonds. The City, for and on behalf of the Airport, filed a Voluntary Notice (see https://emma.msrb.org/P21480842-P21148170-P21561857.pdf).

On December 17, 2021, the City, for and on behalf of the Airport, issued private activity Airport System Subordinate Revenue Bonds, Series 2021C (Series 2021C Bonds) and issued a Note Purchase Agreement (2021 Interim Note) in the amounts of $26.2 million and $700.0 million, respectively. The proceeds from the issuance of the 2021 Interim Note are to assist in funding the 2018-2022 Capital Program and were used to pay for issuance cost. The maturity date of the 2021 Interim Note was June 30, 2022. On June 10, 2022, the 2021 Interim Note maturity was extended to August 31, 2022. The 2021 Interim Note bore interest at a variable rate with payment due at maturity. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds. The Series 2021C Bonds were issued at a fixed interest rate for the purposes of current refunding Series 2011A Bonds maturing on November 15, 2021. The Series 2021C Bonds matured on November 15, 2022.

(c) 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, 2022, and December 31, 2021, $32.2 million and $396.7 million, respectively, of bonds outstanding are considered defeased.

(10) 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, 2022 are as follows ($ in thousands):

					Direct Placement					
	Senior lien bonds		Subordinate lien bonds		Seninor lien bonds		Subordinate lien bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year:										
2023	$ 175,715	$ 196,726	$ 47,030	$ 153,167	$ 5,790	$ 3,732	$ 32,020	$ 3,256	$ 260,555	$ 356,881
2024	164,920	188,903	47,150	150,866	9,800	3,537	57,905	2,545	279,775	345,851
2025	193,410	181,379	45,500	148,498	9,775	3,207	60,025	1,451	308,710	334,535
2026	184,705	171,145	106,885	146,203	13,310	2,878	4,830	477	309,730	320,703
2027	187,235	163,201	112,395	140,705	13,630	2,429	5,030	388	318,290	306,723
2028-2032	981,375	692,213	608,390	613,725	58,450	4,996	16,060	596	1,664,275	1,311,530
2033-2037	617,540	501,783	669,070	453,999	-	-	-	-	1,286,610	955,782
2038-2042	666,065	340,585	691,760	287,631	-	-	-	-	1,357,825	628,216
2043-2047	475,490	183,620	649,950	126,094	-	-	-	-	1,125,440	309,714
2048-2052	404,360	79,263	141,630	6,757	-	-	-	-	545,990	86,020
2053	82,125	4,064	-	-	-	-	-	-	82,125	4,064
Total	$ 4,132,940	$ 2,702,882	$ 3,119,760	$ 2,227,645	$ 110,755	$ 20,779	$ 175,870	$ 8,713	$ 7,539,325	$ 4,960,019

(b) Notes Payable

The Airport entered into a $0.4 million financing agreement with Green Industrial Development Group, LLC on June 10, 2022, to finance office furniture purchases, at a rate of 7.0% based on a 30/360 calculation for 2022. Principal and Interest payments are due monthly in the amount of $13.1 thousand. The note matures on November 1, 2025. The Airport has pledged no security against the note.

The payment schedule relating to note requirements as of December 31, 2022 is as follows ($ in thousands):

	Principal	Interest
Year:		
2023	$ 133	$ 25
2024	142	15
2025	140	5
Total	$ 415	$ 45

Changes in notes payable for the years ended December 31,2022 and 2021 were as follows ($ in thousands):

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Amounts due within one year
Note payable	$ -	$ 425	$ (10)	$ 415	$ 133
Less current portion				(133)	
Noncurrent portion				$ 282	

	Balance January 1, 2021	Additions	Retirements	Balance December 31 2021	Amounts due within one year
Note payable	$ 2,235	$ -	$ (2,235)	$ -	$ -
Less current portion				-	
Noncurrent portion				$ -	

(11) Direct Placement and Direct Loans

As of December 31, 2022, and 2021, the Airport held directly placed debt as detailed below:

Series:	**2008B(2)**	**2009C**	**1992F(3)**	**1992G(3)**
Par Outstanding at 12/31/2022 (000)	$ 29,600	$ 45,255	$ -	$ -
Par Outstanding at 12/31/2021 (000)	$ 35,100	$ 56,455	$ -	$ -
Lien	Senior	Senior	Senior	Senior
Bond Maturity Date	11/15/2031	11/15/2031	11/15/2031	11/15/2031
Facilty and Reimbursement Agreemen	Credit	Credit	Credit	Credit
As of 12/31/2022				
Financial Institution:	Bank of America, N.A.	Bank of America, N.A.	Banc of America Preferred Funding Corporation	Banc of America Preferred Funding Corporation
Terms:				
Execution Date	7/1/2020	4/28/2017	10/24/2014	10/24/2014
Initial Expiration Date	7/1/2023	4/28/2020	9/25/2017	9/25/2017
Amended Expiration Date	n/a	4/28/2023	9/25/2020	9/25/2020
2nd Amended Expiration Date	n/a	n/a	4/28/2023	4/28/2023
Index Rate				
12/31/2022	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate
12/31/2021	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate
Applicable Factor	n/a	n/a	70.0%	70.0%
Applicable Spread as of 12/31/2022	0.37%	0.37%	0.37%	0.37%
Applicable Spread as of 12/31/2021	0.37%	0.37%	0.37%	0.37%
Increase in Applicable Spread Due To Credit:				
Rating Downgrade	Yes(1)	Yes(1)	Yes(1)	Yes(1)
Margin Rate Factor	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread
Moody's Rating as of 12/31/2022	Aa3	Aa3	n/a	n/a
Moody's Rating as of 12/31/2021	A1	A1	n/a	n/a
S&P Rating as of 12/31/2022	AA-	AA-	n/a	n/a
S&P Rating as of 12/31/2021	A+	A+	n/a	n/a
Fitch Rating as of 12/31/2022	AA-	AA-	n/a	n/a
Fitch Rating as of 12/31/2021	AA-	AA-	n/a	n/a

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2020 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

Series:	**2002C**	**2007G1(4)**	**2007G2(4)**	**2021A**
Par Outstanding at 12/31/2022 (000)	$ 13,800	$ -	$ -	$ 12,100
Par Outstanding at 12/31/2021 (000)	$ 17,200	$ 46,300	$ 46,500	$ 14,000
Lien	Senior	Senior	Senior	Senior
Bond Maturity Date	11/15/2031	11/15/2031	11/15/2031	11/15/2031
Facilty and Reimbursement Agreemen As of 12/31/2022	Credit	Credit	Credit	Credit
Financial Institution:	Banc of America Preferred Funding Corporation	BMO Harris Investment Corp.	BMO Harris Investment Corp.	Banc of America Preferred Funding Corporation
Terms:				
Execution Date	9/25/2014	11/1/2014	11/1/2014	7/1/2021
Initial Expiration Date	9/25/2017	12/1/2023	12/1/2023	4/26/2023
Amended Expiration Date	9/25/2020	n/a	n/a	n/a
2nd Amended Expiration Date	4/28/2023	n/a	n/a	n/a
Index Rate				
12/31/2022	SIFMA Index Rate	1-month LIBOR Rate	1-month LIBOR Rate	SIFMA Index Rate
12/31/2021	SIFMA Index Rate	1-month LIBOR Rate	1-month LIBOR Rate	n/a
Applicable Factor	n/a	70.0%	70.0%	n/a
Applicable Spread as of 12/31/2022	0.37%	0.90%	0.90%	0.37%
Applicable Spread as of 12/31/2021	0.37%	0.90%	0.90%	n/a
Increase in Applicable Spread Due To Credit:				
Rating Downgrade	Yes(1)	Yes(1)	Yes(1)	Yes(1)
Margin Rate Factor	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread
Moody's Rating as of 12/31/2022	Aa3	n/a	n/a	Aa3
Moody's Rating as of 12/31/2021	A1	A1	A1	n/a
S&P Rating as of 12/31/2022	AA-	n/a	n/a	AA-
S&P Rating as of 12/31/2021	A+	A+	A+	n/a
Fitch Rating as of 12/31/2022	AA-	n/a	n/a	AA-
Fitch Rating as of 12/31/2021	AA-	AA-	AA-	n/a

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2020 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

Series:	2021B	2015A	2019A	2021C	2021 Interim Note
Par Outstanding at 12/31/2022 (000)	$ 10,000	$ 99,540	$ 76,330	$ -	$ -
Par Outstanding at 12/31/2021 (000)	$ 11,600	$ 99,540	$ 104,390	$ 26,220	$ 700,000
Lien	Senior	Subordinate	Subordinate	Subordinate	Subordinate
Bond Maturity Date	11/15/2031	11/15/2025	11/15/2030	11/15/2022	6/30/2022
Facilty and Reimbursement Agreemen As of 12/31/2022	Credit	Credit	Credit	Bond Purchase Agreement	Note Purchase Agreement
Financial Institution:	Banc of America Preferred Funding Corporation	Bank of America, N.A.	State Street Public Lending Corporation	Bank of America, N.A.	Bank of America, N.A.
Terms:					
Execution Date	7/1/2021	11/20/2015	8/27/2019	12/17/2021	12/17/2021
Initial Expiration Date	4/26/2023	11/15/2025	11/15/2025	11/15/2022	6/30/2022
Amended Expiration Date	n/a	n/a	n/a	n/a	n/a
2nd Amended Expiration Date	n/a	n/a	n/a	n/a	n/a
Index Rate					
12/31/2022	SIFMA Index Rate	Fixed Rate	Fixed Rate	Fixed Rate	SIFMA Index Rate
12/31/2021	n/a	Fixed Rate	Fixed Rate	n/a	n/a
Applicable Factor	n/a	n/a	n/a	n/a	n/a
Applicable Spread as of 12/31/2022	0.37%	n/a	n/a	n/a	0.11%
Applicable Spread as of 12/31/2021	n/a	n/a	n/a	n/a	n/a
Increase in Applicable Spread Due To Credit:					
Rating Downgrade	Yes(1)	n/a	n/a	n/a	n/a
Margin Rate Factor	n/a	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	n/a	n/a	n/a	n/a
Moody's Rating as of 12/31/2022	Aa3	n/a	n/a	n/a	n/a
Moody's Rating as of 12/31/2021	A1	n/a	n/a	n/a	n/a
S&P Rating as of 12/31/2022	AA-	n/a	n/a	n/a	n/a
S&P Rating as of 12/31/2021	A+	n/a	n/a	n/a	n/a
Fitch Rating as of 12/31/2022	AA-	n/a	n/a	n/a	n/a
Fitch Rating as of 12/31/2021	AA-	n/a	n/a	n/a	n/a

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2020 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

On July 29, 2011 and August 8, 2011, the Airport entered into a Liquidity Facility and Reimbursement Agreement (Liquidity 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 July 1, 2020, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2008B Bonds, bearing interest at the SIFMA Index Rate. These agreements are set to expire on July 1, 2023. See note 25 to the financial statements for additional information.

On October 28, 2020, the Airport issued the Airport System Revenue Bonds Series 2020A-1 (Non-AMT Private Activity), Series 2020A-2 (Non-AMT Governmental), Series 2020B-1 (AMT), Series 2020B-2 (AMT), and Series 2020C (Taxable) for $95.3 million, $60.5 million, $37.5 million, $24.1 million, and $411.5 million, respectively. This redeemed the 2008C1 bonds outstanding principal balance. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement for the Series 2008B Bonds to extend the expiration date to July 1, 2028, and the floating rate index changed to Secured Overnight Financing Rate (SOFR) effective on the Closing Date, July 1, 2023. See note 25 to the financial statements for additional information.

On October 1, 2012, the Airport entered into a Credit Facility and Reimbursement Agreement (Credit Agreement) with U.S. Bank National Association, who purchased the Series 2009C Bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a Credit Agreement with Bank of America, N.A., who purchased the Series 2009C Bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023 and the floating rate index changed to SIFMA index rate. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, and the floating rate index changed to SOFR effective on the Closing Date, April 28, 2023. See note 25 to the financial statements for additional information.

On October 24, 2014, the Airport entered into Credit Agreements with Banc of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changed to the SIFMA index rate. On June 15,2020, the Airport converted the index rate from a 1-month LIBOR rate to a SIFMA index rate. On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements and a Credit Facility and Reimbursement Agreement with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively.

On September 25, 2014, the Airport entered into Credit 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 expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changed to the SIFMA index rate. On June 15,2020, the Airport converted the index rate from a 1-month LIBOR rate to a SIFMA index rate. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, 2028, and the floating rate index changed to SOFR effective on the Closing Date, April 28, 2023. See note 25 to the financial statements for additional information.

On November 1, 2014, the Airport entered into Credit Agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement was set to expires on December 1, 2023. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

On November 20, 2015, the Airport entered into Credit Agreement with Bank of America, N.A., who purchased the Series 2015A Bonds at a fixed interest rate. The Series 2015A Bonds mature on November 15, 2025.

On August 20, 2019, the Airport entered into Credit Agreements with State Street Public Leasing Corporation, who purchased the Series 2019A-B Bonds at a fixed interest rate. The Series 2019A (AMT) matures on November 15, 2031 with a Mandatory Tender of $25.9 million due on November 15, 2025, and the Series 2019B (Taxable) matures on November 15, 2020.

On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, 2028, and the floating rate index changed to SOFR effective on the Closing Date, April 26, 2023. For additional information see note 25 to the financial statements.

On December 17, 2021, the City, for and on behalf of the Airport, issued private activity Airport System Subordinate Revenue Bonds, Series 2021C (Series 2021C Bonds) and issued a Note Purchase Agreement (2021 Interim Note) in the amounts of $26.2 million and $700.0 million, respectively. The proceeds from the issuance of the 2021 Interim Note were to assist in funding the 2018-2022 Capital Program and were used to pay for issuance cost. The maturity date of the 2021 Interim Note was June 30, 2022. On June 10, 2022, the 2021 Interim Note maturity was extended to August 31, 2022. The 2021 Interim Note bore interest at a variable rate with payment due at maturity. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds. The Series 2021C Bonds were issued at a fixed interest rate for the purposes of current refunding Series 2011A Bonds maturing on November 15, 2021. The Series 2021C Bonds matured on November 15, 2022.

Some of these Bonds maybe periodically remarketed to banks and the bank owners and can change before reaching maturity or are otherwise paid. These are certain events which could result in a higher interest rate and/or an acceleration of amounts due on these bonds. These events are described in the event filed on the Municipal Securities Rulemaking Boards (MSRB) Electronic Municipal Market Access (EMMA) site using the following links:

Credit Facility Bond Series

2008B	https://emma.msrb.org/SS1490948.pdf	Second Amended and Restated Reimbursement Agreement
2009C	https://emma.msrb.org/SS1480419.pdf	First Amendment to Credit Facility and Reimbursement Agreement
1992F	https://emma.msrb.org/SS1480106.pdf	Second Amended and Restated Reimbursement Agreement
1992G	https://emma.msrb.org/SS1480107.pdf	Second Amended and Restated Reimbursement Agreement
2002C	https://emma.msrb.org/SS1480109.pdf	Amended and Restated Credit Facility and Reimbursement Agreement
2019A	https://emma.msrb.org/ER1380040.pdf	Credit Facility and Reimbursement Agreement
2019B	https://emma.msrb.org/ER1380040.pdf	Credit Facility and Reimbursement Agreement
2021A	https://emma.msrb.org/P21489462-P11171100-P11586834.pdf	Credit Facility and Reimbursement Agreement
2021B	https://emma.msrb.org/P21489462-P11171100-P11586834.pdf	Credit Facility and Reimbursement Agreement
2021C	https://emma.msrb.org/P21533161-P11197861-P11616050.pdf	Bond Purchase Agreement
2021 Interim Note	https://emma.msrb.org/P21533161-P11197861-P11616050.pdf	Note Purchase Agreement

For some bond series, the Reimbursement Agreements or Note Purchase Agreements are not available on EMMA. These bonds series have the same event of default requirements as other bond series. Below is a list of the similar event of defaults sections within the Credit Agreements as of December 31, 2022 and December 31, 2021:

Similar Event of Defaults as of December 31, 2022:

Senior Lien				Subordinate Lien		Subordinate Lien	
Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults	
Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Note Purchase Agreement	Note
Section 5.10	2008B(1)	Section 6.10	2021A(1)	Section 5.7	2015A(2)	Section 6.10	2021 Interim Note (Loan)
Section 5.11	1992F(1)	Section 6.12	2021B(1)	Section 5.8	2019A(1)	Section 6.12	2021C
Section 5.13	1992G(1)	Section 6.14(b)		Section 5.10(b)	2019B(1)	Section 6.14(b)	
Section 5.15(b)	2002C(1)	Section 6.16		Section 6.1(a)		Section 6.16	
Section 5.17	2009C(1)	Section 7.1(a)		Section 6.1(b)		Section 7.1(a)	
Section 5.22		Section 7.1(b)		Section 6.1(e)		Section 7.1(b)	
Section 5.25							
Section 5.26							
Section 6.1(a)							
Section 6.1(b)							
Section 6.1(f)							
Section 6.1(j)							

(1) Event of Default Sections of the Credit Agreement can be viewed on EMMA for language.
(2) Although details of the Event of Default sections are not posted on EMMA, the related sections are posted on EMMA for other bond series. There are no difference in the requirements of these bonds.

Similar Event of Defaults as of December 31, 2021:

Senior Lien				Subordinate Lien		Subordinate Lien	
Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults	
Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Note Purchase Agreement	Note
Section 5.10	2008B(1)	Section 6.10	2021A(1)	Section 5.7	2015A(2)	Section 6.10	2021 Interim Note (Loan)
Section 5.11	1992F(1)	Section 6.12	2021B(1)	Section 5.8	2019A(1)	Section 6.12	2021C
Section 5.13	1992G(1)	Section 6.14(b)		Section 5.10(ŀ	2019B(1)	Section 6.14(b)	
Section 5.15(ŀ	2002C(1)	Section 6.16		Section 6.1(a)		Section 6.16	
Section 5.17	2009C(1)	Section 7.1(a)		Section 6.1(b)		Section 7.1(a)	
Section 5.22	2007G1(2)	Section 7.1(b)		Section 6.1(e)		Section 7.1(b)	
Section 5.25	2007G2(2)						
Section 5.26							
Section 6.1(a)							
Section 6.1(b)							
Section 6.1(f)							
Section 6.1(j)							

(1) Event of Default Sections of the Credit Agreement can be viewed on EMMA for language.
(2) Although details of the Event of Default sections are not posted on EMMA, the related sections are posted on EMMA for other bond series. There are no difference in the requirements of these bonds.

As of December 31, 2022, and 2021, the Airport has not defaulted on any of the events of defaults.

Applicable spread:

The variable rate interest due on these Bonds is contingent on the related index and the related Senior Bond Ratings. If the Airport Senior Bond Rating adjusts so does the applicable spread basis points used to calculate the interest due. Below are the applicable spreads for each variable rate Bond Series:

Applicable spread upon credit ratings downgrade as of December 31, 2022:

Credit Facility Bond Series	Moody's	S&P	Fitch	Applicable Spread
2007G1&G2	A1 or higher	A+ or higher	A+ or higher	90 basis points (0.90%)
	A2	A	A	116 basis points (1.16%)
	A3	A-	A-	143 basis points (1.43%)
	Baa1	BBB+	BBB+	172 basis points (1.72%)
	Baa2	BBB	BBB	203 basis points (2.03%)

Refer to the EMMA posting noted above for detailed information regarding the Applicable Spread upon Credit Ratings for each of the following Series: 2008B, 2009C, 1992F, 1992G, and 2002C. Although not posted to EMMA, the Applicable Spread upon Credit Ratings for Series 2021A and 2021B is the same as Series 2008B, 2009C, 1992F, 1992G, and 2002C.

For the Series 2008B, 2009C, 1992F, 1992G, 2002C, 2021A, and 2021B, in the event the Airport maintains Senior Bond ratings from each of Moody's, S&P and Fitch, known as the Rating Agencies, and two of such Senior Bond ratings are equivalent, the Applicable Spread shall be based upon the Level in which the two equivalent Senior Bond ratings appears; if Senior Bond Ratings are assigned by all three Rating Agencies and no two such Senior Bond Ratings are equivalent, the Applicable Spread shall be based upon the Level in which the middle Senior Bond Rating appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are not equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings appears. Any change in the Applicable Spread resulting from a reduction, withdrawal, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement for the Series 2008B, 2009C, 2002C, 2021A, and 2021B Bonds. See note 25 to the financial statements for additional information.

For Series 2007G1 and G2, in the event the Airport maintains Senior Bond ratings assigned by all three Rating Agencies, the Applicable Spread shall be based upon the Level in which the lower of the two highest Senior Bond Ratings appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are no equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings Appears. Any change in the Applicable Spread resulting from a reduction, which, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

Through maturity, the 2021 Interim Note had a fixed Applicable Spread rate of 0.11%. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds.

Applicable spread upon credit ratings downgrade as of December 31, 2021:

Credit Facility Bond Series	Moody's	S&P	Fitch	Applicable Spread
2007G1&G2	A1 or higher	A+ or higher	A+ or higher	90 basis points (0.90%)
	A2	A	A	116 basis points (1.16%)
	A3	A-	A-	143 basis points (1.43%)
	Baa1	BBB+	BBB+	172 basis points (1.72%)
	Baa2	BBB	BBB	203 basis points (2.03%)

Refer to the EMMA posting noted above for detailed information regarding the Applicable Spread upon Credit Ratings for each of the following Series: 2008B, 2009C, 1992F, 1992G, and 2002C. Although not posted to EMMA, the Applicable Spread upon Credit Ratings for Series 2021A and 2021B is the same as Series 2008B, 2009C, 1992F, 1992G, and 2002C.

For the Series 2008B, 2009C, 1992F, 1992G, 2002C, 2021A, and 2021B, in the event the Airport maintains Senior Bond ratings from each of Moody's, S&P and Fitch, known as the Rating Agencies, and two of such Senior Bond ratings are equivalent, the Applicable Spread shall be based upon the Level in which the two equivalent Senior Bond ratings appears; if Senior Bond Ratings are assigned by all three Rating Agencies and no two such Senior Bond Ratings are equivalent, the Applicable Spread shall be based upon the Level in which the middle Senior Bond Rating appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are not equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings appears. Any change in the Applicable Spread resulting from a reduction, withdrawal, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating.

For Series 2007G1 & G2, in the event the Airport maintains Senior Bond ratings assigned by all three Rating Agencies, the Applicable Spread shall be based upon the Level in which the lower of the two highest Senior Bond Ratings appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are no equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings Appears. Any change in the Applicable Spread resulting from a reduction, which, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

(12) Bond Ordinance Provisions

(a) Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Also, the Airport is required to maintain Minimum Bond Reserves for both senior and subordinate lien bonds. On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. This adjusted the calculation of the Minimum Bond Reserve as defined within the General Bond Ordinance and reduced the Minimum Bond Reserve amount as it applies to the senior lien system revenue bonds. The City, for and on behalf of the Airport, filed a Voluntary Notice on EMMA (see https://emma.msrb.org/P21480842-P21148170-P21561857.pdf). The Airport is in compliance with the bond covenants listed in the bond ordinance.

(13) Swap Agreements

The Airport had entered into interest rate swap agreements in order to protect against rising interest rates. The 1999 and 2009A swap agreements all paid 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 were 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 was recognized in accordance with GASB 53. The City did not enter into derivative transactions for investment purposes, nor did the City Charter allow for the investment in derivative investments.

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to terminate the 2006A Swap Agreement with GKB Financial Services Corp. and the 2008A Swap Agreement with Royal Bank of Canada.

On December 16, 2022, the Airport fully terminated the 2005 and 2006B Swap Agreements with JP Morgan Chase Bank, N.A. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

As of December 31, 2022, the Airport had no outstanding derivative instruments and on December 16, 2022, all outstanding derivative instruments were fully terminated.

The fair value balances and notional amounts of the swaps outstanding at December 31, 2022 and 2021 and the changes in the fair value of such swaps for the periods then ended, are as follows ($ in thousands):

Counterparty	Effective date	Notional amount (in millions)	Bond/swap maturity/ termination date	Associated debt series	Payable swap rate	Receivable swap rate	Changes in fair value Classification	Changes in fair value Amount	Fair value 12/31/2022	
1999 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 16	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ (362)	$ -	(6)
							Investment Income	$ (398)		
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 8	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ (181)	-	(6)
							Investment Income	$ (194)		
2005 Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2006	$ 35	11/15/2025	2016A(3)	3.6874%	70% LIBOR	Investment Income	$ (2,228)	-	(5)
2006A Swap Agreements										
GKB Financial Services Corp.	11/15/2007	$ 24	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (1,670)	-	(4)
2006B Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2006	$ 35	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 2,439	-	(5)
2008A Swap Agreement										
Royal Bank of Canada	12/18/2008	$ 48	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (3,340)	-	(4)
2009A Swap Agreement										
Loop Financial Products I LLC	1/12/2010	$ 8	11/1/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ (232)	-	(6)
							Investment Income	$ (154)		
Total									$ -	

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D and 2017A
(4)Swaps were terminated 11/15/2022
(5)Swaps were terminated 12/16/2022
(6) Swaps matured 11/01/2022

Counterparty	Effective date	Notional amount (in millions)	Bond/swap termination date	Associated debt series	Payable swap rate	Receivable swap rate	Changes in fair value Classification	Changes in fair value Amount	Fair value 12/31/2021
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 16	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ (1,058)	$ (760)
							Investment Income	(1,124)	-
Merrill Lynch Capital Services, Inc.	10/4/2001	8	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	(529)	(376)
							Investment Income	(549)	-
2005 Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2006	35	11/15/2025	2016A(3)	3.6874%	70% LIBOR	Investment Income	(1,739)	(2,616)
2006A Swap Agreements									
GKB Financial Services Corp.	11/15/2007	24	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(1,370)	(1,922)
2006B Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2006	35	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	1,857	2,916
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	48	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(2,740)	(3,843)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	8	11/1/2022	(1)	5.6229%	SIFMA	Deferred Outflow	(667)	(385)
							Investment Income	(435)	-
Total									$ (6,986)

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D and 2017A

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. Fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2021. 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, 2021. 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 were generally associated with swap agreements:

Credit Risk – All of the Airport's swap agreements relied upon the performance of swap counterparties. The Airport was exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport. The Airport measured the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport delivered 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 (S&P), Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement was obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either S&P, Moody's Investor Service or Fitch; or under certain circumstances, provide collateral. The Airport was 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 S&P, Baa2 by Moody's Investors Service or BBB by Fitch.

As of December 31, 2022, the ratings of the Airport's Senior Bonds were AA- by S&P, Aa3 by Moody's Investors Service and AA- by Fitch, all with a stable outlook. Therefore, no surety policy or credit had 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 16, 2022 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+	A2	A
JP Morgan Chase Bank, N.A.	A+	Aa2	AA
LOOP Financial Products, LLC			
(Deutsche Bank, AG, New York Branch)	A-	A1	A-
Merrill Lynch Capital Services, Inc.			
(Merrill Lynch & Co., Inc.)	A-	A2	AA-
Royal Bank of Canada	AA-	Aa1	AA-
GKB Financial Services Corporation II, Inc.			
(Societe Generale New York Branch)	A	A1	A

Due to termination of all related swaps agreements prior to December 17, 2022, the above risk was alleviated.

Termination Risk – Any party to the Airport's swap agreements could terminate the swap if the other party failed to perform under the terms of the contract. Additionally, the Airport could terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events could lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap had 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 were 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 was not aware of any existing event that would lead to a termination event with respect to any of its swap agreements. Due to termination of all related swaps agreements prior to December 17, 2022, the above risk was alleviated.

Interest Rate Risk – The Airport was exposed to interest rate risk as the variable rates of the swap agreements decreased, the Airport's net payments on the swap agreements increased. Due to termination of all related swaps agreements prior to December 17, 2022, the above risk was alleviated.

Basis Risk – Each of the Airport's swap agreements were associated with certain debt obligations or other swaps. The Airport paid interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport received 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 was based on an index different than that used to determine the variable payments received by the Airport under the swap agreement, there may have been 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. Due to termination of all related swaps agreements prior to December 17, 2022, the above risk was alleviated.

(b) Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2021):

Swaps	**1999, 2009A**	**2005, 2006B**	**2006A, 2008B**
Associated debt	**2009C**	**2016A**	**2007G1-G2**
Payment to counterparty:	5.6029%	3.7874%	4.0085%
Payment from counterparty:	0.1000%	4.1564%	0.0709%
Net swap payment:	5.5029%	-0.3690%	3.9376%
Associated bond interest rate:	0.4700%	5.0000%	0.9709%
Net swap & bond payment:	5.9729%	4.6310%	4.9085%

As rates varied, variable rate bond interest payments and net swap payments could vary. As of December 31, 2021, 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 December 31, 2021 interest rates remained the same, for their terms, were as follows ($ in thousands):

	Principal	Interest	Interest rate swaps net	Total
Year:				
2022	$ 11,200	$ 154	$ 1,807	$ 13,161
2023	-	102	-	102
2024	-	102	-	102
2025	-	102	-	102
2026	3,395	102	-	3,497
2027-2031	18,245	261	-	18,506
Total	$ 32,840	$ 823	$ 1,807	$ 35,470

Note: the amortization of the notional amounts on the swaps no longer match the amortization on the bonds (the duration of the bonds is longer than the swaps)

Bond principal reflects the hedged portion on 12/31/2021

Variable Rate Bonds and Swap payments were calculated using rates in effect on December 31, 2021. As of December 17, 2022, all related swaps were terminated.

(14) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at the Airport, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. At December 31, 2022 and 2021, Special Facility Revenue Bonds outstanding totaled to $250.6 million.

(15) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2022 and 2021 are as follows ($ in thousands):

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Amounts due within one year
Compensated absences payable	$ 11,872	$ 9,272	$ (8,675)	$ 12,469	$ 2,385
Less current				(2,385)	
Noncurrent portion				$ 10,084	

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amounts due within one year
Compensated absences payable	$ 12,097	$ 7,498	$ (7,723)	$ 11,872	$ 2,255
Less current				(2,255)	
Noncurrent portion				$ 9,617	

(16) Deferred Outflow and Inflow of Resources

Deferred outflows of resources represent a consumption of net assets by the Airport that applies to future periods. Deferred inflows of resources represent an acquisition of net assets by the Airport that applies to future periods. 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 and OPEB related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings, leases, and certain pension and OPEB related deferrals.

The composition of deferred outflows and inflows are as follows as of December 31 ($ in thousands):

	December 31, 2022	December 31, 2021
Accumulated decrease in fair value of hedging activities	$ -	$ 775
Deferred loss on refunding of debt	35,592	50,927
GASB 68 pension deferred outflow	25,625	32,183
GASB 75 deferred outflow		
DERP OPEB	1,513	1,989
DERP implicit rate	4,975	5,696
Total deferred outflows	$ 67,705	$ 91,570
Deferred gain on refunding of debt	$ 14,252	$ 4,053
GASB 68 pension deferred inflow	31,518	18,796
GASB 75 deferred inflow		
DERP OPEB	2,208	2,001
DERP implicit rate	1,321	1,439
GASB 87 deferred lease	459,477	123,605
Total deferred inflows	$ 508,776	$ 149,894

(17) 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). The net pension liability is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year.

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 September 1, 2004, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or 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 annual comprehensive financial report that can be obtained at https://www.derp.org/.

Funding Policy – For the measurement period of 2021 and 2020, the City contributed 15.75% and 15.75%, respectively, of covered payroll and employees made a pre-tax contribution of 9.25% and 9.25%, respectively, in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2022 and 2021, were $125.2 million and $102.3 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $16.7 million and $13.8 million for the years ended December 31, 2022 and 2021 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At December 31, 2022 and 2021, the Airport reported a liability of $166.2 million and $187.8 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2021 and 2020, 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.

As of the measurement date at December 31, 2021, the Airport's proportion was 12.23856%, which was an increase of 0.17495% from its proportion measured as of December 31, 2020. At December 31, 2020, the Airport's proportion was 12.06361%, which was a decrease of 1.672430% from its proportion measured as of December 31, 2019.

The components of the Airport's net pension liability related to DERP as of December 31, 2022 and 2021, respectively, are presented below ($ in thousands):

	2022	2021
Total pension liability	$ 492,322	$ 473,283
Plan fiduciary net position	(326,163)	(285,507)
Net pension liability	$ 166,159	$ 187,776

The change in net pension liability for the year ended December 31, 2022 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 187,776	$ 47,181	$ (68,798)	$ 166,159

The change in net pension liability for the year ended December 31, 2021 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 199,878	$ 39,522	$ (51,624)	$ 187,776

For the years ended December 31, 2022 and 2021, pension expense recognized by the Airport was $14.4 million and $21.4 million, respectively. At December 31, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 2,944	$ -
Changes of assumptions or other inputs	3,932	-
Net difference between projected and actual earnings on pension plan investments	-	23,767
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,060	7,751
Contributions subsequent to the measurement date	16,689	-
Total	$ 25,625	$ 31,518

At December 31, 2021, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 4,042	$ -
Changes of assumptions or other inputs	8,863	-
Net difference between projected and actual earnings on pension plan investments	-	3,267
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,500	15,529
Contributions subsequent to the measurement date	13,778	-
Total	$ 32,183	$ 18,796

At December 31, 2022 and 2021, the Airport reported $16.7 million and $13.8 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year:	Deferred inflows/ outflows of resources
2023	$ (4,157)
2024	(7,059)
2025	(5,851)
2026	(5,516)
2027	-
Thereafter	-
Total	$ (22,583)

The total pension liability in the December 31, 2021 and 2020 actuarial valuations were determined using the actuarial assumptions as follows:

2021	**DERP**
Investment rate of return	7.25%
Salary increases	3.00% to 7.00%
Inflation	2.50%

2020	**DERP**
Investment rate of return	7.25%
Salary increases	3.00% to 7.00%
Inflation	2.50%

Mortality rates were based on the Adjusted RP-2014 Mortality Tables, with general projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020). The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

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, 2021 and 2020 these best estimates are summarized in the following table:

2021

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.10%
Small cap	4.00%	7.60%
International equity	**22.00%**	
Developed markets	14.00%	7.80%
Emerging markets	8.00%	8.80%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.10%
Private debt	4.00%	6.10%
Distress debt	2.50%	6.70%
Emerging market debt	2.00%	4.30%
Real estate	**10.00%**	7.00%
Absolute return	**5.00%**	4.30%
Infrastructure	**3.00%**	6.40%
Alternatives	**12.50%**	
Private equity	9.00%	9.10%
Natural resources	3.50%	7.70%
Total	**100.00%**	

2020

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.20%
Small cap	4.00%	7.90%
International equity	**22.00%**	
Developed markets	14.00%	7.90%
Emerging markets	8.00%	9.10%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.60%
Private debt	4.00%	6.20%
Distress debt	2.50%	7.00%
Emerging market debt	2.00%	4.80%
Real estate	**8.00%**	7.50%
Absolute return	**5.00%**	4.90%
MLP	**5.00%**	8.50%
Alternatives	**12.50%**	
Private equity	7.00%	9.40%
Natural resources	5.50%	8.80%
Total	**100.00%**	

Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability at December 31, 2021 and 2020. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 7.25%, 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):

2022	1 % decrease 6.25%	Current discount rate 7.25%	1% increase 8.25%
Proportionate share of net pension liability	$ 220,225	$ 166,159	$ 120,816

2021	1 % decrease 6.25%	Current discount rate 7.25%	1% increase 8.25%
Proportionate share of net pension liability	$ 239,814	$ 187,776	$ 144,116

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/.

(18) Plan Postemployment Healthcare Benefits under GASB Statement No. 75

The Airport has two Other Postemployment Healthcare Benefit (OPEB) plans: Denver Employees Retirement Plan (DERP) and DERP Implicit Rate Subsidy. The liability associated with these plans is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year as follows:

		2022		2021
DERP OPEB plan net OPEB liability	$	10,516	$	11,725
DERP implicit rate subsidy OPEB plan total OPEB liability		11,430		11,745
Total/Net OPEB liability	$	21,946	$	23,470

(a) DERP OPEB Plan

Plan Description - The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and postemployment health benefits to eligible members. The Plan was established in 1963 by the City. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and postemployment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and postemployment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan. DERP issues a publicly available annual comprehensive financial report that can be obtained at https://www.derp.org/.

Benefits Provided - The Plan provides retirement, death, and disability benefits for its members and their beneficiaries. Members who were hired before September 1, 2004 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 on or after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during consecutive 36-month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or 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 consecutive 60-month period of credited service. Five-year vesting is required for 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 the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of decreased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2021 and 2020, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Contributions – For the measurement period of 2021 and 2020, the Airport was required to contribute at a rate of 1.30% and 1.28% of annual covered payroll, respectively. The contribution requirements for the Airport are established under the City's Revised Municipal Code. For the year ended December 31, 2022 and 2021, contributions to the DERP OPEB plan were $0.8 and $0.7 million, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At December 31, 2022, the Airport reported a liability of $10.5 million for its proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability. The net OPEB liability for DERP was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2021 relative to the total contributions of participating employers to the DERP.

At December 31, 2021, the Airport reported a liability of $11.7 million for its proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability. The net OPEB liability for DERP was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2020 relative to the total contributions of participating employers to the DERP.

At December 31, 2021, the Airport's proportion was 12.23476% percent for OPEB, which was an increase of 0.15448% from its proportion measured as of December 31, 2020. At December 31, 2020, the Airport's proportion was 12.08028% percent for OPEB, which was a decrease of 1.70204% from its proportion measured as of December 31, 2019.

The components of the Airport's proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability, related to DERP as of December 31, 2022 and 2021 are presented below ($ in thousands):

OPEB plan		**2022**		**2021**
Total OPEB liability	$	20,880	$	20,786
Plan fiduciary net position		(10,364)		(9,061)
Net OPEB liability	$	10,516	$	11,725

For the year ended December 31, 2022 and 2021, the Airport recognized OPEB expense for the DERP plan of ($0.5) million and ($0.2) million, respectively.

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2022, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Difference between expected and actual experience	$ 7	$ 502
Changes of assumptions or other inputs	323	-
Net difference between projected and actual earnings on OPEB plan investments	-	747
Changes in proportion and differences between contributions recognized and proportionate share of contributions	354	959
Contributions subsequent to the measurement date	829	-
Total	$ 1,513	$ 2,208

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2021, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Difference between expected and actual experience	$ 24	$ 487
Changes of assumptions or other inputs	654	-
Net difference between projected and actual earnings on OPEB plan investments	-	105
Changes in proportion and differences between contributions recognized and proportionate share of contributions	586	1,409
Contributions subsequent to the measurement date	725	-
Total	$ 1,989	$ 2,001

At December 31, 2022 and 2021, the Airport reported $0.8 million and $0.7 million, respectively, as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented below ($ in thousands):

		Deferred inflows and outflows of resources
OPEB plan:		
2023	$	(343)
2024		(764)
2025		(242)
2026		(175)
2027		-
Thereafter		-
	$	(1,524)

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	DERP
Valuation date	January 1, 2021
Measurement date	December 31, 2021
Experience study	Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
Actuarial method	Entry age method.
Long-term investment rate of return	7.25%
Discount rate	7.25%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	DERP
Valuation date	January 1, 2020
Measurement date	December 31, 2020
Experience study	Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
Actuarial method	Entry age method. Credit method.
Long-term investment rate of return	7.25%
Discount rate	7.25%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below as of December 31, 2021 and 2020:

2021

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.10%
Small cap	4.00%	7.60%
International equity	**22.00%**	
Developed markets	14.00%	7.80%
Emerging markets	8.00%	8.80%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.10%
Private debt	4.00%	6.10%
Distress debt	2.50%	6.70%
Emerging market debt	2.00%	4.30%
Real estate	**10.00%**	7.00%
Absolute return	**5.00%**	4.30%
Infrastructure	**3.00%**	6.40%
Alternatives	**12.50%**	
Private equity	9.00%	9.10%
Natural resources	3.50%	7.70%
Total	**100.00%**	

2020

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.20%
Small cap	4.00%	7.90%
International equity	**22.00%**	
Developed markets	14.00%	7.90%
Emerging markets	8.00%	9.10%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.60%
Private debt	4.00%	6.20%
Distress debt	2.50%	7.00%
Emerging market debt	2.00%	4.80%
Real estate	**8.00%**	7.50%
Absolute return	**5.00%**	4.90%
MLP	**5.00%**	8.50%
Alternatives	**12.50%**	
Private equity	7.00%	9.40%
Natural resources	5.50%	8.80%
Total	**100.00%**	

Discount Rate – At December 31, 2022 and 2021, a single discount rate of 7.25% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.25%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Discount Rate - Below presents the net OPEB liability, excluding implicit rate subsidiary liability, as of December 31, 2022 and 2021 using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2022	1% decrease	Current discount rate	1% increase
DERP OPEB plan			
Discount rate	6.25%	7.25%	8.25%
Proportionate share of net liability	$ 12,604	$ 10,516	$ 8,746

2021	1% decrease	Current discount rate	1% increase
DERP OPEB plan			
Discount rate	6.25%	7.25%	8.25%
Proportionate share of net liability	$ 13,809	$ 11,725	$ 9,957

As the Plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Health Cost Trend Rates are not applicable to this Plan.

OPEB Plan Fiduciary Net Position - Detailed information about the DERP's fiduciary net position is available in DERP's annual comprehensive financial report which can be obtained at https://www.derp.org/.

(b) DERP Implicit Rate Subsidy OPEB Plan

Plan Description - The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. 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 Medicate age.

Benefit Payments - DERP retirees are responsible for 100.00% of the blended premium rate. The Airport's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay benefits. For the year ended, December 31, 2022 and 2021, benefit payments were $0.8 million and $0.9 million, respectively.

Participation Rate DERP Implicit Subsidy Plan - As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees.

Participating active employees: 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

Actives not currently participating: 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser HDHP plan at or before retirement.

Vested terminated employees: 40% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser HDHP plan when they retire and begin their pension benefits.

Retired participants: Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

Spouse Coverage

Active participants: 25% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be three years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Employees covered by benefit terms at December 31, 2021 and December 31, 2020, the date of the latest actuarial valuations:

	2021	2020
Inactive employees currently receiving benefit payments	1,086	1,086
Inactive employees entitled to but not yet receiving benefit payments	264	264
Active employees	8,586	8,586
Total	9,936	9,936

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The Airport's proportionate share is determined by the Airport's contributions for the measurement period divided by total contributions of all employer entities for the measurement period. The Airport's proportionate share of the implicit rate subsidy total OPEB liability related to DERP as of December 31, 2022 and 2021 are as follows ($ in thousands):

Implicit rate subsidy	2022	2021
Total OPEB liability	$ 11,430	$ 11,745

For the year ended December 31, 2022 the Airport recognized OPEB expense of $0.3 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2022 is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
Implicit rate subsidy:		
Difference between expected and actual experience	$ 42	$ 614
Changes of assumptions - future economic or demographic factors	2,037	-
Changes in proportion	2,103	707
Benefit payments subsequent to the measurement date	793	-
Total	$ 4,975	$ 1,321

For the year ended December 31, 2021, the Airport recognized OPEB expense of $0.3 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2021 is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
Implicit rate subsidy:		
Difference between expected and actual experience	$ 52	$ 719
Changes of assumptions - future economic or demographic factors	2,356	-
Changes in proportion	2,423	720
Benefit payments subsequent to the measurement date	865	-
Total	$ 5,696	$ 1,439

As of December 31, 2022 and 2021, the $0.8 million and $0.9 million, respectively, reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total implicit rate subsidy OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of recourses and deferred inflows of resources related to OPEB for the implicit rate subsidy will be recognized as presented below ($ in thousands):

Year	Deferred inflows and outflows of resources
Implicit rate subsidy:	
2023	453
2024	453
2025	453
2026	469
2027	470
Thereafter	563
	$ 2,861

The implicit rate subsidy liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2020
Measurement date	December 31, 2021
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	2.06% as of December 31, 2021 2.12% as of December 31, 2020
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Projected salary increases	3.00% per year
Inflation	2.50%
Mortality	DERP 2021 actuarial valuation projected with MW Scale 2022
Healthcare cost trend rates	5.8% in 2023, fluctuating down to 3.9% by 2076
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality

The implicit rate subsidy liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2019
Measurement date	December 31, 2020
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	2.12% as of December 31, 2020 2.74% as of December 31, 2019
Participants valued	Only current active employees under age 65, non-Medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected salary increases	3.00% per year
Inflation	2.50%
Mortality	DERP 2021 actuarial valuation projected with MW Scale 2022
Healthcare cost trend rates	5.8% in 2023, fluctuating down to 3.9% by 2076
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on the 2018 experience study of the Denver Employee Retirement Plan using data from the five-year period ending December 31, 2017, except for a different basis used to project future mortality improvement.

Discount Rate - When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As such, a 2.06% and 2.12% discount were used to measure the implicit rate liability as, of December 31, 2021 and 2020, based on the published rates of the applicable municipal bond index.

Sensitivity of the Airport's Proportionate Share of the Implicit Rate Subsidy OPEB Total Liability to Changes in the Discount Rate - Below presents total OPEB liability as of December 31, 2022 and 2021 using the discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2022	**1% decrease**	**Current discount rate**	**1% increase**
Implicit rate subsidy:			
Discount rate	1.06%	2.06%	3.06%
Proportionate share of total liability	$ 12,454	$ 11,430	$ 10,515

2021	**1% decrease**	**Current discount rate**	**1% increase**
Implicit rate subsidy:			
Discount rate	1.12%	2.12%	3.12%
Proportionate share of total liability	$ 12,792	$ 11,745	$ 10,811

Sensitivity of the total implicit rate subsidy OPEB liability to changes in the healthcare cost trend rates as of December 31, 2022 and 2021 presented below ($ in thousands):

2022			
Change in healthcare cost trend rates:	**1% decrease**	**Current trend rate**	**1% increase**
Total OPEB liability	$ 10,379	$ 11,430	$ 12,662

2021			
Change in healthcare cost trend rates:	**1% decrease**	**Current trend rate**	**1% increase**
Total OPEB liability	$ 10,665	$ 11,745	$ 13,011

(19) Leases

(a) Lessor Arrangements

The Airport is a lessor for certain land, buildings and other capital assets. In accordance with GASB 87, the Airport recognizes lease receivables and deferred inflow of resources at commencement of the lease term for agreements that cover more than 12 months, with exceptions for certain regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings such as the U.S. Department of Transportation and the Federal Aviation Administration. Short-term leases are certain leases that, at commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less. As noted in note 2(s), the Airport adopted GASB 87 as of January 1, 2021.

Regulated Leases

Regulated leases comprise certain agreements with airline and airline support tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, automated gate transportation system (AGTS) and other aeronautical uses. These agreements, including the Airline Use and Lease Agreements (ULAs) are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight, that set limits on lease rates and require fair, consistent, and equitable terms to tenants. The Airport operates under ULAs with signatory carriers and permits for non-signatory airlines. These agreements define the responsibilities of the Airport, and the airlines, and establish a cost-recovery structure to operate airfield and a compensatory method for terminal facilities through a system of rates and charges to the airlines. These rates and charges include landing fees, terminal rents, gate and apron fees, AGTS fees and federal inspection service fees. These fees are set annually based on calculations for residual and compensatory methods and communicated to the airlines and associated tenants through the publication under Airport Rules and Regulations Rule 120 (Part 120). The signatory carriers are responsible for cost recovery, through the rates and charges, plus debt service coverage for these facilities until the termination date of the ULA. The ULAs are regulated leases as defined in GASB 87. The Airport recognizes lease payments related to regulated leases as inflows of resources (revenues) based on the payment provisions of these agreements.

In addition to leases with airlines, the Airport has determined that operators functioning within the airport providing services directly to the airlines for the movement of passengers, baggage, mail and cargo and others are also covered under the regulated lease exception. These other regulated leases are also excluded from the calculation of the lease receivable and the deferred inflows of resources.

The Airport considers all airline fees as variable because they are based on future usage of airfield and terminal facilities. The Airport also considers airline support and other agreements, based on annually determined rates as published in Part 120, to be variable. The Airport recorded approximately $120.6 million in revenue related to regulated leases. Due to the variable nature of the annual rates associated with regulated leases and revenues from the airlines from year to year, expected future minimum payments are indeterminable.

Certain airport assets are subject to preferential or exclusive use by the airlines under these regulated leases. As of December 31, 2022, the airlines exclusive, in square footage, within the Jeppesen Terminal and all concourses totals approximately 0.1 million and 0.4 million respectively, and combined preferential space on all concourses totals approximately 0.3 million. Also included in the exclusively used space is the cargo facilities, hangars and related grounds which totaled approximately 10.4 million square feet.

In addition, the following table shows the allocation of airline gates to preferential and non-preferential use:

Gate type	Number of gates
Preferential	142
Non-Preferential	15
Total	157

Non-regulated Leases

The Airport leases portions of its terminal, concourses and landside facilities to concessions, passenger user clubs, rental car and other tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. Leases with concession service providers and rental car companies generally include minimum annual lease amounts paid monthly and variable payments based on the concession and rental car company provider's monthly volume of business. Lease receivable calculations include a fixed in substance "not to go below" Minimum Annual Guarantee (MAG) payments, but the variable payments based on monthly volume of business are excluded. Other variable payments excluded from the calculation of the lease receivables and deferred inflows, include reimbursable costs and other variable fees based on performance. During 2021 concessions and rental car agreements MAG provisions were waived in accordance with the 2021 COVID-19 Rent Relief policies and the Airport only required variable payments based on the tenants' monthly volume of business for 2021. These leases were not included in the measurement of the lease receivables and deferred inflows until those fixed in substance component of the MAG payments were re-instated in 2022.

Leases for other tenants such as solar facilities companies, farms and the passenger user clubs are based on stated rental rates in those contracts over the term of the agreements. These leases are included in the calculation of lease receivables and deferred lease inflows.

The Airport has lease agreements with certain non-aeronautical tenants that are based on rates per square footage, set annually based on calculations of cost recovery methods and published in the *Application of Rates by Airport Location* document. These leases fall under the criteria for GASB 87, however the calculation of the lease receivables and deferred inflows is not determinable because the future payments are based on a variable calculation of the applicable rates. These leases are excluded from the calculation of lease receivables and deferred inflows.

Revenue from other service providers include, but are not limited to a hotel and Transportation Network Companies (TNCs) such as ride shares, and other ground transportations, (i.e. taxis and tour buses, etc.). Each of these agreements have a component within them that require payments from the service provider based on a future activity level and does not include a fixed in substance component. All payments for these providers tied to an activity level have been excluded from the measurement of the lease receivables and deferred inflows.

The expected future lease payments that are included in the measurement of the lease receivable as of December 31, 2022, are as follows (in thousands):

Year	Principal reduction of lease receivable	Interest income	Total lease payments
2023	$ 64,717	$ 9,428	$ 74,145
2024	85,736	8,226	93,962
2025	82,347	6,389	88,736
2026	77,846	4,619	82,465
2027	74,213	2,928	77,141
2028-2032	68,153	5,417	73,570
2033-2037	9,931	334	10,265
2038-2042	602	115	717
2043-2048	714	47	761
Total	$ 464,259	$ 37,503	$ 501,762

During the year ended December 31, 2022, the Airport recognized the following inflows related to its lessor agreements (in thousands):

	Amortization of lease deferred inflows	Inflows related to regulated leases	Inflows related to short-term leases and variable lease payments	Total revenue
Concessions	$ 37,428	$ 123	$ 65,638	$ 103,189
Car rentals	48,827	-	39,499	88,326
Airline support revenue [1]	91	422	-	513
Solar facilities, wireless telecommunications and farms rent [2]	2,114	-	182	2,296
Total inflows for lessor agreements	$ 88,460	$ 545	$ 105,319	$ 194,324

[1] Included in facility rents

[2] Included in other sales and charges

(b) *Lessee Arrangements*

The Airport classifies leases as those agreements in which the Airport controls the right to use a tangible asset over a period of time. At the commencement of these agreements, the Airport recognizes a lease liability and an intangible right-to-use lease asset based on the net present value of the future expected lease payments. This right-to-use asset is amortized over the life of the lease or useful life of the asset whichever is shorter. For those leases that are less than one year the lease payments are recognized as lease expense in the current period.

The Airport leases certain assets from various third parties. The assets leased can be classified into two general categories: office space and general operating equipment. Payments are fixed monthly or annually, and variable payments are not included in the measurement of the lease liability.

On June 10, 2022, the Airport entered a 120-month lease with Green Industrial Development Group, LLC, for office space at the JAG Logistics Center. An initial lease liability and right to use asset was recorded in the amount of $2.4 million, respectively. The lease period commenced on December 1, 2022, and as of December 31, 2022, the lease liability was $2.4 million and accumulated amortization of the right to use asset was $0.02 million. The Airport is required to make monthly escalating fixed payments over the lease term, including interest expense at the discount rate of 4.979%. The Airport has two extension options, each for 60 months.

On September 1, 2015, the Airport entered a lease with Aero Snow Removal Corp. (CO), for heavy equipment used in the Airport's snow removal program. The second amendment, executed on August 12, 2020, extended the contract through August 31, 2023 and resulted in an initial lease liability and right to use asset was recorded in the amount of $8.2 million, respectively. The Airport made the full final lease payment prior to the commencement of the 2022-2023 snow season, so at December 31, 2022, the lease liability was $0.0 million and accumulated amortization was $6.0 million. The Airport was required to make annual fixed payments over the lease term, including interest expense at a discount rate of 2.134%.

On December 3, 2013, the Airport entered into a lease with United Airlines, Inc. for use of the Concourse B Ramp Tower. The third amendment, executed on March 3, 2022, extended the contract through October 1, 2023 and resulted in an initial lease liability and right to use asset that was recorded in the amount of $0.4 million, respectively. As of December 31, 2022, the value of the lease liability was $0.1 million and accumulated amortization was $0.3 million. The Airport is required to make annual fixed payments over the lease term, including interest expense at a discount rate of 2.134%.

Principal and interest requirements to maturity for leases in effect on December 31, 2022, are as follows ($ in thousands):

	Total leased assets	
Year	**Principal**	**Interest**
2023	$ 195	$ 120
2024	161	112
2025	197	103
2026	216	93
2027	237	82
2028-2032	1,458	200
Total	$ 2,464	$ 710

The Airport also has lease and rental payments that are expensed during the reporting period and are not included in the lease liability. These leases are for equipment or materials for which the quantity leased varies on a monthly or daily basis. The leases primarily include copiers, document finishers, postal machines, and other supplies used in routine operations. During the year ended December 31, 2022, the Airport recognized the outflows of $0.6 million as a result of variable items that were properly excluded from the initial measurement of the lease liability.

(20) 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. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

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.

The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.

(21) Asset Retirement Obligations

For the period ended December 31, 2022, the Airport recognized an asset retirement obligation under GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). On June 6, 2022, the City, for and on behalf of the Airport, executed a contract to plug and abandon all oil wells on the Airport property and decommission associated tank batteries. The execution of the contract triggered mitigation requirements under the state of Colorado, and the recognition of a liability and deferred outflow of resources under GASB 83.

As of December 31, 2022, asset retirement obligation liability was $6.0 million. The liability is calculated based on percentage of project completion and average cost per unit completed as of December 31, 2022. The liability is included in other liabilities – restricted. Oil field assets were disposed, effective June 30, 2022, and an associated loss on disposal was recognized on the Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2022. As required under GASB 83, the deferred outflows of resources associated with the asset retirement obligation should be amortized over the entire estimated useful life of the capital asset. Since the oil field assets were disposed in 2022, the deferred outflow of resources, $9.9 million, was recognized as repairs and maintenance in 2022.

Asset Retirement Obligations Liability

Asset	Obligating event	Timeframe required for decommissioning	December 31, 2021	Additions	Payments	December 31, 2022
Oil wells and tank batteries	Signed decommissioning contract	June 6, 2022 - December 31, 2023	$ -	$ 9,880	$ 3,913	$ 5,967
Total assets retirement obligation liability			**$ -**	**$ 9,880**	**$ 3,913**	**$ 5,967**

(22) Commitments and Contingencies

(a) Commitments

As of December 31, 2022, the Airport had remaining construction project contract capacity totaling $3.0 billion, of which $0.6 billion has been encumbered but not yet incurred, with the remaining $2.4 billion expected to be committed and incurred to complete current approved capital projects.

(b) Great Hall Project Development Agreements

The City, for and on behalf of the Airport, 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, for and on behalf of the Airport, granted to Denver Great Hall LLC, a Delaware limited liability company (the "Great Hall Developer") an exclusive right to design, construct, finance, operate and maintain certain specified areas within Jeppesen Terminal, including the renovation and reconfiguration of a portion of the Great Hall (the "Great Hall Project"), pursuant to the Development Agreement dated August 24, 2017 (the "Great Hall Agreement") between the City, for and on behalf of the Airport, and the Great Hall Developer. On August 12, 2019, the City, for and on behalf of the Airport, exercised its right to terminate the Great Hall Agreement for convenience and then, termination became effective November 12, 2019. As a result of the termination, the City, for and on behalf of the Airport, owed a termination payment to the Great Hall Developer in an amount determined pursuant to the terms of the Great Hall Agreement. The termination payment consisted of several components: (1) a net lender liability payment reimbursing Great Hall Developers for costs of design, construction and management work completed through the Termination Date (paid partially from reserve funds available from the prior issuance of Revenue Bonds (Denver International Airport Great Hall Project) Series 2017 by the Public Finance Authority on behalf of Great Hall Developer); (2) an equity payment equal to the return that Great Hall Developer's equity members expected to receive on their investment in Great Hall Developer; (3) contractor breakage costs representing the costs incurred by Great Hall Developer and its contractors because of the termination of the Great Hall Agreement that would not have been incurred but for the termination of the Great Hall Agreement; (4) redundancy costs representing reimbursements to Great Hall Developer for costs incurred in terminating employees who would not continue with Great Hall Developer or an affiliate of Great Hall Developer after termination of the Great Hall Agreement; and (5) transition costs representing the amount spent by Great Hall Developer to wind down the work and transition the Great Hall Project to the City, for and on behalf of the Department.

The City, for and on behalf of the Airport, entered into a Final Agreement Regarding Termination dated March 13, 2020 (the "Termination Agreement") with Great Hall Developer, Ferrovial Agroman West, LLC and Great Hall Builders, LLC ("Great Hall Builders") to settle all disputes among the parties to the Termination Agreement relating to the Great Hall Agreement, resolve certain relief event claims filed by Great Hall Developer on its own behalf and on behalf of Great Hall Builders under the Great Hall Agreement and settle the final amount of the total Termination Payment. As set forth in the Termination Agreement, the City, for and on behalf of the Airport, made a series of payments toward the final Termination in the amount of $183.7 million. Pursuant to the Termination Agreement, no other payments are due from the City, for and on behalf of the Airport, as a result of the termination of the Great Hall Agreement and all claims for payments against the City, for and on behalf of the Airport, have been dismissed. On March 17, 2020, the Airport made a final settlement payment relating to the Great Hall Project. On March 20, 2020, the City on behalf of the Airport filed a Voluntary Event Notice Relating to Great Hall Project Termination Payment. This disclosure is available at https://emma.msrb.org/ER1317070-ER1026269-ER1432758.pdf.

On November 19, 2021, the City, for and on behalf of the Airport, issued a Voluntary Notice related to the Great Hall Project Status Update. This disclosure is available at https://emma.msrb.org/P21516492-P21172857-P21588899.pdf.

(c) Noise Violation

The City and Adams County entered into an intergovernmental agreement for the Airport 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.

Currently, the Airport has not received any notices for any penalties 2022, 2021 and 2020. On August 27, 2020, the City received notices of violations for 2019. The Airport is reviewing these notices but has not made any determination of their validity. As of December 31, 2022 and 2021, the Airport had claim litigation reserves of $29.3 million and $27.1 million for the penalties and estimated interest for the 2017-2019 noise violations.

(d) Claims and Litigation

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado (the "Court"), which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (as amended, the "Complaint"). The Complaint sought, among other things, a declaration from the Court that the City is in breach of the 1988 Adams County Intergovernmental Agreement (the "IGA") as a result of the City's continued use of noise modeling system known as ARTSMAP, which the plaintiffs alleged is not sufficient to measure compliance with certain noise standards (the "Noise Standards") agreed to under the IGA. The Complaint also alleged between 93 and 108 Class II violations of Noise Standards in 2014 through 2016 that remained uncured in the succeeding calendar year and sought (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning Airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of $500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year. On June 19, 2020, the Court issued a ruling (the "Ruling") (i) finding, among other things, that the use of ARTSMAP system does not comply with the IGA and (ii) awarding plaintiffs liquidated damages in the amount of $500,000 for each of the 67 uncured Class II violations for 2014, 2015, and 2016 for a total amount of $33.5 million plus interest. On September 1, 2020, the Court ruled on the method of calculating interest for each violation.

On October 16, 2020, the City filed a notice of appeal with the Colorado Court of Appeals (the "Appellate Court") appealing the Ruling. On March 3, 2022, the Court issued a decision affirming the Appellate Court Ruling and the method of calculating interest. On April 12, 2022, the City filed a petition for certiorari with the Colorado State Supreme Court and asked the court to clarify certain rulings of the Appellate Court, including the method of calculating interest and accrual of cause of action related to breach of contract. On October 24, 2022, the Colorado Supreme Court granted the petition only on the issue of whether the Appellate Court erred when it determined that a cause of action does not accrue for breach of contract until the extent of damages is fully ascertainable. The City's opening brief was filed January 23, 2023, Adams County's Response Brief was filed March 27, 2023, and the City filed a Reply Brief on May 8, 2023. The Court may require oral argument after briefing is complete. The City is not able to predict the outcome the Colorado Supreme Court review of this issue.

As of December 31, 2022 and 2021, the outstanding amount due to plaintiffs for 67 uncured Class II violations for 2014, 2015, and 2016, including interest, was $57.6 million and $53.4 million, respectively. To the extent the City ultimately is obligated to pay amounts ordered by the Court, or additional amounts claimed by Adams County for violations occurred in years 2017-2019 discussed in note 22(c) to the financial statements, the City currently expects to fund these payments from the Airport unrestricted Capital Fund.

(e) United Use and Lease Agreement

The United ULA 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 2022. 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.

(23) Insurance

The Airport is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Airport has purchased commercial insurance for various risks.

Employees of the City and County of Denver (including all airport 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.

The Airport utilizes Rolling Owner Controlled Insurance Programs (ROCIP) for selected Capital Improvement Projects. Overall ROCIP program experience has generated cost savings to the Airport.

(24) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenue from facility rental fees and airline landing fees (airline operating revenue). For the twelve months ended December 31, 2022 and 2021, the United Airlines group represented approximately 46.7% and 43.9% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 25.3% and 25.2% for the same periods, respectively. No other airline represented more than 10% of the Airport's airline operating revenue. The Airport requires performance bonds or other financial instruments to support airlines and concession accounts receivables.

The dominant air carrier at the Airport is United Airlines, one of the world's largest airlines. Pursuant to the United Use & Lease Agreement, United currently leases 69 full-service contact gates on Concourse B and 15 ground loading positions. In addition, United together with its United Express commuter affiliates, accounted for 46.4% and 43.9% of enplaned passengers at the Airport in 2022 and 2021, respectively.

(25) Subsequent Events

Credit Facility and Reimbursement Agreements

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreements for Series 2002C Credit Facility Bonds, and for Series 2021A-B Credit Facility Bonds with Banc of America Preferred Funding Corporation (Banc of America) to extend the terms through April 28, 2028 and the floating rate index changed to SOFR effective on the Closing Date. The Series 2002C and 2021A-B Closing Date is April 28, 2023 and April 26, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreement with Bank of America N.A. for Series 2009C and 2008B Credit Facility Bonds. Bank of America N.A. to extend the terms through April 28, 2028 and July 1, 2028, respectively, and the floating rate index changed to SOFR effective on the Closing Date. The Series 2009C and 2008B Closing Date is April 28, 2023 and July 1, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF AIRPORT PROPORTIONATE SHARE
NET PENSION LIABILITY
DECEMBER 31 ($ IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015
DEN proportionate share of the net pension liability	12.238560%	12.063610%	13.736040%	12.725930%	11.994930%	12.618330%	13.400670%	13.13003%
DEN proportionate share of the net pension liability	$ 166,159	$ 187,776	$ 199,878	$ 191,995	$ 140,679	$ 153,869	$ 158,033	$ 115,000
DEN covered payroll	$ 92,442	$ 94,052	$ 97,266	$ 92,132	$ 88,612	$ 85,209	$ 84,601	$ 75,901
DEN proportionate share of the net pension liability as a percentage of its covered payroll	179.74%	199.65%	205.50%	208.39%	158.76%	180.58%	186.80%	151.51%
Plan fiduciary net position as a percentage of the total pension liability	66.25%	60.32%	60.82%	57.76%	65.49%	62.26%	62.26%	70.11%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of the Airport's measurement date (December 31 of the 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: For the year ended December 31, 2022 the discount rate used to measure the total pension liability was 7.25%. For the year ended December 31, 2021 the discount rate used to measure the total pension liability changed to 7.25% from 7.50% at December 31, 2019. For the year ended December 31, 2019 the discount rate used to measure the total pension liability changed to 7.50% from 7.75% at December 31, 2017. For the year ended December 31, 2017 the discount rate used to measure the total pension liability changed to 7.75% from 8.00% at December 31, 2015.

SCHEDULE OF AIRPORT CONTRIBUTIONS
NET PENSION LIABILITY
DECEMBER 31 ($ IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 16,689	$ 13,778	$ 13,133	$ 11,937	$ 10,873	$ 9,513	$ 9,176	$ 9,109
Contributions in relation to the contractually required contribution	16,689	13,778	13,133	11,937	10,873	9,513	9,176	9,109
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DEN covered payroll	$ 100,419	$ 92,442	$ 94,052	$ 97,266	$ 92,132	$ 88,612	$ 85,209	$ 84,601
Contributions as a percentage of covered payroll	16.62%	14.90%	13.96%	12.27%	11.80%	10.74%	10.77%	10.77%

Notes: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

Information presented in this schedule has been determined as of the Airport's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 68.

There were no benefit changes for 2022. As of October 1, 2016, the valuation interest was lowered from 8% to 7.75%. The latest experience study was conducted in 2019 covering the 5-year period of January 1, 2015 to December 31, 2019. 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 ending December 31, 2012, page 24).

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT PROPORTIONATE SHARE
NET OPEB LIABILITY
DECEMBER 31 ($ IN THOUSANDS)

OPEB	2022	2021	2020	2019	2018
DEN proportion of the net liability	12.234760%	12.080280%	13.782320%	12.997740%	12.346330%
DEN proportionate share of the net liability	$ 10,516	$ 11,725	$ 13,555	$ 13,594	$ 10,855
DEN covered payroll	$ 92,442	$ 94,052	$ 97,266	$ 92,132	$ 88,612
DEN proportionate share of the net liability as a percentage of its covered payroll	11.38%	12.47%	13.94%	14.75%	12.25%
Plan fiduciary net position as a percentage of the total liability	49.63%	43.59%	42.16%	39.18%	45.98%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented.

Information present in this schedule has been determined as of the Airport's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 75.

Changes in assumptions: For the year ended December 31, 2021 the discount rate used to measure the total pension liability changed to 7.25% from 7.50% at December 31, 2019. For the year ended December 31, 2019 the discount rate used to measure the total pension liability changed to 7.50% from 7.75% at December 31, 2017. For the year ended December 31, 2017 the discount rate used to measure the total pension liability changed to 7.75% from 8.00% at December 31, 2015.

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT EMPLOYER CONTRIBUTIONS
NET OPEB LIABILITY
DECEMBER 31 ($ IN THOUSANDS)

OPEB	2022	2021	2020	2019	2018
Actuarially required contribution	$ 830	$ 830	$ 701	$ 644	$ 539
Contributions in relation to the actuarially required contribution	829	725	726	697	674
Contribution deficiency (excess)	1	105	(25)	(53)	(135)
DEN covered payroll	$ 100,419	$ 92,442	$ 94,052	$ 97,266	$ 92,132
Contributions as a percentage of covered payroll	0.8%	0.8%	0.8%	0.7%	0.7%

Notes: Information is not available prior to 2018. 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 the Airport's most recent fiscal year-end (December 31) in accordance with Governmental Accounting Standards Board Statement No. 75.

There were no benefit changes during the year.

Changes in assumptions: For the year ended December 31, 2021 the discount rate used to measure the total pension liability changed to 7.25% from 7.50%.

OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF AIRPORT PROPORTIONATE SHARE
IMPLICIT RATE SUBSIDY
DECEMBER 31 ($ IN THOUSANDS)

Implicit rate subsidy	**2022**	**2021**	**2020**	**2019**	**2018**
DEN proportion of the total liability	12.547710%	12.706530%	9.227772%	9.687901%	9.788102%
DEN proportionate share of the total liability	$ 11,430	$ 11,745	$ 8,061	$ 7,721	$ 7,693
DEN covered-employee payroll	$ 92,442	$ 94,052	$ 97,266	$ 92,132	$ 88,612
DEN proportionate share of the total liability as a percentage of its covered-employee payroll	12.36%	12.49%	8.29%	8.38%	8.68%

Notes: Information is not available prior to 2018. In future reports, additional years will be added until 10 years of historical data are presened.

Information present in this schedule has been determined as of the Airport's measurement date (December 31 of the year prior to the most recent fiscal year) of the collective total implicit rate subsidy OPEB liabilities in accordance with Governmental Accounting Standards Board Statement No. 75.

For the December 31, 2021 OPEB Liability, Demographic actuarial assumptions were based on the 2018 experience study of the DERP using data from the five-year period ending December 31, 2017. The implicit subsidy valuation uses these same demographic assumptions, as published in the DERP January 2021 pension valuation, except for a different basis used to project future mortality improvement. For years ended December 31, 2020 and prior 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 (Source: Denver Employees Retirement Plan 2013 Actuarial Experience Study for the period ending December 31, 2012, page 24). No assets are accumulated in a trust to pay related benefits.

Changes of assumptions: The discount rate used to measure the total OPEB liability was 3.56%, 4.11%, 2.74%, 2.12%, and 2.06% for the years ended December 31, 2017, 2018, 2019, 2020 and 2021, respectively.

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
OTHER INFORMATION (UNAUDITED)

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE AIRPORT REVENUE ACCOUNT

YEAR ENDED DECEMBER 31, 2022 ($ IN THOUSANDS)

Gross revenues:	
Facility rentals	$ 298,545
Concession income	105,529
Parking income	206,468
Car rental income	91,469
Landing fees	152,309
Aviation fuel tax	38,238
Ground transportation	19,722
Other sales and charges	9,752
Customer facility fee revenue	17,389
Interest income	45,177
Designated passenger facility charges	131,106
Hotel	65,078
Miscellaneous income	1,742
Total gross revenues	**$ 1,182,524**
Operation and maintenance (O&M) expenses:	
Personnel services	$ 186,811
Contractual services	253,681
Maintenance, supplies, and materials	26,388
Hotel	30,523
Total O&M expenses	**$ 497,403**
Net revenues	$ 685,121
Other available funds	35,613
Net revenues plus other available funds	**$ 720,734**
Debt service coverage - senior bonds:	
Debt Service Requirements - senior bonds	$ 209,972
Less: Application of escrow proceeds	(67,520)
Net debt service requirements - senior bonds	**$ 142,452**
Debt service coverage - senior bonds	**506%**
Debt service coverage - all bonds:	
Debt service requirements - subordinate bonds	$ 252,544
Less: Application of Escrow Proceeds	(33,647)
Net debt service requirements - senior bonds	142,452
Net debt service requirements - all bonds	**$ 361,349**
Debt service coverage - all bonds	**199%**

Notes: Debt service requirements are net of capitalized interest.
For additional information on escrow proceeds,
see accompanying independent auditors' report

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2022

(1) Bond Account

There shall be credited to the Bond Account, in the following order of priority:

(a) Interest Account

The required monthly deposit to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, is an amount which, if made in substantially equal installments, 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 Acctount Balance at 12/31/2022
Series 2002C	01/01/23	$ 43	$ 43
Series 2008B	01/01/23	92	92
Series 2009B	05/15/23	2,094	523
Series 2009C	01/01/23	140	140
Series 2012A	05/15/23	698	175
Series 2012B	05/15/23	3,308	827
Series 2012C	05/15/23	544	136
Series 2013A	05/15/23	7,712	1,928
Series 2013B	05/15/23	8,936	2,234
Series 2015A	05/15/23	1,105	276
Series 2016A	05/15/23	5,176	1,294
Series 2017A	05/15/23	3,895	974
Series 2017B	05/15/23	532	133
Series 2018A	06/01/23	55,550	9,258
Series 2018B	06/01/23	4,385	731
Series 2019A	05/15/23	523	131
Series 2019C	05/15/23	3,000	750
Series 2020A-1	05/15/23	1,060	265
Series 2020A-2	05/15/23	916	229
Series 2020B-1	05/15/23	473	118
Series 2020B-2	05/15/23	602	150
Series 2020C	05/15/23	4,328	1,082
Series 2021A-B	01/01/23	68	68
Series 2022A	05/15/23	36,454	9,114
Series 2022B	05/15/23	4,453	1,113
Series 2022C	05/15/23	8,808	2,202
Series 2022D	05/15/23	22,023	5,506
			$ 39,492

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2022

(b) Principal Account

The required monthly deposit 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, is an amount which, if made in substantially equal installments, 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 12/31/2022
Series 2002C	01/01/23	$ 290	$ 36
Series 2008B	01/01/23	5,500	688
Series 2012A	05/15/23	6,410	801
Series 2012B	05/15/23	6,730	841
Series 2016A	05/15/23	80,475	10,059
Series 2017A	05/15/23	14,675	1,834
Series 2020A-1	05/15/23	13,165	1,646
Series 2020A-2	05/15/23	18,545	2,318
Series 2020B-1	05/15/23	1,875	234
Series 2020C	05/15/23	23,350	2,919
Series 2022C	05/15/23	10,490	1,311
Series 2013A	05/15/23	5,085	636
Series 2013B	05/15/23	7,270	909
Series 2015A	05/15/23	32,020	4,003
Series 2018A	06/01/23	34,390	2,866
Series 2018B	06/01/23	285	24
			$ 31,125

(c) Sinking Account

The required monthly deposit to the Bond Sinking Account, commencing on the first day of the 12th calendar month prior to the date on which the City is required to pay any Term Bonds, is one-twelfth of the amount necessary to pay the redemption price or principal of such Term Bonds scheduled to be retired in any year by mandatory redemption, at fixed maturity or otherwise, except to the extent any other monies, including without limitation, monies in any escrow account, are available therefore.

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATIONAL AND MAINTENACE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE

YEAR ENDED DECEMBER 31, 2022

(d) Redemption Account

The 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, is 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, 2022, the redemption account had a balance of $28.7 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 balance at December 31, 2022	$	100,037
Aggregate required bond account balance		100,037
Overfunded	$	-

(2) Bond Reserve Account

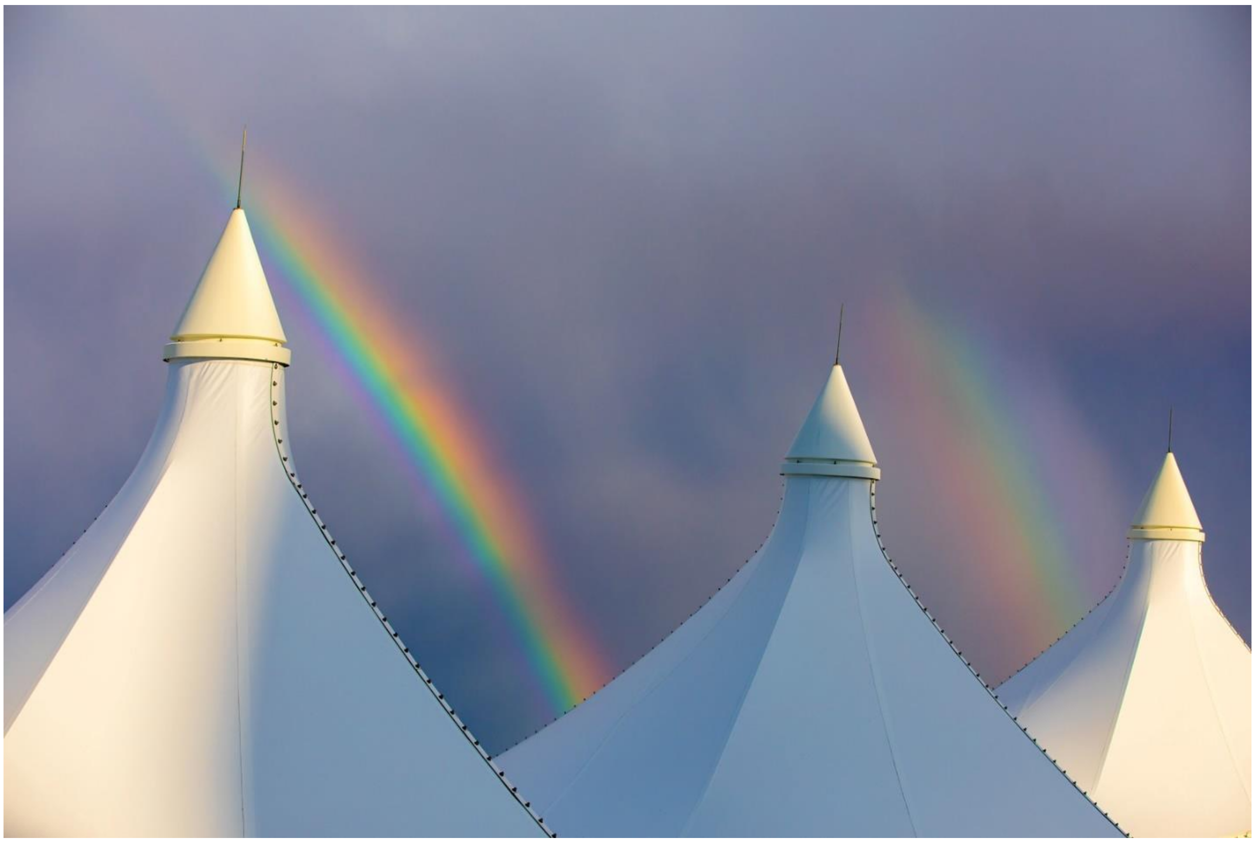
The City is required, after making required monthly deposits to the Interest, Principal, Sinking Account, and Redemption accounts of the Bond Account, to apply Net Revenues to fund the Bond Reserve Account, in an amount equal to the maximum annual interest and principal payable on all outstanding Senior Bonds of the Airport, as defined in the General Bond Ordinance. The amount deposited to the Bond Reserve Account at December 31, 2022 is $533.9 million. The minimum Bond Reserve Account requirement for both Senior and Subordinate Lien Bonds is $522.6 million.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account balance must be funded at an amount equal to no less than two months and no more than four months of the prior year operating expenses. Airport management funds the reserve based on three months of the prior year operating expenses. The operation and maintenance expenses noted below is presented as defined within the 1984 Airport System General Bond Ordinance ($ in thousands).

2021 Operation and Maintenance expenses	$	424,042
Minimum operations and maintenance reserve requirement for 2022	$	70,674
Operation and maintenance reserve account balance at December 31, 2022		116,611
Overfunded	$	45,937

2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT
STATISTICAL SECTION (UNAUDITED)



This section details historical information for supporting reader's understanding of financial statements and note disclosures presented in the Airport's Annual Comprehensive Financial Report.

CONTENTS

FINANCIAL TRENDS

This data is intended to help the reader understand how the Airport's financial position has changed over time. Schedules included are:

(1) Summary of Net Position

(2) Summary of Changes in Net Position

(3) Summary of Operating Expenses

(4) Summary of Nonoperating Income and Expenses

REVENUE CAPACITY

This data is intended to help the reader understand the major the Airport's revenue sources. Schedules included are:

(5) Summary of Operating Revenues

(6) Market Share of Air Carriers/Enplaned Passengers by Airline

(7) Historical Passenger Facility Charge Revenues

Additional information effecting airport revenue capacity is provided in the Operating Information Section below.

DEBT CAPACITY

This data is intended to help the reader assess the Airport's ability to service existing debt and ability to issue additional debt in the future. Schedules included are:

(8) Outstanding Debt Principal by Type

(9) Debt Service Coverage under the Bond Ordinance

DEMOGRAPHIC AND ECONOMIC INFORMATION

This data contains demographic and economic indicators to help the reader understand the environment within which the Airport's financial activities take place. Schedules included are:

(10) City and County of Denver Demographic and Economic Statistics

(11) City and County of Denver Principal Employers

OPERATING INFORMATION

This data offers information about the Airport's operations and resources to help the reader understand how the Airport's financial information relates to the services it provides and activities it performs. Schedules included are:

(12) Passenger and Operating Statistics

(13) Enplaned Passengers by Major Airline Category

(14) Aircraft Operations

(15) Landed Weight

(16) Enplaned Cargo Operations

(17) Career Service Employees

(18) Nature, Volume and Usage of Capital Assets

(19) Summary of Insurance Coverage

(1) Summary of Net Position

Years Ended 2013 - 2022
($ in thousands)

Purpose: This schedule provides information on the restricted and unrestricted components of net position for the last ten years of the Airport's operations.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net investment (deficit) in capital assets	$ (168,978)	$ (136,825)	$ (104,547)	$ (157,375)	$ (29,619)	$ 78,760	$ (141,151)	$ (626,147)	$ (730,285)	$ (719,304)
Restricted for capital projects	17,443	14,692	18,622	13,835	11,264	2,708	10,153	32,479	23,119	16,086
Restricted for debt service	463,937	371,249	636,410	476,888	495,973	484,893	456,744	636,529	642,318	653,222
Unrestricted net position	1,231,966	1,322,900	856,703	918,297	691,347	457,312	508,395	682,592	764,259	623,519
Total net position	$ 1,544,368	$ 1,572,016	$ 1,407,188	$ 1,251,645	$ 1,168,965	$ 1,023,673	$ 834,141	$ 725,453	$ 699,411	$ 573,523

Source: Airport annual financial reports and management records

(2) Summary of Changes in Net Position

Years Ended 2013 - 2022
($ in thousands)

Purpose: This statement provides information on operating revenues and expenses, nonoperating income, capital contributions, and changes in net position for the last ten years of the Airport's operations.

	2022	2021 (4)	2020	2019	2018 (2)	2017	2016	2015 (1)	2014	2013
Operating revenues	$930,184	$716,396	$591,810	$867,793	$808,360	$768,925	$742,529	$687,536	$711,491	$661,637
Operating expenses excluding depreciation	542,554	461,413	475,900	584,472	474,314	453,532	469,810	436,803	413,563	431,935
Income before depreciation/ amortization	387,630	254,983	115,910	283,321	334,046	315,393	272,719	250,733	297,928	229,702
Depreciation and amortization	274,187	226,852	210,513	203,321	193,009	183,351	179,692	163,714	183,560	184,721
Operating income	113,443	28,131	(94,603)	80,000	141,037	132,042	93,027	87,019	114,368	44,981
Nonoperating revenues (expenses)	(215,198)	111,883	216,373	53,172	(3,787)	1,611	12,108	9,106	(9,013)	(55,906)
Income before capital contributions	(101,755)	140,014	121,770	133,172	137,250	133,653	105,135	96,125	105,355	(10,925)
Capital contributions/grants/transfers	74,107	24,814	33,773	15,301	26,730	55,879	3,553	20,483	20,533	31,412
Change in net position before special item	(27,648)	164,828	155,543	148,473	163,980	189,532	108,688	116,608	125,888	20,487
Special item (3)	-	-	-	(65,793)	-	-	-	-	-	-
Change in net position	$ (27,648)	$164,828	$155,543	$ 82,680	$163,980	$189,532	$108,688	$116,608	$125,888	$ 20,487

(1) Restated for GASB 68, *Accounting and Financial Reporting for Pension*
(2) Restated for GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*
(3) Special Item was recorded as defined in GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments,* as related to the termination of the Great Hall Agreement.
(4) Adopted GASB 87, *Leases.* For the year ended December 31, 2021, Statement of Revenues, Expenses, and Changes in Net Position was not restated since the impact was not significant.

Source: Airport annual financial reports and management records

(3) Summary of Operating Expenses

Years Ended 2013 - 2022
($ in thousands)

Purpose: This statement provides information on operating expenses by type for the last ten years of Airport's operations.

	2022	2021 (4)	2020	2019	2018 (3)	2017	2016	2015 (2)	2014	2013
Personnel	$185,289	$178,530	$198,582	$194,317	$173,979	$171,151	$165,114	$148,518	$134,699	$125,608
Contractual services	246,839	213,225	193,606	241,264	227,918	216,501	212,699	197,459	194,712	194,666
Repair and maintenance projects	47,095	22,372	29,229	32,296	19,423	14,071	37,514	55,358	57,049	81,234
Maintenance, supplies and materia	26,388	18,867	19,092	28,649	24,378	24,452	27,547	32,911	27,103	30,427
Hotel (1)	30,523	22,458	17,378	31,446	28,616	27,357	26,936	2,557	-	-
Legal/claim reserve expense	6,420	5,961	18,013	56,500	-	-	-	-	-	-
Total operating expenses	$542,554	$461,413	$475,900	$584,472	$474,314	$453,532	$469,810	$436,803	$413,563	$431,935

(1) Hotel opened November 19, 2015
(2) Adopted GASB 68, *Accounting and Financial Reporting for Pension*
(3) Adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*
(4) Adopted GASB 87, *Leases.* For the year ended December 31, 2021, Statement of Revenues, Expenses, and Changes in Net Position was not restated since the impact was not significant.

Source: Airport annual financial reports and management records

(4) Summary of Nonoperating Income and Expenses

Years Ended 2013 - 2022
($ in thousands)

Purpose: This statement provides information on nonoperating income and expenses by source/type/activity for the last ten years of the Airport's operations.

	2022	2021 (3)	2020	2019	2018	2017	2016	2015	2014	2013
Passenger facility charges	$ 132,709	$ 113,500	$ 64,922	$ 132,484	$ 123,907	$ 118,333	$ 114,230	$ 106,007	$ 103,959	$ 103,032
Customer facility charges (1)	17,389	15,585	10,621	21,525	20,019	19,492	19,884	18,598	17,215	-
Investment income	(117,330)	(34,937)	150,043	171,096	73,802	46,779	39,274	40,648	44,030	25,205
Interest expense	(257,069)	(221,738)	(247,293)	(270,394)	(214,799)	(188,152)	(156,481)	(169,413)	(176,177)	(183,359)
Grants (2)	-	-	-	-	-	873	686	622	516	481
Stimulus funds	939	250,880	269,074	-	-	-	-	-	-	-
Lease interest income	10,243	-	-	-	-	-	-	-	-	-
Other revenues (expenses)	(2,079)	(11,407)	(30,994)	(1,539)	(6,716)	4,286	(5,485)	12,644	1,444	(1,265)
Total nonoperating revenues (expenses)	$ (215,198)	$ 111,883	$ 216,373	$ 53,172	$ (3,787)	$ 1,611	$ 12,108	$ 9,106	$ (9,013)	$ (55,906)

(1) Customer Facility Charges imposed on on-airport rental car companies effective January 1, 2014.
(2) These grants represent operation reimbursements and have been included in operating revenues.
(3) Adopted GASB 87, *Leases.* For the year ended December 31, 2021, Statement of Revenues, Expenses, and Changes in Net Position was not restated since the impact was not significant.

Source: Airport annual financial reports and management records

(5) Summary of Operating Revenues

Years Ended 2013 - 2022
($ in thousands)

Purpose: This statement provides information on operating income by revenue type for the last ten years of the Airport's operations.

	2022	2021 (3)	2020	2019	2018	2017	2016	2015	2014	2013
Airline revenues:										
Facility rentals	$ 249,586	$ 187,007	$ 226,837	$ 210,836	$196,065	$180,443	$198,407	$194,004	$235,774	$214,251
Landing fees	149,791	150,575	135,708	175,636	161,981	171,708	150,850	147,379	147,841	137,549
Total airline revenues	399,377	337,582	362,545	386,472	358,046	352,151	349,257	341,383	383,615	351,800
Non-airline revenues:										
Parking	206,468	147,809	88,259	203,502	189,890	176,006	176,949	178,478	167,851	159,465
Concession	103,189	69,120	45,216	85,703	83,297	68,269	67,408	59,677	55,863	52,022
Car rental	88,326	75,703	45,993	80,348	72,621	71,806	66,727	65,309	59,655	50,002
Hotel (1)	65,078	43,674	24,481	62,088	53,304	47,412	43,262	3,205	-	-
Aviation fuel tax	38,238	21,626	9,789	25,464	25,039	25,993	18,892	19,458	26,298	28,101
Ground transportation (2)	19,722	13,848	8,575	19,997	17,313	12,449	10,594	9,669	-	-
Other sales and charges	9,786	7,034	6,952	4,219	8,850	14,839	9,440	10,357	18,209	20,247
Total non-airline revenues	530,807	378,814	229,265	481,321	450,314	416,774	393,272	346,153	327,876	309,837
Total operating revenues	$ 930,184	$ 716,396	$ 591,810	$ 867,793	$808,360	$768,925	$742,529	$687,536	$711,491	$661,637

(1) Hotel was opened in November 2015
(2) Ground transportation revenue were not significant and included in other sales and charges before 2015
(3) Adopted GASB 87, *Leases*. For the year ended December 31, 2021, Statement of Revenues, Expenses, and Changes in Net Position was not restated since the impact was not significant.

Source: Airport annual financial reports and management records

(6) Market Share of Air Carriers/Enplaned Passengers by Airline

Years Ended 2013 - 2022

Purpose: This schedule provides information on enplaned passengers by air carrier for the last ten years of the Airport's operations.

	2022			2021			2020 (1)			2019			2018		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
United	16,067,373	46.4%	24.4%	12,914,667	43.9%	81.7%	7,107,248	42.1%	-54.0%	15,436,452	44.7%	10.0%	14,027,769	43.5%	8.1%
Southwest	10,607,776	30.6%	13.9%	9,316,922	31.7%	82.2%	5,113,869	30.3%	-46.0%	9,467,075	27.4%	0.9%	9,386,197	29.1%	2.7%
Frontier	3,397,299	9.8%	5.3%	3,225,934	11.0%	37.0%	2,354,879	14.0%	-43.6%	4,176,993	12.1%	13.0%	3,696,254	11.5%	5.6%
American	1,318,658	3.8%	-8.8%	1,446,247	4.9%	65.2%	875,460	5.2%	-46.4%	1,632,621	4.7%	0.8%	1,619,744	5.0%	-3.8%
Delta	1,686,700	4.9%	24.6%	1,353,532	4.6%	94.1%	697,259	4.1%	-62.0%	1,837,221	5.3%	6.3%	1,728,487	5.4%	5.7%
Other	1,565,052	4.5%	34.9%	1,160,580	3.9%	60.1%	725,128	4.3%	-63.1%	1,962,592	5.8%	9.0%	1,800,766	5.5%	1.2%
Total Enplanements	34,642,858	100.0%	17.8%	29,417,882	100.0%	74.3%	16,873,843	100.0%	-51.1%	34,512,954	100.0%	7.0%	32,259,217	100.0%	5.0%

	2017			2016			2015			2014			2013		
Airline	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease	Number	Percent of Total	Increase/ Decrease
United	12,976,883	42.3%	6.0%	12,246,077	42.0%	7.2%	11,420,973	42.3%	5.2%	10,860,408	40.6%	1.9%	10,659,186	40.6%	-0.9%
Southwest	9,137,172	29.7%	6.7%	8,565,381	29.4%	8.0%	7,929,104	29.3%	12.2%	7,064,833	26.4%	5.1%	6,721,126	25.6%	6.7%
Frontier	3,501,127	11.4%	-1.9%	3,567,393	12.2%	6.2%	3,360,127	12.4%	-31.9%	4,932,132	18.4%	-1.6%	5,014,710	19.1%	-13.9%
American	1,682,943	5.5%	2.4%	1,644,265	5.6%	0.1%	1,642,461	6.1%	6.8%	1,537,392	5.8%	4.1%	1,476,796	5.6%	0.2%
Delta	1,635,708	5.3%	9.8%	1,490,271	5.1%	11.7%	1,333,693	4.9%	13.0%	1,179,878	4.4%	-1.8%	1,200,920	4.6%	-1.2%
Other	1,780,178	5.8%	9.4%	1,626,817	5.7%	22.1%	1,332,571	4.9%	14.7%	1,162,041	4.4%	-4.2%	1,212,569	4.5%	18.8%
Total Enplanements	30,714,011	100.0%	5.4%	29,140,204	100.0%	7.9%	27,018,929	100.0%	1.1%	26,736,684	100.0%	1.7%	26,285,307	100.0%	-1.2%

(1) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Source: Airport annual financial reports and management records

(7) Historical Passenger Facility Charge Revenues

Years Ended 2013 - 2022
($ in thousands)

Purpose: This schedule provides information on passenger facility charge revenues for the last ten years of the Airport's operations.

Year		Revenue
2013		103,032
2014		103,959
2015		106,007
2016		114,230
2017		118,333
2018		123,907
2019		132,484
2020	(1)	64,922
2021		113,500
2022		132,709

(1) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Source: Airport annual financial reports and management records

(8) Outstanding Debt Principal by Type

Years Ended 2013 - 2022
($ in thousands)

Purpose: This schedule provides information on outstanding bond debt principal net of unamortized premiums and discounts for the last ten years of the Airport's operations.

Fiscal Year	Senior Bonds	Subordinate Bonds	Direct Placement (1) Senior Bonds	Direct Placement (1) Subordinate Bonds	Defeasances	Unamortized Net Premiums	Outstanding Debt
2013	3,678,195	719,915	-	-	43,285	172,681	4,614,076
2014	3,521,835	719,915	-	-	43,275	153,214	4,438,239
2015	3,161,650	910,760	-	-	40,080	128,879	4,241,369
2016	2,955,860	894,955	-	-	40,080	144,853	4,035,748
2017	2,755,415	1,170,085	-	-	40,080	161,983	4,127,563
2018	2,606,895	3,358,540	-	-	40,080	409,278	6,414,793
2019	1,850,030	3,196,475	376,555	294,280	40,080	413,874	6,171,294
2020	1,824,230	3,176,130	262,155	250,925	40,080	376,825	5,930,345
2021	1,695,365	3,155,980	227,155	930,150	-	335,548	6,344,198
2022	4,132,940	3,119,760	110,755	175,870	-	469,351	8,008,676

(1) Implementation of GASB 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placement

Source: Airport annual financial reports and management records

(9) Debt Service Coverage under the Bond Ordinance

Years Ended 2013 - 2022
($ in thousands)

Purpose: This schedule provides information on compliance with rate maintenance covenant as defined in the 1984 Airport System General Bond Ordinance for the last ten years of the Airport's operations.

	2022	2021	2020	2019 (2)	2018	2017	2016	2015	2014	2013
Gross revenues	$1,182,524	$ 929,450	$ 748,264	$1,102,851	$ 945,206	$ 895,963	$ 863,126	$ 808,781	$ 803,620	$ 743,101
Operation and maintenance expenses	497,403	424,042	407,365	478,305	445,801	425,005	417,140	381,445	355,769	349,987
Net revenues	685,121	505,408	340,899	624,546	499,405	470,958	445,986	427,336	447,851	393,114
Other available funds	35,613	35,051	39,848	68,365	43,901	47,090	51,574	56,908	54,834	50,409
Total amount available for debt service requirements	720,734	540,459	380,747	692,911	543,306	518,048	497,560	484,244	502,685	443,523
Senior bonds:										
Debt service requirements	$ 142,452	$ 140,205	$ 159,392	$ 273,460	$ 175,605	$ 188,360	$ 206,295	$ 201,279	$ 219,334	$ 202,758
Debt service coverage	506%	385%	239%	253%	309%	275%	241%	241%	229%	219%
All Bonds:										
Debt service requirements	$ 361,349	$ 256,990	$ 252,387	$ 376,265	$ 276,949	$ 282,251	$ 294,914	$ 262,516	$ 268,422	$ 242,816
Debt service coverage (1)	199%	210%	151%	184%	196%	184%	169%	184%	187%	183%

(1) The Airport's governing bond ordinances 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, and junior liens.

(2) Beginning in Fiscal Year 2019 and thereafter, all PFC revenues received by the City (net of the PFC collection fees retained by airlines) are being included in Gross Revenues for purposes of the Bond Ordinances until such time as the Manager gives written notice to the Treasurer to stop including all or a portion of PFCs in Gross Revenues.

Source: Airport annual financial reports and management records

(10) City and County of Denver Demographics and Economic Statistics

Years Ended 2013 - 2022

Purpose: This schedule provides information on certain City and County of Denver demographic and economic statistics for the last ten years.

Fiscal Year	Population	Personal Income ($ in millions)	Per Capita Personal Income	Unemployment Rate
2013	649,495	36,999	56,967	7.00%
2014	663,862	41,743	62,880	4.30%
2015	682,545	46,617	68,299	3.70%
2016	693,060	46,612	67,256	3.00%
2017	693,292	47,289	69,862	3.00%
2018	716,492	57,211	79,849	3.00%
2019	727,211	61,348	81,405	2.50%
2020	738,200	51,543	69,822	6.90%
2021	749,103	n/a	50,642	4.20%
2022	713,252	n/a	n/a	2.80%

Source: City and County of Denver 2022 Annual Comprehensive Financial Report

(11) City and County of Denver Principal Employers

Years Ended 2013 - 2022

Purpose: This schedule provides information on the principal employers for the current year and the year nine years prior.

Principle Employer	2022 Employees	2022 Rank	2022 Percent of Total City Employment	2013 Employees	2013 Rank	2013 Percent of Total City Employment
Denver Public School District #1	12,644	1	2.1%	11,863	1	3.0%
City and County of Denver	11,503	2	1.9%	9,946	2	2.5%
State of Colorado Central Payroll	9,503	3	1.5%	9,790	3	2.5%
Denver Health & Hospital Authority	8,139	4	1.3%	5,408	5	1.4%
United Airlines, Inc	7,669	5	1.2%	4,682	6	1.2%
CHC Payroll Agent, Inc. (HCA Health One)	4,464	6	0.7%	4,153	7	1.1%
University of Denver	4,365	7	0.7%	3,764	8	1.0%
USDA National Finance Center	4,320	8	0.7%	7,567	4	1.9%
Southwest Airlines	3,079	9	0.5%			
ADP TotalSource	2,695	10	0.4%			
University of Colorado				3,389	9	0.9%
Accounting Service Center (U.S. Postal Service)				3,188	10	0.8%
Total	68,381		11.0%	63,750		16.3%

Source: City and County of Denver - December 31, 2022 Annual Comprehensive Financial Report

(12) Passengers and Operating Statistics

Years Ended 2013 - 2022

Purpose: This schedule provides passenger statistics, information on aircraft operations, landed weight and enplaned cargo for the last ten years of the Airport's operations.

Fiscal Year		Enplaned Passengers		Aircraft Operations		Landed Weight (million lbs.)		Enplaned Cargo (in tons)	
		Number	Increase/ Decrease	Number	Increase/ Decrease	Number	Increase/ Decrease	Number	Increase/ Decrease
2013		26,285,307	(1.2%)	586,860	(5.1%)	30,603	(4.0%)	111,386	(2.2%)
2014		26,736,684	1.7%	575,161	(2.0%)	30,351	(0.8%)	114,729	3.0%
2015		27,018,929	1.1%	547,648	(4.8%)	30,055	(1.0%)	119,332	4.0%
2016		29,140,204	7.9%	572,520	4.5%	32,421	7.9%	114,705	(3.9%)
2017		30,714,011	5.4%	582,486	1.7%	33,884	4.5%	119,424	4.1%
2018		32,259,217	5.0%	603,403	3.6%	35,216	3.9%	129,131	8.1%
2019		34,512,954	7.0%	640,098	6.1%	37,668	7.0%	142,819	10.6%
2020	(1)	16,873,843	(51.1%)	442,571	(30.9%)	26,146	(30.6%)	146,644	2.7%
2021		29,417,882	74.3%	593,916	34.2%	35,614	36.2%	141,482	(3.5%)
2022		34,642,858	17.8%	615,733	3.7%	39,171	10.0%	156,891	10.9%

(1) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Source: Airport annual financial reports and management records

(13) Enplaned Passengers by Major Airline Category

Years Ended 2013 - 2022

Purpose: This schedule provides information on the enplaned passengers by major airline category for the last ten years of the Airport's operations.

Fiscal Year		Major/International Number	Major/International Percent of Total	Regional/Commuter Number	Regional/Commuter Percent of Total	Charter/Miscellaneous Number	Charter/Miscellaneous Percent of Total	Total Number	Total Increase/ Decrease
2013		21,618,114	82.2%	4,436,819	16.9%	230,374	0.9%	26,285,307	(1.2%)
2014	(1)	21,962,984	82.1%	4,767,207	17.8%	6,493	minimal	26,736,684	1.7%
2015		22,713,090	84.1%	4,296,830	15.9%	9,009	minimal	27,018,929	1.1%
2016		24,979,910	85.7%	4,155,887	14.3%	4,407	minimal	29,140,204	7.9%
2017		26,758,785	87.1%	3,953,656	12.9%	1,570	minimal	30,714,011	5.4%
2018		27,951,205	86.6%	4,306,957	13.4%	1,055	minimal	32,259,217	5.0%
2019		29,909,994	86.7%	4,601,264	13.3%	1,696	minimal	34,512,954	7.0%
2020	(2)	14,595,597	86.5%	2,277,837	13.5%	409	minimal	16,873,843	(51.1%)
2021		25,860,904	87.9%	3,556,567	12.1%	411	minimal	29,417,882	74.3%
2022		31,469,930	90.8%	3,172,775	9.2%	153	minimal	34,642,858	17.8%

(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.

(2) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Purpose: This schedule provides information on the percentage of enplaned passengers by domestic and international airlines.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Domestic	96.3%	95.8%	95.9%	96.1%	95.8%	95.4%	95.4%	97.3%	96.8%	95.3%
International	3.7%	4.2%	4.1%	3.9%	4.2%	4.6%	4.6%	2.7%	3.2%	4.7%

Source: Airport annual financial reports and management records

(14) Aircraft Operations

Years Ended 2013 - 2022

Purpose: This schedule provides information on aircraft operations for the last ten years of the Airport's operations.

		Air Carrier		Commuter		Taxi/General Aviation/ Military		Total
Fiscal Year		Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number
2013		420,073	71.6%	162,719	27.7%	4,068	0.7%	586,860
2014		422,178	73.4%	148,436	25.8%	4,547	0.8%	575,161
2015		424,930	77.6%	118,147	21.6%	4,571	0.8%	547,648
2016		445,019	77.7%	122,982	21.5%	4,519	0.8%	572,520
2017		461,992	79.3%	116,305	20.0%	4,189	0.7%	582,486
2018		462,276	76.6%	137,027	22.7%	4,100	0.7%	603,403
2019		487,725	76.2%	148,223	23.2%	4,150	0.6%	640,098
2020	(1)	343,922	77.7%	96,217	21.7%	2,432	0.6%	442,571
2021		471,690	79.4%	119,015	20.0%	3,211	0.6%	593,916
2022		510,345	82.9%	101,753	16.5%	3,635	0.6%	615,733

(1) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Source: Airport annual financial reports and management records

(15) Landed Weight

Years Ended 2013 - 2023
(in million lbs.)

Purpose: This schedule provides information on landed weight for the last ten years of the Airport's operations.

		Passenger		Cargo/Other		Total
Fiscal Year		Number	Percent of Total	Number	Percent of Total	Number
2013		29,343	95.9%	1,260	4.1%	30,603
2014		29,036	95.7%	1,315	4.3%	30,351
2015		28,692	95.5%	1,363	4.5%	30,055
2016		30,996	95.6%	1,425	4.4%	32,421
2017		32,492	95.9%	1,392	4.1%	33,884
2018		33,725	95.8%	1,491	4.2%	35,216
2019		36,020	95.6%	1,648	4.4%	37,668
2020	(1)	24,328	93.0%	1,818	7.0%	26,146
2021		33,741	94.7%	1,873	5.3%	35,614
2022		37,364	95.4%	1,807	4.6%	39,171

(1) In March 2020, the COVID-19 pandemic impacted overall passenger traffic and airline activity.

Source: Airport management records

(16) Enplaned Cargo Operations

Years Ended 2013 - 2022
(in tons)

Purpose: This schedule provides information on cargo operations for the last ten years of the Airport's operations.

	Freight and Express		Air Mail		Total
Fiscal Year	Number	Percent of Total	Number	Percent of Total	Number
2013	104,477	93.8%	6,909	6.2%	111,386
2014	106,766	93.1%	7,963	6.9%	114,729
2015	107,447	90.0%	11,885	10.0%	119,332
2016	103,688	90.4%	11,017	9.6%	114,705
2017	105,749	88.5%	13,675	11.5%	119,424
2018	117,377	90.9%	11,754	9.1%	129,131
2019	134,861	94.4%	7,958	5.6%	142,819
2020	137,414	93.7%	9,230	6.3%	146,644
2021	128,531	90.8%	12,951	9.2%	141,482
2022	145,923	93.0%	10,968	7.0%	156,891

Source: Airport annual financial reports and management records

(17) Career Service Employees

Years Ended 2013 - 2022

Purpose: This schedule provides information on the number of career service employees eligible for paid time off for the last ten years of the Airport's operations as of December 31.

Fiscal Year	Total Employees
2013	1,035
2014	1,097
2015	1,125
2016	1,190
2017	1,151
2018	1,104
2019	1,133
2020	1,042
2021	969
2022	1,083
Average Annual Increase (Decrease)	1.0%

Source: Airport management records

(18) Nature, Volume, and Usage of Capital Assets

Year Ended 2022

Purpose: This schedule provides information on the nature, volume, and usage of the Airport's capital assets for the year ended 2021.

Airport Information:	
Official name	Denver International Airport
Airport code	DEN
Ownership/operator	City and County of Denver/Department of Aviation
Distance from downtown Denver	24 miles
Elevation	5,434 feet
Total airport area	33,800 acres (53 square miles)

Demand for Services:	
Airlines	27
Destinations served	215 direct destinations including 25 international destinations in 13 countries
Flight operations	615,733
Annual passengers	3rd busiest airport in the United States serving 69.3 million passengers

Major Capital Assets:	
Terminal Complex	The terminal complex has a landside terminal, three airside concourses, the airport office building, and the Hotel and Transit Center. Within these concourses, there are 148 full-service gates and 20 ground loading positions. The airport is currently adding gates across all three concourses.

(continued)

Major Capital Assets:	
Terminal Complex	Jeppesen Terminal: Encompasses app. 1.2 million square feet (exclusive of international customs facilities, terminal support area and mechanical/electrical spaces), and includes ticketing, baggage claims, screening facilities, and other support services. It is currently being renovated and reconfigured to improve the security screening area, curbside space, and commercial concessions.
	Concourse A: Encompasses app. 1.86 million square feet and 40 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 app. 2.2 million square feet and 63 full-service gates plus facilities dedicated for commuter airline operations.
	Concourse C: Encompasses app. 1.4 million square feet and 45 full-service gates.
	Hotel and Transit Center: It includes 519-room Westin Denver International Airport hotel, a 37,500 square feet conference center, an 82,000 square foot open-air plaza, and a train station to serve RTD's commuter rail service to downtown Denver.
Other facilities	Various other facilities include general aviation facilities, remote facilities for rental car companies, facilities constructed and used by cargo carriers, a U.S Postal Service sorting and distribution facility and other airport warehousing, offices and distribution facilities and related infrastructures.

(continued)

Major Capital Assets:	
Runways	There are six runways - four oriented north-south and two oriented east-west. Five runways are 12,000 feet long and 150 feet wide. The sixth runway is 16,000 feet long and 200 feet wide. The airfield has substantial expansion capacity to accommodate up to 12 runways.
Transit system and walkways	The terminal and concourses are connected by an underground automated guideway transit system (AGTS) and elevated walkway connects the terminal with the Airport Office Building and Concourse A. A shuttle bus system is also available for the emergency transportation of passengers between the Jeppesen Terminal and Concourse B and C.
Parking capacity	There are two multi-level parking garages adjacent to Jeppesen Terminal, as well as close-in and remote surface parking lots that provide a total of 47,626 parking spaces: Garage parking: 15,993 Economy parking: 9,249 Shuttle parking: 17,405 Pena station parking: 800 Employee parking: 8,470
Car rental facilities	Five onsite rental car companies provide services at the airport. They collectively represent eleven brands: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt and Thrifty. Each company maintains its own customer service center, shuttle bus fleet and auto care facility. Off-site, or remote operators, also serve DEN passengers. Current brands authorized to operate from off-airport locations are Ace/Economy, Airport Van Rental, Go-Car, NuCar, Routes and York. The following companies provide car sharing service at the airport: Turo and ZipCar.

Source: Airport management records

(19) Summary of Insurance Coverage

Year Ended 2022

Purpose: This schedule provides information on insurance coverage in place as of year ended 2022.

Policy Type	Insurer	Policy Number	Expiration Date	Coverage
Airport Owner's Liability	AIG (lead) (1) AIG	AP-086448700-13 (primary) (1) AX 015436827-03 (excess)	5/1/2023	$ 500,000,000
Cyber Liability	Homeland Crum & Forster	720000089-0001 (primary) CYB-104042 (excess)	5/1/2023	$ 10,000,000
Environmental Liability	Aspen	ERAG93E19	5/1/2023	$ 10,000,000
Professional Liability (CDL)	Landmark	LHR795955	5/1/2023	$ 1,000,000
Property	FM Global AIG	1098622 (primary) 034250342 (excess)	5/1/2023	$ 2,500,000,000

(1) Quota share placement with additional policies with various insurers

Source: Airport management records

APPENDIX E

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022

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CITY & COUNTY OF DENVER | MUNICIPAL AIRPORT SYSTEM

QUARTERLY FINANCIAL REPORT

FOR THE PERIOD ENDED JUNE 30, 2023 AND 2022

PREPARED BY THE FINANCE DIVISION

DEPARTMENT OF AVIATION

AN ENTERPRISE FUND OF THE CITY & COUNTY OF DENVER

COLORADO

2023 QUARTERLY FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's Discussion and Analysis (MD&A) (Unaudited)

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for the six months ended June 30, 2023, 2022 and 2021. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenue at the Airport totaled $534.8 million, an increase of $94.0 million, or 21.3%, for the six-month period ended June 30, 2023, as compared to the same period in 2022. Airline revenue totaled $248.7 million, an increase of $55.5 million, or 28.7%. The overall increase was due to an increase in facility rental revenue, as well as an increase in landing fee revenue. Non-airline revenue totaled $286.1 million, an increase of $38.5 million, or 15.5%, primarily due to an increase in overall passengers. Non-airline revenue represented 53.5% of total operating revenue.

Operating expenses, exclusive of depreciation and amortization, totaled $276.8 million for the six-month period ended June 30, 2023, representing an increase of $34.1 million, or 14.0%, as compared to the six-month period ended June 30, 2022. The increase compared to prior year was primarily driven by a $20.4 million, or 17.8%, increase in contractual services and a $12.2 million, or 13.4%, increase in personnel costs.

COVID-19 Pandemic

General Description

The outbreak of COVID-19 has had a significant adverse impact on global air traffic and air travel demand. In March 2020, the World Health Organization declared COVID-19 as a pandemic and the United States government-imposed travel restrictions on domestic and international air travel. Various government agencies in the United States and other countries also warned against travel and large group events, and many issued periodic stay-at-home orders and voluntary and involuntary self-quarantining measures curtailing non-essential travel.

As of the date of this financial report, the City is no longer operating under any declared states of emergency regarding the COVID-19 pandemic. The City's declaration of public health emergency related to COVID-19 expired as of March 1, 2023. The State's emergency disaster declaration ended with the expiration of the Colorado COVID-19 Disaster Recovery order on or about May 5, 2023. The Federal government's public health emergency ended on May 11, 2023, following Congress having passed a resolution to end the COVID-19 national emergency in December 2022. Effective on May 12, 2023, non-citizen non-immigrant air passengers will no longer need to show proof of being fully vaccinated with an accepted COVID-19 vaccine to board a flight in the United States.

Airport Operations

The Airport continued to see an increase in passenger traffic and airport operations, with a 13.6% increase in total passengers and a 6.5% increase in total aircraft operations, respectively, for the six months ended June 30, 2023, as compared to the same period in 2022. As of June 30, 2023, the Airport had 136 gates and six ground loading positions leased and operated by Signatory Airlines, and eight gates and seven ground loading positions available on a per-use basis. For the six months ended June 30, 2023 and 2022, originating and destination (O&D) passenger traffic as a percentage of overall traffic were 57.8% and 59.2%, respectively. Connecting traffic as a percentage of overall traffic also increased from 40.8% for the six-month period ended June 30, 2022 to 42.2% for the same period in 2023. For the six months ended June 30, 2023, international passengers increased 29.1%, amounting to 5.4% of total passengers in 2023 and 4.7% of total passengers in 2022. Total cargo, in tons, decreased 4.1% during the first six months of 2023 compared to the same period in 2022.

As of June 30, 2023, the Airport continued passenger traffic recovery and all concessions were open to serve customers. The Airport reopened some parking operations driven by the increase in O&D passengers. East and west economy parking lots and all garage parking are currently in operation. The Pikes Peak shuttle lot reopened in the fourth quarter of 2021. The Mt. Elbert shuttle lot was decommissioned and is now the new Landside Employee Lot. On May 26, 2023, the Airport converted the old Landside Employee Lot into a Public parking lot called Longs Peak, which will become the overflow shuttle parking for Pikes Peak.

Stimulus Funds

CARES Act

On March 27, 2020, the United States executed the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus package. Under the CARES Act, the Federal Aviation Administration (FAA) awarded funds to airports based on enplanements and other metrics related to cash reserves and debt service. Funding received through the CARES Act is intended to prevent, prepare for, and respond to the impacts of COVID-19. On April 28, 2020, The City, for and on behalf of the Airport, executed the CARES Act Grant with the FAA and was eligible to receive a total of $269.1 million in CARES Act Funding (CARES Act Funds). The Airport determined to use the CARES Act Funds as a reimbursement of debt service payments. During 2020, the Airport received $262.7 million in CARES Act Funds with the remaining amount, $6.4 million, received in early 2021. On September 8, 2020, the City, for and on behalf of the Airport, executed a CARES Act Irrevocably Committed Escrow Agreement (CARES Act Irrevocable Escrow) to restrict all the reimbursed CARES Act Funds for application to future senior and/or subordinate debt service payments and deposited the full reimbursed CARES Act Funds into the CARES Act Irrevocable Escrow. Approximately $130.0 million and $139.1 million of the CARES Act Irrevocable Escrow were used for senior and/or subordinate debt service payments during 2020 and 2021, respectively. As of December 31, 2021, all of the CARES Act Irrevocable Escrow was expended.

CRRSA Act

On December 27, 2020, the United States executed the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) Act. Under the CRRSA Act, the FAA awarded funds to airports based on calendar year 2019 enplanements. Funding received through the CRRSA Act is intended to prevent, prepare for, and respond to the impacts of COVID-19. These funds may be used for costs related to operations, personnel, cleaning sanitization, janitorial services, combating the spread of pathogens at the Airport, and debt service payments, including reimbursement of debt service. The CRRSA Act includes relief from rent and minimum annual guarantees (MAG) for eligible airport concessions. Under the CRRSA Act, the FAA provides funding through the Airport Coronavirus Relief Grant Program (ACRGP).

On March 25, 2021, the City for and on behalf of the Airport, executed an ACRGP grant with the FAA and was eligible to receive a total of $48.6 million (ACRGP Grant). The Airport determined to use the ACRGP Grant funds as a reimbursement of debt service payments and has been reimbursed the full $48.6 million. As of December 31, 2021, approximately $48.6 million was reimbursed by the FAA and recognized as non-operating revenue. On October 1, 2021, the City, for and on behalf of the Airport, executed the CRRSA Act Irrevocably Committed Escrow Agreement (CRRSA Act Irrevocable Escrow) to restrict all of the reimbursed ACRGP Grant funds (i.e. $48.6 million) for application to future senior and/or subordinate debt service payments and deposited the full amount of the reimbursed ACRGP Grant into the CRRSA Act Irrevocable Escrow. As December 31, 2021, the Airport had not used any of the $48.6 million CRSSA Act Irrevocable Escrow to pay senior and/or subordinate debt service payments. As of December 31, 2022, all of the CRRSA Act Irrevocable Escrow was expended.

On March 31, 2021, the City, for and on behalf of the Airport, executed an ACRGP Concessions Relief Addendum with the FAA and was eligible to receive a total of $7.2 million (ACRGP Concession Grant). The ACRGP Concessions Grant may be used to provide credit relief to eligible concessions based on criteria established by the FAA. A portion of these funds, up to two percent, may be used to reimburse the Airport for administrative costs. In April 2021, the Airport granted $7.1 million in credit relief to eligible concessions under this ACRGP Concession Grant.

ARPA

On March 11, 2021, the United States executed the American Rescue Plan Act of 2021 (ARPA), which included $8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to COVID-19. Under ARPA, primary commercial service airports share nearly $6.5 billion in a similar way to how airports currently receive Airport Improvement Program (AIP) entitlement funds. Also, shared funds are available for airports to provide relief from rent and minimum annual guarantees to eligible airport concessions. The Airport received an award totaling $204.3 million of general grant funding, as well as an additional $28.8 million reserved for concessionaire relief (together known as ARPA Funds). The ARPA general grant funding may be used to fund costs related to operations, personnel, cleaning, sanitation, janitorial services, combating spread of pathogens at the Airport, and debt service payments, including reimbursement of debt service payments. Airport management determined to use the $204.3 million in the general grant funding of ARPA Funds as a reimbursement of debt service payments. As of December 31, 2021, the Airport had been reimbursed $195.2 million and recognized as non-operating revenue in 2021. In July 2022, the Airport received the remaining $9.1 million. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocably Committed Escrow Agreement (ARPA Act Irrevocable Escrow) to restrict all the reimbursed general grant funding under ARPA Funds solely for future application to senior and/or subordinate debt service payments and deposited the full amount of the general grant funding under the ARPA Funds into the ARPA Act Irrevocable Escrow. Approximately $50.3 million was of the ARPA Act Irrevocable Escrow was utilized for debt service payments in 2022. As of June 30, 2023, approximately $157.2 million in ARPA Act Irrevocable Escrow remained available for future debt service.

COVID-19 Relief Policies

2021 Rent Relief Policy

Issued in November 2020 and effective in January 2021, the Airport implemented relief policies (2021 COVID-19 Relief Policies) for revenue contracts providing payment deferrals and certain fee waivers. For the signatory airlines, participants were required to maintain payment compliance through the policy term and were required to pay 75% of their fixed and variable rate billings as outlined in the Use and Lease Agreements for 2021. The remaining 25% of these billings must be paid over the next five years in equal annual installments starting in 2022 and any outstanding balance is charged interest at the U.S. Treasury Note rate set at 1.63% as of February 1, 2022. As of December 31, 2021, 15 signatory airlines were under the 2021 COVID-19 Rent Relief Policy. As of June 30, 2023, and December 31, 2022, approximately $12.6 million and $13.6 million, respectively of payments were deferred with the signatory airlines. As of March 31, 2022, deferred payment balance was reduced by $79.9 million as some of the airlines paid the full outstanding deferred balance. Also, under the 2021 COVID-19 Rent Relief Policy, the Airport will credit up to 25% of the annual $40.0 million (Airline Revenue Credit) through 2026. Under the Use and Lease Agreement, the Airport shares 50% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year. The Airline Revenue Credit, up to $40.0 million, is credited in the following year to the airline rates and charges. For the concessionaires, the minimum annual guarantees, contractually due on a monthly basis, were waived for the year 2021 and were charged only for the contractual percentage of the concessionaires' gross sales. For rental car companies, the minimum annual guarantees, contractually due on a monthly basis, were waived for the year 2021 and were charged the contractually percentage of their gross sales. Rental car companies were provided a three-month payment deferral of the ground and facility billings for January, February, and March 2021. Deferred ground and facility payments were due by December 31, 2021 and were collected.

Bankruptcy Filing

On June 30, 2020, Aerovias de Mexico, S.A. de C.V. (Aeromexico) filed a voluntary Petition with the United States Bankruptcy Court under Chapter 11 of the Bankruptcy Code. On December 22, 2022, the court approved Aeromexico's plan of reorganization, which went into effect on March 17, 2023.

Other Matters

Infrastructure Investment and Jobs Act

On November 5, 2021, Congress passed H.R.3684 – Infrastructure Investment and Jobs Act and on November 13, 2021, the President executed the $1.0 trillion Bipartisan Infrastructure Bill (BIL). Under BIL, airports were allocated $25.0 billion over the next five years. The allocation was split into three components: $15.0 billion for Airport Infrastructure Grant (AIG) Program, $5.0 billion for Airport Terminal Program (ATP), and $5.0 billion for FAA infrastructure assets. The AIG is formula-based funding allocated based on passenger traffic. The ATP portion is discretionarily awarded by the FAA. The Airport anticipates funding from the AIG and ATP. The Airport submitted applications for the fiscal year 2022 ATP available funding. The Airport was initially approved for $60.0 million of fiscal year 2022 ATP funding for improvements to the baggage handling system but was awarded an additional $1.0 million for a total award amount of $61.0 million. In July 2023, the FAA confirmed that the Airport would be awarded an additional $13.1 million in fiscal year 2022 ATP funding. The Airport was also awarded $46.7 million under the AIG. The Airport submitted applications for the fiscal year 2023 ATP available funding and was approved for $22.0 million in funding for improvements to the baggage handling system.

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 of resources, liabilities, deferred inflows of resources and net position. 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 when 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.

On January 1, 2021, the Airport adopted Governmental Accounting Standard Board Statement (GASB) No. 87, *Leases* (GASB 87) and the initial implementation was included in the December 31, 2022 Annual Comprehensive Financial Report (ACFR). This resulted in a restated December 31, 2021 ACFR Statement of Net Position and Statement of Cash Flows. For the December 31, 2022 ACFR, the Statement of Revenue, Expenses and Changes in Net Position reflected the implementation, but this statement did not require restatement for the December 31, 2021 because the amounts were determined to not significant. In addition, none of the financial statements with quarter ending periods in 2022 and 2021 were restated to reflect the implementation of GASB 87.

GASB issued Statement No 96, *Subscription-based Information Technology Arrangements* (GASB 96) effective for fiscal years beginning after June 15, 2022. These quarterly financial statements do not reflect the implementation of GASB 96. The Airport is currently evaluating the impact of this pronouncement on its financial statements.

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 significantly drive and support the financial results of the Airport, as discussed in the following pages. All statistics are obtained from airline reporting, as required in the use and lease agreements, and totals shown are inclusive of all regional and affiliate partners. The following tables and charts are for the six months ended June 30:

Summary of Operating Statistics
for the six months ended
June 30, 2023, 2022, and 2021

	2023	2022	2021	2023 / 2022 change	2023 / 2022 % change
Passengers (in thousands)	36,562	32,171	24,701	4,391	13.6%
Enplanements (in thousands)	18,279	16,104	12,361	2,175	13.5%
Landed weight (in millions lbs)	20,862	18,432	15,772	2,430	13.2%
Aircraft operations (in thousands)	313	294	269	19	6.5%
Cargo (in thousand tons)	164	171	160	(7)	(4.1%)

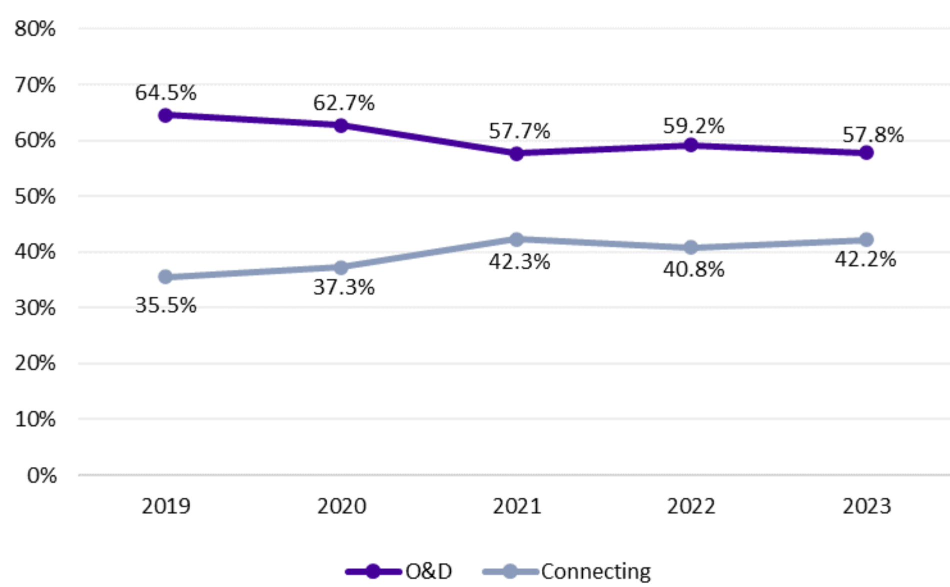
Year to Date Enplanements
for the six months ended
June 30, 2023, 2022, and 2021
(in thousands)

Airline	2023	2022	2021	2023 / 2022 change	2023 / 2022 % change
United	8,626	7,597	5,268	1,029	13.5%
Southwest	5,514	4,868	4,024	646	13.3%
Frontier	1,748	1,470	1,477	278	18.9%
Delta	902	804	545	98	12.2%
American	674	654	639	20	3.1%
Other	815	711	408	104	14.6%
Total	18,279	16,104	12,361	2,175	13.5%

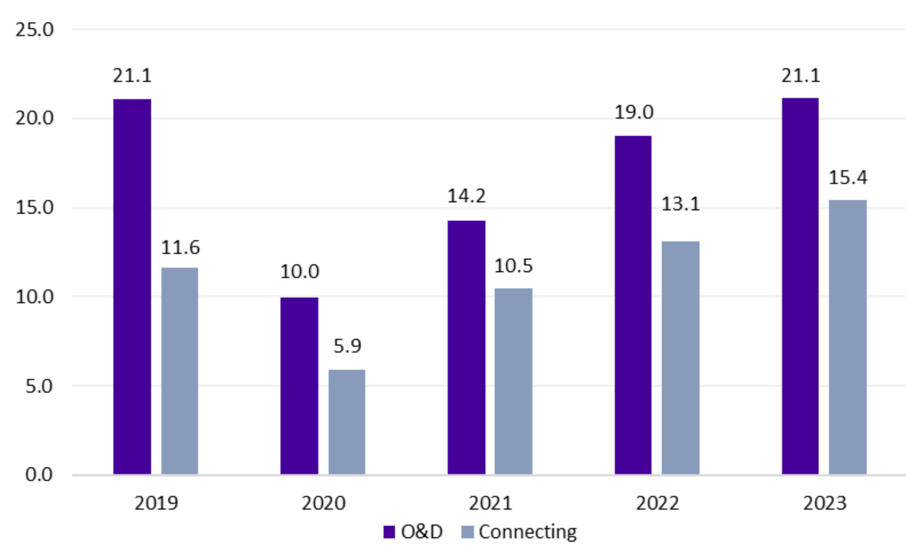
Year to Date Total Passengers
for the six months ended
June 30, 2023, 2022, and 2021
(in thousands)

	2023		2022		2023 / 2022	
Airline	Total passenger	% O&D	Total passenger	% O&D	Change in passenger	% change
United	17,224	44.6%	15,170	43.5%	2,054	13.5%
Southwest	11,050	55.9%	9,719	61.8%	1,331	13.7%
Frontier	3,491	76.1%	2,936	75.5%	555	18.9%
Delta	1,802	100.0%	1,608	100.0%	194	12.1%
American	1,360	100.0%	1,320	100.0%	40	3.0%
Other	1,635	89.6%	1,418	91.5%	217	15.3%
Total	36,562	57.8%	32,171	59.2%	4,391	13.6%

Originating and Destination (O&D) vs. Connecting Passengers by Percentage for the six months ended June 30



Originating and Destination (O&D) vs. Connecting Passengers by Passenger Count for the six months ended June 30 (in millions)



United Group

United Group (United) includes the operations of United Airlines, as well as regional affiliate airlines operating under the United Express brand. United is one of the world's largest airlines and is the principal air carrier operating at the Airport. United operates a major connecting hub at the Airport under a Use and Lease Agreement with the City that expires in 2035. In November 2020, the Airport opened four new gates on the west end of Concourse B, all leased by United. In November 2022, the Airport opened 12 new gates at the west end of Concourse A and 10 new gates at the east end of Concourse B and is in the process of transitioning all new gates to United. As of June 30, 2023, United occupies 76 full-service contact gates on Concourses A and B, six ground loading positions on Concourses A and B, and has agreed to lease a total of 90 combined full-service contact gates and ground loading positions on Concourse B. At the Airport, United accounted for 47.1% of total passengers for the six-month period ended June 30, 2023.

Southwest Airlines

Southwest Airlines (Southwest) maintains the second largest market share at the Airport. Southwest began service at the Airport in January 2006, and since that time has experienced strong and continued growth. The Airport is now the airline's busiest station in its system, in terms of total scheduled flights. In May 2022, the Airport opened 16 new gates at the east end of Concourse C and is in the process of transitioning all new gates to Southwest. As of June 30, 2023, Southwest occupies 38 full-service gates on Concourse C and has agreed to lease a total of 40 full-service gates. The Airport anticipates delivering the remaining gates to Southwest by the second quarter of 2024. At the Airport, Southwest accounted for 30.2% of total passengers for the six-month period ended June 30, 2023.

Frontier Airlines

Frontier Airlines (Frontier) maintains the third largest market share at the Airport, which is Frontier's largest station in their system. Frontier is an ultra-low-cost carrier. As of June 30, 2023, Frontier leases nine full-service contact gates on Concourse A. Frontier accounted for 9.5% of total passengers for the six-month period ended June 30, 2023. In May 2022, a new Use and Lease agreement was entered into with Frontier. Under the Use and Lease agreement, Frontier will lease a total of 14 ground load gates along with new hold-rooms and modifications to existing hold-rooms, collectively known as the New GLF. Upon completion of the New GLF, the Use and Lease agreements terms will be for 10 years.

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the six months ended June 30, 2023, 2022 and 2021 ($ in thousands):

	2023	2022 [1]	2021 [1]	2023 / 2022 $ change	2023 / 2022 % change
Operating revenue	$ 534,760	$ 440,810	$ 327,792	$ 93,950	21.3%
Less: operating expenses	276,804	242,710	208,328	34,094	14.0%
Operating income before depreciation and amortization	257,956	198,100	119,464	59,856	30.2%
Less: depreciation and amortization	152,047	116,194	106,452	35,853	30.9%
Operating income	105,909	81,906	13,012	24,003	29.3%
Add: nonoperating revenues	175,669	102,442	123,909	73,227	71.5%
Less: nonoperating expenses	158,414	107,045	117,914	51,369	48.0%
Add: capital grants and contributions	8,362	11,787	1,831	(3,425)	(29.1%)
Increase in net position	131,526	89,090	20,838	42,436	47.6%
Net position, beginning of year	1,544,369	1,572,016	1,407,188	(27,647)	(1.8%)
Net position, end of period	$ 1,675,895	$ 1,661,106	$ 1,428,026	14,789	0.9%

[1] The below information does not reflect the implementation of GASB 87.

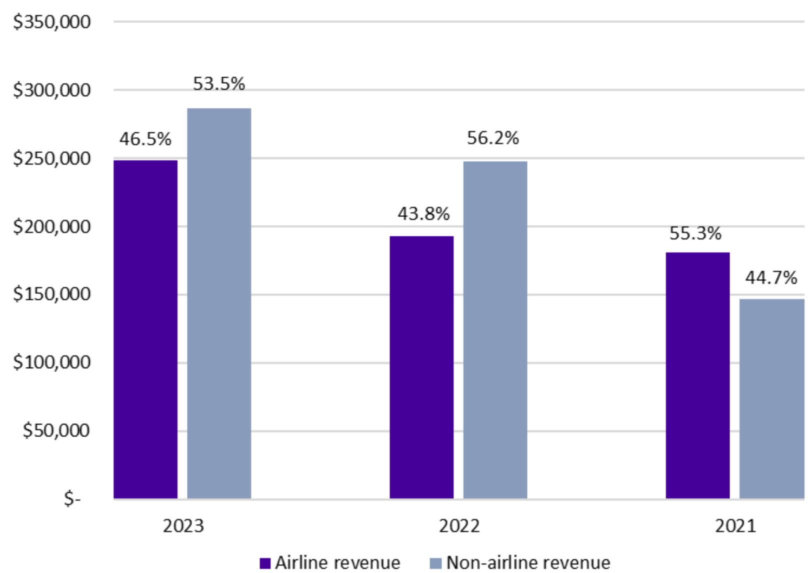
Summary of Operating Revenues

The following is a summary of operating revenues for the six months ended June 30, 2023, 2022 and 2021 ($ in thousands):

	2023	2022 [1]	2021 [1]	2023 / 2022 $ change	2023 / 2022 % change
Operating revenue:					
Airline revenue					
Facility rentals	$ 152,457	$ 120,050	$ 108,062	$ 32,407	27.0%
Landing fees	96,194	73,128	73,213	23,066	31.5%
Total airline revenue	248,651	193,178	181,275	55,473	28.7%
Non-airline revenue					
Parking	113,940	93,397	58,553	20,543	22.0%
Concession	56,489	48,767	23,890	7,722	15.8%
Car rental	44,399	43,233	30,852	1,166	2.7%
Hotel	37,469	31,341	16,904	6,128	19.6%
Aviation fuel tax	17,861	17,386	6,836	475	2.7%
Ground transportation	11,802	8,893	5,298	2,909	32.7%
Other sales and charges	4,149	4,615	4,184	(466)	(10.1%)
Total non-airline revenue	286,109	247,632	146,517	38,477	15.5%
Total operating revenue	$ 534,760	$ 440,810	$ 327,792	$ 93,950	21.3%

[1] The below information does not reflect the implementation of GASB 87.

**Total Operating Revenues
for six months ended
June 30, 2023, 2022, and 2021
(% of total)**



**Total Operating Revenues
for the six months ended
June 30, 2023, 2022, and 2021
(% of total)**

	2023	2022	2021
Airline revenue			
Facility rentals	28.5%	27.2%	33.0%
Landing fees	18.0%	16.6%	22.3%
Total airline revenue	46.5%	43.8%	55.3%
Non-airline revenue			
Parking	21.3%	21.3%	17.8%
Concession	10.6%	11.1%	7.3%
Car Rental	8.3%	9.8%	9.4%
Hotel	7.0%	7.1%	5.2%
Aviation fuel tax	3.3%	3.9%	2.1%
Ground transportation	2.2%	2.0%	1.6%
Other sales and charges	0.8%	1.0%	1.3%
Total non-airline revenue	53.5%	56.2%	44.7%

2023/2022

Total airline revenues at the Airport were $248.7 million, an increase of $55.5 million, or 28.7%, for the six months ended June 30, 2023, as compared to the same period in 2022.

Facility rental revenue increased by $32.4 million, or 27.0%, primarily due to an increase in budgeted signatory terminal complex rental costs.

Landing fee revenue increased by $23.1 million, or 31.5%, primarily due to a 15% increase in the budgeted signatory landing fee rate and a 13.2% increase in landed weight resulted from increased operations.

Total non-airline revenues at the Airport were $286.1 million, an increase of $38.5 million, or 15.5%, for the six months ended June 30, 2023, as compared to the same period in 2022. The increase was primarily due to a 13.6% increase in overall passengers.

Parking revenue increased by $20.5 million, or 22.0%, primarily due to a 17.0% increase in transaction volume, along with the reopening of one of the remote parking lots, driven by the increase in O&D passenger traffic. The increase in parking revenue was also driven by an increase in parking rates for select parking lots effective July 15, 2022.

Concession revenue increased by $7.7 million, or 15.8%, primarily due to an increase in the monthly gross revenue reported by concessionaires of approximately 21.4%, driven by the 13.5% increase in enplaned passengers.

Car rental revenue increased by $1.2 million, or 2.7%, due to an increase in car sharing revenue and rental car facility revenue. The increase in car sharing revenue was primarily driven by increases in gross sales and percentage of revenue shared with the Airport. The increase in the rental car facility revenue was primarily driven by additional rented facilities in 2023.

Hotel revenue increased by $6.1 million, or 19.6%, primarily due to an increase in hotel guest room occupancy from 83.2% to 87.6%. The average daily rate for the period also increased by 12.2%, which resulted in an overall increase in total rooms revenue of 18.1%. Hotel food and beverage revenue increased 22.9%, primarily due to the return of large group banquet events, coupled with increased restaurant traffic as result of higher room occupancy.

Aviation fuel tax revenue increased by $0.5 million, or 2.7%, due to an increase of 6.6% in gallons sold driven by increased airline operations and larger aircraft, partially offset by a decrease in fuel prices. 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% in sales tax collections.

Ground transportation revenue increased by $2.9 million, or 32.7%, primarily due to a 27.1% increase in transportation network company (TNC) trips along with a rate increase compared to the same period in 2022. The Airport provides a 10% discount on the fees or rates for each motor vehicle operating at the Airport that is powered by alternative fuels. This is available to all ground transportation companies. Additionally, off-site parking revenue increased $0.5 million, or approximately 21.5%.

Other sales and charges revenue decreased by $0.5 million, or 10.1%, due to changes in various operational revenue sources.

2022/2021

Total airline revenues at the Airport were $193.2 million, an increase of $11.9 million, or 6.6%, for the six months ended June 30, 2022, as compared to the same period in 2021.

Facility rental revenue increased by $12.0 million, or 11.1%, primarily due to an increase in budgeted signatory terminal complex rental costs, which is offset by an increase in the estimated airline revenue credit for fiscal year 2022.

Landing fee revenue decreased by $0.1 million, or 0.1%, primarily due to a reduction in the budgeted signatory landing fee rate for 2022 compared to 2021, which was offset by a 16.9% increase in landed weight.

Total non-airline revenues at the Airport were $247.6 million, an increase of $101.1 million, or 69.0%, for the six months ended June 30, 2022, as compared to the same period in 2021. The increase was primarily due to a 30.2% increase in overall passengers.

Parking revenue increased by $34.8 million, or 59.5%, primarily due to a 59.8% increase in transaction volume resulting from increased O&D passenger traffic.

Car rental revenue increased by $12.4 million, or 40.1%, primarily due to an increase in reported total gross monthly revenues by the car rental companies, which is driven by the 33.7% increase in O&D passenger traffic. Additionally, there was an increase in ground and facility rental rates in 2022 and an increase in car sharing operations. Also contributing to these increases were $2.7 million in ACRGP Concessions Grant credited issued in the first six months 2021 to qualifying car rental companies. No additional rent relief credits were issued in the first six-months of 2022.

Concession revenue increased by $24.9 million, or 104.1%, primarily due to an increase in the monthly gross revenue reported by concessionaires of approximately 45.2%, as a result of the 30.2% increase in enplaned passengers. In addition, the COVID-19 Relief Policy for 2021 expired at the end of 2021, which resulted in reinstatement of the minimum annual guarantees. Finally, in the second quarter of 2021, $4.3 million in ACRGP Concessions Grant credits were issued to qualifying concessionaires. No additional rent relief credits issued in the first six-months of 2022.

Hotel revenue increased by $14.4 million, or 85.4%, primarily due to an increase in hotel guest room occupancy from 65.6% to 83.2%. The average daily rate for the period also increased by 37.2%, which resulted in an overall increase in total rooms revenue of 74.1%. Hotel food and beverage revenue increased 172.9%, primarily due to the gradual return of large group banquet events, coupled with increased restaurant traffic as result of higher room occupancy.

Aviation fuel tax revenue increased by $10.6 million, or 154.3%, primarily due to an increase in fuel prices and an increase of 40.4% in gallons sold as a result of increased airline operations. 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 revenue increased by $3.6 million, or 67.9%, primarily due to a 78.0% increase in transportation network company (TNC) trips compared to the same period in 2021. Additionally, off-site parking revenue increased $0.8 million, approximately 48.6%.

Other sales and charges revenue increased by $0.4 million, or 10.3%, due to changes in various operational revenue sources.

The Airport as a Lessor

GASB Statement No. 87, *Leases* (GASB 87), was adopted by the Airport as of January 1, 2021. This statement requires that fixed in substance payments established in leasing agreements with customers, with contracted rates spanning greater than one year, must be valued over the life of the lease. The Airport, as a lessor, recognizes lease revenue from certain Concessions, Rental Car and other agreements meeting the GASB 87 standards. Revenue from airlines Use and Lease Agreements, airline operating permits and some related airline support agreements, subject to FAA and other governmental regulations, are considered regulated leases. Regulated leases are exempt from the lessor accounting treatment under GASB 87, and the revenue earned from these agreements are accounted for as non-lease revenues. In addition, revenues earned from agreements, based on variable rates and short-term arrangements, are considered non-lease revenue.

Gross billings to customers, or tenants, include fixed in substance charges and variable charges, such as percentage rents which are based on activity. Generally, the fixed in substance charges are defined as a “not to go below” Minimum Annual Guaranteed “MAG” amounts due to the Airport from these tenants, primarily Concessions and Rental Car Companies, under their respective agreements. Fixed in substance charges are also based on a stated rate, including fixed escalation clauses, applied to square footage or other measurement, primarily associated with other agreements meeting the GASB 87 standards. During 2021 under the COVID-19 policies, the Airport waived the MAGs for concessions and rental car agreements and revenues for these tenants were based on percentage rents. The fixed rents billed to other GASB 87 agreements tenants were not significant during 2021. Accordingly, the Airport did not restate the December 31, 2021 ACFR Statement of Revenues, Expenses, and Changes in Net Position for GASB 87. The net effect of 2021 was included in the December 31, 2022, ACFR Statement of Revenues, Expenses, and Changes in Net Position. In addition, none of the financial statements with quarter ending periods in the 2022 and 2021 were restated to reflect the implementation of GASB 87.

Revenue in 2023 from tenants with agreements that met the criteria as leases under GASB 87, was comprised of lease and non-lease revenue. The following table highlights the components of total revenue as of June 30, 2023, including the GASB 87 adjustments, and provides a comparison to total revenue as of June 30, 2022, not restated as noted above.

	June 30, 2022	June 30, 2023					
	Total revenue	Total billings	Proceeds from GASB 87 Leases	Total non-lease revenue	GASB 87 lease revenue	GASB 87 regulated lease revenue	Total revenue
Concessions	$ 48,767	$ 57,886	$ (21,146)	$ 36,740	$ 19,674	$ 75	$ 56,489
Car rentals	43,233	45,971	(25,985)	19,986	24,413	-	44,399
Airline support revenue [1]	313	197	(197)	-	47	146	193
Solar facilities, wireless telecommunications and farms rent [2]	1,203	1,092	(1,011)	81	997	-	1,078
Total inflows for lessor agreements	$ 93,516	$ 105,146	$ (48,339)	$ 56,807	$ 45,131	$ 221	$ 102,159

[1] Included in facility rents

[2] Included in other sales and charges

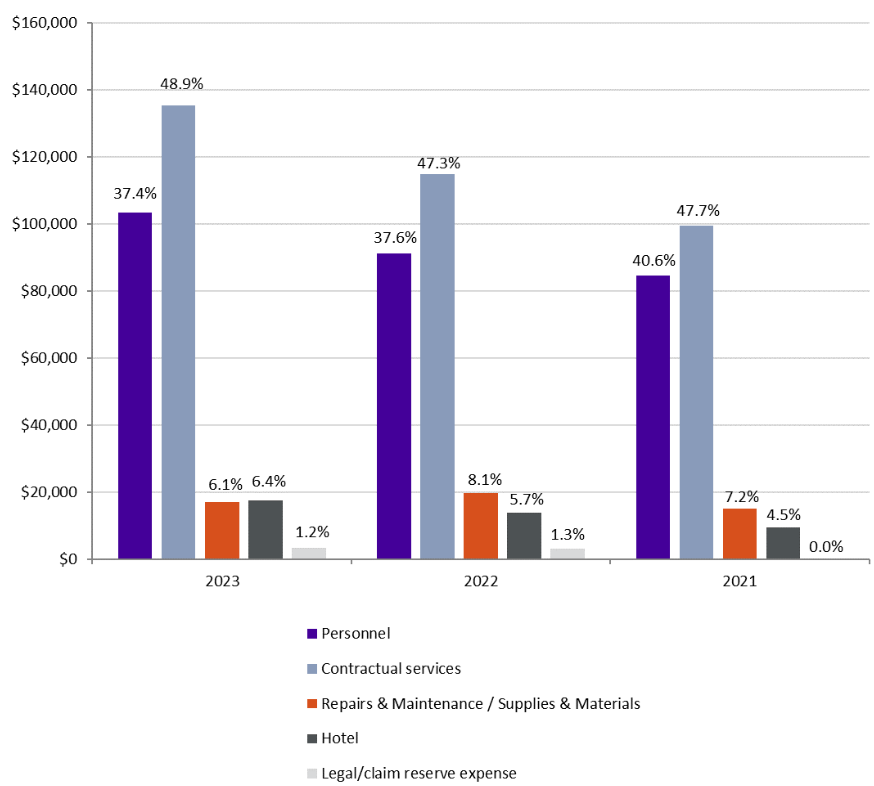
Summary of Operating Expenses

The following is a summary of operating expenses before depreciation and amortization for the six months ended June 30, 2023, 2022 and 2021 ($ in thousands):

	2023	2022 [1]	2021 [1]	2023 / 2022 $ change	2023 / 2022 % change
Personnel	$ 103,430	$ 91,181	$ 84,502	$ 12,249	13.4%
Contractual services	135,274	114,874	99,435	20,400	17.8%
Repair and maintenance projects	4,179	9,119	6,120	(4,940)	(54.2%)
Maintenance, supplies, and materials	12,819	10,491	8,875	2,328	22.2%
Hotel	17,636	13,870	9,396	3,766	27.2%
Legal/claim reserve expense	3,466	3,175	-	291	9.2%
Total operating expenses	$ 276,804	$ 242,710	$ 208,328	$ 34,094	14.0%

[1] The below information does not reflect the implementation of GASB 87.

Total Operating Expenses before Depreciation and Amortization for the six months ended June 30, 2023, 2022, and 2021 (% of total)



2023/2022

Operating expenses, exclusive of depreciation and amortization, were $276.8 million for the six months ended June 30, 2023, an increase of $34.1 million, or 14.0%, as compared to the same period in 2022. The overall increase related to the use of contractual services and personnel costs to support continued passenger growth.

Personnel costs increased $12.2 million, or 13.4%, primarily due to an average 4.0% merit increase effective January 1, 2023, coupled with pay adjustments and an increase in filled vacant positions.

Contractual services increased by $20.4 million, or 17.8%, primarily due to increases in services associated with continued passenger growth. Also contributing to the increase is newly completed gate expansion projects on all three concourses.

Repair and maintenance expenses decreased by $4.9 million, or 54.2%, primarily due to fewer capitalizable project expenditures incurred during the first six months of 2023.

Maintenance, supplies, and materials increased $2.3 million, or 22.2%, primarily due to needs associated with continued passenger growth, expanded Airport facilities, and overall price increases across multiple supply categories.

Hotel expenses increased by $3.8 million, or 27.2%, due to increased operating activities required to service higher occupancy and additional food and beverage business. Hotel guest room occupancy increased from 83.2% to 87.6% and food and beverage revenue increased 22.9%, indicating an increase in personnel required to service hotel rooms and food and beverage patrons.

Legal/claim reserve expense increased by $0.3 million, or 9.2%. For additional information, see notes 18 (b) and (c) to the financial statements.

2022/2021

Operating expenses, exclusive of depreciation and amortization, were $242.7 million for the six months ended June 33, 2022, an increase of $34.4 million, or 16.5%, as compared to the same period in 2021. In 2020, the Airport implemented several cost saving measures as a result of COVID-19 including a hiring freeze, reductions in contractual services and suspension of nonessential procurements and contracts which carried forward into 2021. In mid to late 2021, the Airport lifted the hiring freeze, increased the use of contractual services, and purchased additional supplies to support continued passenger growth.

Personnel costs increased $6.7 million, or 7.9%, primarily due to a 3.0% merit increase effective January 1, 2022, coupled with a 1% increase in employer contributions to the Denver Employees' Retirement Plan (DERP). The position vacancy rate for these periods also decreased by approximately 3.2%.

Contractual services increased by $15.4 million, or 15.5%, primarily due to increases in services associated with continued passenger growth. Some of the operating services levels reduced during 2020 were carried forwarded into 2021. Additionally, a new janitorial contract was effective in March 2021 which incorporated additional service costs.

Repair and maintenance expenses increased by $3.0 million, or 49.0%, due to more non-capitalizable project expenditures identified during the year.

Maintenance, supplies, and materials increased $1.6 million, or 18.2%, primarily due to continued passenger growth resulting in increased janitorial supplies and fuel costs. Additionally, there was an increase in use of snow removal chemicals and materials as a result of a heavier snow season.

Hotel expenses increased by $4.5 million, or 47.6%, due to increased operating activities required to service higher occupancy and additional food and beverage business. Hotel guest room occupancy increased from 65.6% to 83.2% and food and beverage revenue increased 172.9%, indicating an increase in personnel required to service hotel rooms and food and beverage patrons.

Legal/claim reserve expense increased by $3.2 million, or 100.0%. For additional information, see note 15 (c) to the financial statements.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

The following is a summary of net nonoperating revenues for the six months ended June 30, 2023, 2022, and 2021 ($ in thousands):

	2023	2022 [1]	2021 [1]	2023 / 2022 $ change	2023 / 2022 % change
Nonoperating revenues (expenses):					
Passenger facility charges	$ 73,447	$ 67,445	$ 54,854	$ 6,002	8.9%
Customer facility charges	20,836	8,190	6,623	12,646	154.4%
Investment income	75,233	24,159	26,457	51,074	211.4%
Lease interest income	4,920	-	-	4,920	100.0%
Interest expense	(157,799)	(106,086)	(111,982)	(51,713)	48.7%
Stimulus funds	-	-	34,843	-	0.0%
Other income (expenses), net	618	1,689	(4,800)	(1,071)	(63.4%)
Total net nonoperating (expenses) revenues	$ 17,255	$ (4,603)	$ 5,995	$ 21,858	(474.9%)

[1] The below information does not reflect the implementation of GASB 87.

2023/2022

Total nonoperating revenues increased by $73.2 million, or 71.5%, for the six months ended June 30, 2023, as compared to the same period in 2022. The increase is primarily attributable to higher investment earnings during the period, which was amplified by a higher cash and investments balance as a result of bond proceeds received to fully fund the 2018-2022 Capital Program and partially fund the Vision 100 2023-2027 Capital Program. Also contributing to the increase was the net unrealized gain/loss on investments during 2023 to reflect current market conditions. Additionally, contributing to the increase in total nonoperating revenues were the increases in Passenger Facility Charges (PFC) and Customer Facility Charges (CFC). PFC revenue increased 8.9%, primarily due to a 13.5% increase in enplaned passengers. CFC revenue increased 154.4%, due to CFC rate increase from $2.15 per transaction day to $6.00 per transaction day. The increased CFC rate was effective February 1, 2023.

Lease interest income under GASB 87 was $4.9 million for the six months ended June 30, 2023. Lease interest income is the current year amortization of the discounted portion of the lease receivable. The Airport did not restate the six months ended June 30, 2022 Statement of Revenues, Expenses, and Net Position for GASB 87, as noted previously. The Airport did restate the December 31, 2022 Statement of Revenues, Expenses and Net Position for GASB 87.

Total nonoperating expenses increased $51.4 million, or 48.0%, for the six months ended June 30, 2023, as compared to the same period in 2022. This is primarily due to an increase in interest expense associated with an overall increase in the Airport's debt portfolio.

In 2023 and 2022, capital grants totaled $8.4 million and $11.8 million, respectively. These grants are FAA Airport Improvement Program (AIP) funds used for airfield improvement projects and certain equipment replacement.

2022/2021

Total nonoperating revenues decreased by $21.5 million, or 17.3%, during for the six months ended June 30, 2022, as compared to the same period in 2021. The decrease is attributable to a reduction in stimulus funds earned in 2022 compared to 2021, as well as a reduction in investment income due to the use of cash to fund the 2018-2022 Capital Program and lower investment returns. Offsetting this decrease were increases in Passenger Facility Charges (PFC) and Customer Facility Charges (CFC). PFC revenue increased 23.0%, primarily due to a 30.3% increase in enplaned passengers. CFC revenue increased 23.7%, due to a 23.2% increase in number of car rental transaction days, resulting from a 33.7% increase in O&D passenger traffic.

Total nonoperating expenses decreased $10.9 million, or 9.2%, for the six months ended June 30, 2022, as compared to the same period in 2021. The decrease is primarily due to a decrease in interest expense associated with Airport's overall debt portfolio.

In 2022 and 2021, capital grants totaled $11.8 million and $1.8 million, respectively. These are FAA Airport Improvement Program (AIP) funds for the airfield and some equipment replacement.

Summary of Net Position

The following is a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2023, December 31, 2022, and December 31, 2021 ($ in thousands):

	2023	2022	As restated[2] 2021	2023/ 2022 $ change	2023 / 2022 % change
Assets:					
Current assets, unrestricted[1]	$ 671,425	$ 610,722	$ 522,841	$ 60,703	9.9%
Current assets, restricted	1,057,445	1,089,105	463,443	(31,660)	(2.9%)
Noncurrent investments, unrestricted	855,816	807,089	954,429	48,727	6.0%
Noncurrent investments, restricted	1,579,630	1,665,584	982,175	(85,954)	(5.2%)
Long-term receivables	45,470	46,754	107,651	(1,284)	(2.7%)
Long-term lease receivable	357,138	399,542	107,058	(42,404)	(10.6%)
Capital assets, net	6,174,891	6,058,777	5,572,702	116,114	1.9%
Bond insurance costs, net	-	-	91	-	0.0%
Interest rate swaps	-	-	2,916	-	0.0%
Total assets	10,741,815	10,677,573	8,713,306	64,242	0.6%
Deferred outflows of resources	62,882	67,705	91,570	(4,823)	(7.1%)
Liabilities:					
Current liabilities, unrestricted	219,208	230,975	301,645	(11,767)	(5.1%)
Current liabilities, restricted	418,139	425,403	1,051,154	(7,264)	(1.7%)
Bonds payable, noncurrent	7,723,435	7,748,121	5,418,728	(24,686)	(0.3%)
Interest rate payable swaps, noncurrent	-	-	9,902	-	0.0%
Notes payable, noncurrent	212	282	-	(70)	(24.8%)
Lease liability, noncurrent	2,240	2,269	200	(29)	(1.3%)
Compensated absences payable, noncurrent	10,084	10,084	9,617	-	0.0%
Net pension liability	166,159	166,159	187,776	-	0.0%
Net OPEB liability	21,946	21,946	23,470	-	0.0%
Claim litigation reserves	90,360	86,895	80,474	3,465	4.0%
Total liabilities	8,651,783	8,692,134	7,082,966	(40,351)	(0.5%)
Deferred inflows of resources	477,019	508,776	149,894	(31,757)	(6.2%)
Net position (deficit)					
Net investment in capital assets (deficit)	(306,395)	(168,978)	(136,825)	(137,417)	81.3%
Restricted	627,915	481,380	385,941	146,535	30.4%
Unrestricted	1,354,375	1,231,966	1,322,900	122,409	9.9%
Total net position	$ 1,675,895	$ 1,544,368	$ 1,572,016	$ 131,527	8.5%

[1] Accounts receivable net of allowance for doubtful accounts of $3,219, $3,252, and $2,763, respectively.

[2] The fiscal year 2021 financial statements have been restated for the adoption on GASB 87 effective January 1, 2021.

The following table shows the effect of the restatement of the December 31, 2021 Statement of Net Position due to the implementation of GASB 87:

	Statement of Net Position As of December 31, 2021		
	Prior to GASB 87	Post GASB 87	Effect of Change
Total current assets	$ 971,605	$ 986,284	$ 14,679
Total non-current restricted assets	1,092,833	1,092,833	-
Other non-current unrestricted assets	954,429	1,061,487	107,058
Capital assets, net	5,567,215	5,572,702	5,487
Total assets	$ 8,586,082	$ 8,713,306	$ 127,224
Total deferred outflows of resources	$ 91,570	$ 91,570	$ -
Current liabilities	$ 1,349,380	$ 1,352,799	$ 3,419
Net OPEB Liability	23,470	23,470	-
Non-current liabilities	5,706,497	5,706,697	200
Total liabilities	$ 7,079,347	$ 7,082,966	$ 3,619
Deferred inflows - debt refundings	$ 4,053	$ 4,053	$ -
Deferred inflows - leases	-	123,605	123,605
Deferred inflows - pension plans	18,796	18,796	-
Deferred inflows - OPEB plans	3,440	3,440	-
Total deferred inflows of resources	$ 26,289	$ 149,894	$ 123,605
Net position	$ 1,572,016	$ 1,572,016	$ -

2023/2022

Total assets were $10.7 billion as of June 30, 2023 an increase of $64.2 million, or 0.6%, compared to December 31, 2022. The main contributors to the increase in total asset were an increase of $116.1 million, or 1.9%, in net capital assets, primarily due to additions to construction in progress and an increase of $16.7 million, or 34.2%, in accounts receivable. The increase in total assets was primarily offset by a reduction in net lease receivable of $29.2 million, or 6.3%, due to principal reduction of the GASB 87 lease receivable, and a net decrease in total cash and investments of $49.2 million, or 1.2%, due to spending associated with the airport capital program.

Total deferred outflows of resources decreased by $4.8 million, or 7.1% due to a reduction in the amortization of deferred losses on bond refundings.

Total liabilities were $8.7 billion as of June 30, 2023, a decrease of $40.4 million, or 0.5%, compared to December 31, 2022. The decrease in total liabilities was mainly attributed to a reduction of $32.2 million, or 26.3%, in vouchers payable primarily due to payment of outstanding capital project payables, a reduction of $24.7 million, or 5.3%, in net unamortized premium due to the current year amortization, and a reduction of $5.6 million, or 23.0%, in amounts due to other city agencies attributable to the timing of payments for city services. The decrease in total liabilities was primarily offset by an increase of $25.0 million, or 50%, in revenue credit payable.

Total deferred inflows of resources decreased by $31.8 million, or 6.2%, primarily due to recognition of lease revenue under GASB 87. For additional information see note 16 to the financial statements. Also contributing to the decrease in total deferred inflows was the amortization of deferred gain on bond refundings.

As of June 30, 2023, total net position is $1.7 billion, of which 37.5% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $612.2 million. This includes bond reserve account, bonds accounts, and the ARPA Act Irrevocable Escrow accounts, which represents $157.2 million restricted for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. As of June 30, 2023 and December 31, 2022, the remaining balance in the ARPA Act Irrevocable Escrow is $157.2 and $154.0, respectively. The net position restricted for capital projects represent $15.7 million.

As of June 30, 2023, the remaining net position consist of unrestricted balance of $1.4 billion and a net deficit investment in capital assets of ($306.4) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

2022/2021

Total assets were $10.7 billion as of December 31, 2022, an increase of $2.0 billion, or 22.5%, compared to December 31, 2021. Cash and investments increased $1.2 billion, or 44.3%, primarily due to proceeds from the issuance of Airport System Revenue Series 2022A, 2022B, 2022C, and 2022D Bonds. Net capital assets increased $486.1 million, or 8.7%, increase, primarily due to capitalization of constructed asset related to the 2018-2022 Capital Program and additions to construction in progress related to the 2018-2022 and Vision 100 2023-2027 Capital Programs. Also contributing to the increase was GASB 87, which resulted in a $48.2 million or 291.1% increase in current lease receivable and a $292.5 million, or 273.2% increase to long-term lease receivable. See note 19 for more information on GASB 87. Offsetting this increase was a decrease of $60.9 million, or 56.6%, in long-term other receivables, due to collections from carriers of the COVID-19 deferred payment of invoices, and a decrease of $20.6 million, or 73.1%, in other receivables due to receipt of insurance proceeds on the Concourse B East water damage insurance claim.

Total deferred outflows of resources decreased by $23.9 million, or 26.1% primarily due to the amortization of deferred losses on bond refundings and the change in fair value and the termination of derivative instruments.

Total liabilities were $8.7 billion as of December 31, 2022, an increase of $1.6 billion, or 22.7%, compared to December 31, 2021. The increase in total liabilities was mainly attributed to an increase of $1.5 billion, or 25.5%, in bonds payable and an increase of $133.8 million, or 39.9%, in net unamortized premium due to the issuance of Airport System Revenue Series 2022A, 2022B, 2022C, and 2022D Bonds. Also contributing to the increase in total liabilities was an increase of $14.6 million, or 58.9%, in accrued interest and matured coupons based on interest payment due dates, and an increase of $13.5 million, or 14.5%, in retainage payable due to expenditures associated with the 2018-2022 Capital Program, and a $10.0 million, or 25.0% increase in revenue credit payable due to the 2021 Rent Relief Policy with qualified airlines. Offsetting these increases was a decrease of $17.4 million, or 12.5% in vouchers payable, both restricted and unrestricted, primarily due to payment of outstanding capital project payables, a decrease of $43.2 million, or 92.5%, in other liabilities due to issuance of airline annual credits, a decrease of $21.6 million, or 11.5% in net pension liability based on actuarial valuations, and a decrease of $11.6 million, or 32.3%, in amounts due to other city agencies attributable to the timing of payments for city services. Also, contributing to the decrease was the reduction in derivative instruments of $9.9 million, or 100%, which was due to change in fair value and terminations.

Total deferred inflows of resources increased by $358.9 million, or 239.4%, primarily due to GASB 87. See note 19 for more information on GASB 87. Also contributing to the increase are changes in proportionate shares related to pension and OPEB, as well as deferred gains related to the issuance of Airport System Revenue Series 2022C and 2022D Bonds. The increase was offset by the amortization of deferred gain on bond refundings.

As of December 31, 2022, total net position is $1.5 billion, of which 31.2% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $463.9 million. This includes bond reserve account, bonds accounts, and the ARPA Act Irrevocable Escrow accounts, which represents $154.0 million restricted for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. The net position restricted for capital projects represent $17.4 million.

As of December 31, 2022, the remaining net position consist of unrestricted balance of $1.2 billion and a net deficit investment in capital assets of ($169.0) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

Long-Term Debt

As of June 30, 2023, the Airport had approximately $7.5 billion in outstanding senior and subordinate bonded debt, bearing fixed and variable interest rates. Estimated annual debt service for 2023 will be approximately $617.4 million. Funds from the CRRSA Act Irrevocable Escrow and ARPA Act Irrevocable Escrow assisted in funding for 2022 debt service. The Airport anticipates for the 2023 debt service utilizing approximately $101.0 million of the remaining ARPA Act Irrevocable Escrow funds.

As of June 30, 2023, the Airport's senior lien debt was rated by Standard & Poor's (S&P) at AA- with stable outlook, by Moody's at Aa3 with stable outlook, and by Fitch at AA- with stable outlook. As of June 30, 2023, the Airport's subordinate lien debt is rated by S&P at A+ with stable outlook, by Moody's at A1 with stable outlook, and by Fitch at A+ with stable outlook. On June 17, 2022, Moody's upgraded the Airport's senior and subordinate lien debt ratings from A1 to Aa3 and A2 to A1, respectively, with a stable outlook. On October 26, 2022, S&P upgraded the Airport's senior and subordinate lien bond ratings from A+ to AA- and A to A+, respectively, with 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, and junior liens. The debt service coverage ratio on all bonds for the years ended December 31, 2022 and 2021 was approximately 199% and 210% of total debt service, respectively.

On December 16, 2022, the Airport fully terminated the 2005 and 2006B Swap Agreements with JP Morgan Chase Bank, N.A. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. The proceeds from the Series 2022C and 2022D Bonds, coupled with Airport bond funds were used to provide project funds to pay a portion of the Vision 100 2023-2027 Capital Program, refund and redeem all or a portion of the outstanding principal amounts of $93.4 million, $70.2 million, $113.0 million, and $85.8 million of the Airport System Revenues Bonds Series 2007G1-G2, Series 2012A, Series 2012B, and Series 2019D respectively, pay the costs of terminating a 2006A Swap Agreement with GKB Financial Services Corp. and a 2008A Swap Agreement with Royal Bank of Canada, make necessary deposits to the Bond Reserve Fund, make deposits to the Capitalized Interest Subaccount for the Series 2022C and Series 2022D Bonds, and pay the costs of issuance of the Series 2022C and Series 2022D Bonds. The Series 2022C and Series 2022D Bonds bear interest at various fixed rates, staggered maturities through November 15, 2053 and are subject to redemption prior to maturity.

On July 19, 2022, the City, for and on behalf of the Airport, issued Airport System Revenue Bonds Series 2022A (AMT) Bonds (Series 2022A) and Airport System Revenue Bonds Series 2022B (non-AMT) Bonds (Series 2022B) in the aggregate principal amounts of $1.5 billion and $175.6 million, respectively. The proceeds of the Series 2022A and Series 2022B Bonds were used to redeem and pay the 2021 Interim Note, to fully fund the Airport's 2018 – 2022 Capital Program, to make deposits to the Bond Reserve Fund and Capitalized Interest Subaccount, and to pay costs of issuance for Series 2022A and Series 2022B Bonds. Both series were issued at premium, bear interest at various fixed interest rates, and are subject to redemption prior to maturity.

On December 17, 2021, the City, for and on behalf of the Airport, issued private activity Airport System Subordinate Revenue Bonds, Series 2021C (Series 2021C Bonds) and issued a Note Purchase Agreement (2021 Interim Note) in the amounts of $26.2 million and $700.0 million, respectively. The proceeds from the issuance of the 2021 Interim Note were used to assist in funding the 2018-2022 Capital Program and to pay for issuance cost. The maturity date of the 2021 Interim Note was June 30, 2022. On June 10, 2022, the 2021 Interim Note maturity was extended to August 31, 2022. The 2021 Interim Note bore interest at a variable rate with payment due at maturity. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds. The Series 2021C Bonds were issued at a fixed interest rate for the purposes of current refunding Series 2011A Bonds maturing on November 15, 2021. The Series 2021C Bonds matured on November 15, 2022.

Capital Assets

As of June 30, 2023, and December 31, 2022, the Airport had $6.2 billion and $6.1 billion, respectively, in total capital assets, net of accumulated depreciation and amortization. The net accumulated depreciation and amortization is approximately $4.3 billion in 2023 and $4.2 billion in 2022. For more information about the Airport's capital assets, see note 5 to the financial statements.

2018-2022 Capital Program

The Airport developed a capital program for the years 2018 through 2022 (2018-2022 Capital Program). The projects included in the 2018-2022 Capital Program were periodically evaluated by the Airport with respect to their timing, costs, availability of funding, Airport cash position, any environmental issues that may arise and other factors that might affect the implementation of the 2018-2022 Capital Program. Accordingly, projects currently included in the 2018-2022 Capital Program, their timing and costs were subject to change and are reflected below. The estimated costs of the 2018-2022 Capital Program have been fully funded.

The 2018-2022 Capital Program identifies capital projects with a total cost of approximately $4.3 billion in the following areas of the Airport:

	in billions
Concourse A, B, C	$ 2.8
Jeppesen Terminal	1.0
Airside	0.3
Landside	0.2
TOTAL	**$ 4.3**

Concourse A, B, C:

Major projects include the concourse gate expansion. On November 20, 2020, the Airport completed four new gates on the west side of Concourse B, leased by United Airlines, as part of the Gate Expansion project. In May 2022, the Airport completed 16 new gates and 20 hold-rooms among other improvements on the east side of Concourse C. All 16 new gates are leased by Southwest with 11 of the gates currently operational. In November 2022, the Airport completed 12 new gates on the west side of Concourse A and seven new gates on the east side of Concourse B and are all leased by United. In 2022, the Airport commenced expansion of and modifications to the ground loading facilities and gates on the New GLF.

Jeppesen Terminal:

Major projects include the Great Hall project which is primarily comprised of 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 along with additional AGTS train sets and related car replacement.

In October 2021, the Great Hall Project completed construction of the initial phase, which consisted generally of renovations to the central Great Hall area for new airline ticketing operations, self-bag drop-units, renovated restrooms and new commercial spaces. In July 2021, construction began on the second phase of improvements to the Great Hall. These improvements consist of a new security checkpoint, widened balcony for more capacity and space at the new checkpoint, a new triple escalator from the security check to the train platform to access the AGTS system.

On November 19, 2021, the City, for and on behalf of the Airport, issued a Voluntary Notice related to the Great Hall Project Status Update. This disclosure is available at https://emma.msrb.org/P21516492-P21172857-P21588899.pdf.

Airside:

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

Landside:

Major projects include the east bound Peña Boulevard reconstruction, realignment and various sections of roadway as well as annual pavement rehabilitation to replace deteriorating concrete. In December 2021, the first phase of eastbound Peña Boulevard was completed and operational. In addition, this includes the replacement of the revenue control system, which will improve parking services.

DEN Real Estate:

The Airport revised its land development plan which reduced the Airport's infrastructure investment requirement.

Vision 100 - 2023-2027 Capital Program

The Airport developed a capital improvement program for the years 2023-2027 (Vision 100 - 2023-2027 Capital Program). The projects included in the Vision 100 – 2023-2027 Capital Program are periodically evaluated by the Airport 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 Vision 100 – 2023-2027 Capital Program.

The Vision 100 - 2023-2027 Capital Program identifies capital projects with a total cost of approximately $2.9 billion in the following areas of the Airport:

	in billions
Jeppesen Terminal	$ 1.6
Airside	0.6
Concourse Projects	0.5
Landside	0.2
TOTAL	**$ 2.9**

Jeppesen Terminal:

Included in Jeppesen Terminal is the Great Hall completion phase. The completion phase consists of a full buildout of improvements to the Jeppesen Terminal and includes relocating and adding new screening lanes and a new security checkpoint with enhanced technology, new modern and spacious ticketing spaces, new concession area, renovations to restrooms, flooring, lighting, elevators/escalators and other critical infrastructure, and added leisure spaces for travelers. In addition, the completion phase includes the development of a new Center of Equity and Excellence in Aviation (CEEA). CEEA will engage, educate, empower, motivate, and provide opportunities for under-represented students and young people who are interested and passionate about careers in aviation. Other major projects in connection with the baggage handling system is to modernize the existing facilities and equipment as well as other improvements, upgrades to the screening system, the replacement of existing conveyors located at the curbside.

Airside:

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

Concourse:

Major projects include the remodeling of the public restrooms throughout the concourses, the conveyance replacement and passenger loading bridge programs, and replacement of AGTS cars.

Landside:

Major projects include reconstruction, realignment, and widening of various sections of Peña Boulevard both east and west bound and associated roadways as well as the replacement of deteriorating concrete. In addition, this includes rehabilitation of all six surface parking lot locations. Also included is the plug and abandonment of all the existing oil and gas drilling wells and tank batteries and removal of all flowlines.

Passenger Facility Charges (PFCs)

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 (FAA) 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, 2022, a total of $2.6 billion has been remitted to the Airport (including interest earned), of which $130.3 million has been expended on approved projects during 2022. $2.5 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $11.4 million is unexpended. The Airport's prior authorization to impose the PFC expires on the earlier of February 1, 2029, or upon collection of the authorized maximum PFC total of $3.2 billion. On May 2, 2019, the FAA approved through Final Agency Decision the City's application to impose additional PFC collections at the Airport. As a result of the decision, the PFC rate will remain the same, at $4.50, but the authorized maximum PFC collection total increased by $244.4 million to $3.5 billion through February 1, 2029. The decision is to fund already approved capital projects. On August 5, 2021, the FAA issued an Acknowledgement Letter regarding the City's application on notice of intent to impose PFC collections at the Airport. As a result of the Acknowledgement Letter, the PFC rate will remain the same, at $4.50, but authorized maximum PFC collection total increased by $136.7 million to $3.6 billion. The collection will begin on October 1, 2030, and will complete on October 1, 2031.

Customer Facility Charges (CFCs)

Effective January 1, 2014, the Airport imposed a CFC of $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.

Effective February 1, 2023, the CFC rate will increase to $6.00 per rental car transaction day for all airport customers to be collected by all on-airport rental car companies. This will also apply to the outlying locations that have qualified airport passengers.

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.

2023 QUARTERLY FINANCIAL REPORT
FINANCIAL STATEMENTS (UNAUDITED)

Statements of Net Position (Unaudited)

June 30, 2023 and December 31, 2022 ($ in thousands)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 35,714	$ 29,490
Investments	422,777	398,706
Accounts receivable,		
net of allowance of $3,219 and $3,252, respectively	65,371	48,699
Lease receivable	77,922	64,717
Grants receivable	28,371	36,201
Customer facility charges receivable	6,742	3,705
Accrued interest receivable	12,715	6,361
Other receivables	7,408	7,603
Inventories	9,627	9,648
Prepaid expenses and other	4,778	5,592
Total current unrestricted assets	671,425	610,722
Restricted assets:		
Cash and cash equivalents	221,434	221,232
Investments	780,345	822,806
Accrued interest receivable	17,954	11,854
Prepaid expenses and other	15,675	17,443
Passenger facility charges receivable	22,037	15,770
Total current restricted assets	1,057,445	1,089,105
Total current assets	1,728,870	1,699,827
Noncurrent assets:		
Investments - unrestricted	855,816	807,089
Lease receivable	357,138	399,542
Long-term receivables, net of current portion in other receivables	45,470	46,754
Capital assets (non-depreciable):		
Art	7,376	7,376
Capacity rights	12,400	12,400
Construction in progress	702,556	553,596
Land, land rights and air rights	295,766	295,766
Capital assets (depreciable):		
Buildings and Improvements	8,087,475	8,047,817
Machinery and equipment	1,391,803	1,312,512
Lease asset	11,007	11,007
Less: accumulated depreciation and amortization	4,333,492	4,181,697
Total capital assets	6,174,891	6,058,777
Investments - restricted	1,579,630	1,665,584
Total noncurrent assets	9,012,945	8,977,746
Total assets	10,741,815	10,677,573
Deferred outflows of resources	62,882	67,705
Total assets and deferred outflows	$ 10,804,697	$ 10,745,278

See accompanying notes to financial statements

Statements of Net Position (Unaudited)

June 30, 2023 and December 31, 2022 ($ in thousands)

	2023	2022
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 87,583	$ 116,718
Due to other city agencies	18,704	24,280
Compensated absences payable	2,385	2,385
Other liabilities	3,399	3,518
Lease liability	151	195
Revenue credit payable	75,000	50,000
Advance rent	31,986	33,879
Total current unrestricted liabilities	219,208	230,975
Restricted:		
Vouchers payable	2,519	5,544
Retainages payable	107,038	106,432
Accrued interest and matured coupons	39,558	39,492
Note payable	138	133
Other liabilities	8,331	13,247
Revenue bonds	260,555	260,555
Total current restricted liabilities	418,139	425,403
Total current liabilities	637,347	656,378
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	7,278,770	7,278,770
Plus: net unamortized premiums	444,665	469,351
Total bonds payable, noncurrent	7,723,435	7,748,121
Lease liability	2,240	2,269
Note payable	212	282
Compensated absences payable	10,084	10,084
Net pension liability	166,159	166,159
Net OPEB liability	21,946	21,946
Claim litigation reserves	90,360	86,895
Total noncurrent liabilities	8,014,436	8,035,756
Total liabilities	8,651,783	8,692,134
Deferred inflows of resources	477,019	508,776
Net Position		
Net deficit in capital assets	(306,395)	(168,978)
Restricted for:		
Capital projects	15,676	17,443
Debt service	612,239	463,937
Unrestricted	1,354,375	1,231,966
Total net position	1,675,895	1,544,368
Total liabilities, deferred inflows and net position	$ 10,804,697	$ 10,745,278

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)

For the Three Months Ended June 30, 2023 and 2022 ($ in thousands)

	2023	2022 [1]	$ Change	% Change
Operating revenues:				
Facility rentals	$ 78,732	$ 60,935	$ 17,797	29.2%
Parking	60,356	52,245	8,111	15.5%
Landing fees	49,324	38,120	11,204	29.4%
Concession	29,473	25,178	4,295	17.1%
Car rental	20,676	21,203	(527)	(2.5%)
Hotel	19,552	16,858	2,694	16.0%
Aviation fuel tax	8,825	10,328	(1,503)	(14.6%)
Ground transportation	6,400	5,385	1,015	18.8%
Other sales and charges	2,133	2,713	(580)	(21.4%)
Total operating revenues	275,471	232,965	42,506	18.2%
Operating expenses:				
Personnel	51,461	44,273	7,188	16.2%
Contractual services	67,854	58,854	9,000	15.3%
Repair and maintenance projects	3,172	8,971	(5,799)	(64.6%)
Maintenance, supplies and materials	5,261	3,961	1,300	32.8%
Hotel	8,967	6,643	2,324	35.0%
Legal/claim reserve expense	1,733	1,605	128	8.0%
Total operating expenses	138,448	124,307	14,141	11.4%
Operating income, before depreciation and amortization	137,023	108,658	28,365	26.1%
Less: Depreciation and amortization	77,389	58,556	18,833	32.2%
Operating income	59,634	50,102	9,532	19.0%
Nonoperating revenues (expenses):				
Passenger facility charges	36,695	34,855	1,840	5.3%
Customer facility charges	12,391	4,216	8,175	193.9%
Investment income (loss)	47,568	11,971	35,597	297.4%
Lease interest income	4,920	-	4,920	100.0%
Interest expense	(79,221)	(53,563)	(25,658)	47.9%
Other revenues (expenses) , net	593	1,539	(946)	(61.5%)
Total net nonoperating (expenses) revenue	22,946	(982)	23,928	(2,436.7%)
Change in net position before capital grants and contributions	82,580	49,120	33,460	68.1%
Capital grants and contributions	6,876	9,625	(2,749)	(28.6%)
Change in net position	89,456	58,745	30,711	52.3%
Net position, beginning of period, as previously reported	1,586,439	1,602,361	(15,922)	(1.0%)
Net position, as of June 30	$1,675,895	$1,661,106	$ 14,789	0.9%

[1] The three months ended June 30, 2022 do not reflect GASB 87 adjustments.

See accompanying notes to financial statements

Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)

For the Six Months Ended June 30, 2023 and 2022 ($ in thousands)

	2023	2022 [1]	$ Change	% Change
Operating revenues:				
Facility rentals	$ 152,457	$ 120,050	$ 32,407	27.0%
Parking	113,940	93,397	20,543	22.0%
Landing fees	96,194	73,128	23,066	31.5%
Concession	56,489	48,767	7,722	15.8%
Car rental	44,399	43,233	1,166	2.7%
Hotel	37,469	31,341	6,128	19.6%
Aviation fuel tax	17,861	17,386	475	2.7%
Ground transportation	11,802	8,893	2,909	32.7%
Other sales and charges	4,149	4,615	(466)	(10.1%)
Total operating revenues	534,760	440,810	93,950	21.3%
Operating expenses:				
Personnel	103,430	91,181	12,249	13.4%
Contractual services	135,274	114,874	20,400	17.8%
Repair and maintenance projects	4,179	9,119	(4,940)	(54.2%)
Maintenance, supplies and materials	12,819	10,491	2,328	22.2%
Hotel	17,636	13,870	3,766	27.2%
Legal/claim reserve expense	3,466	3,175	291	9.2%
Total operating expenses	276,804	242,710	34,094	14.0%
Operating income, before depreciation and amortization	257,956	198,100	59,856	30.2%
Less: Depreciation and amortization	152,047	116,194	35,853	30.9%
Operating income	105,909	81,906	24,003	29.3%
Nonoperating revenues (expenses):				
Passenger facility charges	73,447	67,445	6,002	8.9%
Customer facility charges	20,836	8,190	12,646	154.4%
Investment income	75,233	24,159	51,074	211.4%
Lease interest income	4,920	-	4,920	100.0%
Interest expense	(157,799)	(106,086)	(51,713)	48.7%
Other revenues (expenses), net	618	1,689	(1,071)	(63.4%)
Total net nonoperating revenue (expenses)	17,255	(4,603)	21,858	(474.9%)
Change in net position before capital grants and contributions	123,164	77,303	45,861	59.3%
Capital grants and contributions	8,362	11,787	(3,425)	(29.1%)
Change in net position	131,526	89,090	42,436	47.6%
Net position, beginning of year	1,544,369	1,572,016	(27,647)	(1.8%)
Net position, end of period	$1,675,895	$1,661,106	$ 14,789	0.9%

[1] The six months ended June 30, 2022 do not reflect GASB 87 adjustments.

See accompanying notes to financial statements

Statements of Cash Flows (Unaudited)

For the Six Months Ended June 30, 2023 and 2022 ($ in thousands)

	2023	2022 [1]
Cash flows from operating activities:		
Receipts from customers	$ 540,087	$ 494,657
Payments to suppliers	(186,713)	(151,824)
Interfund activity payments to other funds	(11,713)	(10,728)
Payments to employees	(96,509)	(102,898)
Net cash provided by operating activities	245,152	229,207
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(65)	-
Principal paid on lease liability	(73)	-
Interest paid on revenue bonds	(177,516)	(117,803)
Other bond costs	(51)	-
Interest on lease and notes payable	(4)	-
Capital grant receipts	16,192	14,878
Interest portion of lease proceeds	4,920	-
Passenger facility charges	67,180	62,013
Customer facility charges	17,799	7,656
Purchases of capital assets	(286,629)	(355,353)
Proceeds from sale of capital assets	227	405
Net insurance claim recovery - capital asset	-	22,500
Net cash used in financing activities	(358,020)	(365,704)
Cash flows from investing activities:		
Purchases of investments	(1,060,684)	(644,320)
Proceeds from sales and maturities of investments	1,127,889	749,870
Interest and dividends on investments and cash equivalents	52,089	27,234
Net cash provided by investing activities	119,294	132,784
Net increase (decrease) in cash and cash equivalents	6,426	(3,713)
Cash and cash equivalents, beginning of year	250,722	171,446
Cash and cash equivalents, end of period	$ 257,148	$ 167,733

[1] The six months ended June 30, 2022 do not reflect GASB 87 adjustments.

(continued)

Statements of Cash Flows (Unaudited)

For the Six Months Ended June 30, 2023 and 2022 ($ in thousands)

	2023	2022 [1]
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 105,909	$ 81,906
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	152,047	116,194
Changes in assets and liabilities:		
Receivables, net of allowance	(15,834)	34,354
Lease receivable	29,199	-
Due from other city agencies	-	272
Inventories	22	199
Prepaid expenses and other	814	1,338
Vouchers and other payables	(11,825)	(2,706)
Deferred rent	(1,893)	(5,779)
Due to other city agencies	(5,575)	(19,278)
Deferred inflows - lease	(31,133)	-
Claim litigation reserve	3,466	3,175
Other operating liabilities	19,955	19,532
Net cash provided by operating activities	$ 245,152	$ 229,207

Noncash activities:		
Unrealized gain (loss) on investments	$ 11,586	$ -
Change in fair value of the interest rate swaps	-	3,377
Amortization of bond premiums, deferred losses on bond refundings, and prepaid bond insurance	20,488	14,285
Capital assets in vouchers payable and retainage payable	51,973	93,627

[1] The six months ended June 30, 2022 do not reflect GASB 87 adjustments.

See accompanying notes to financial statements

2023 QUARTERLY FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (the Airport) are referred to herein as the City and County of Denver Municipal Airport System (the Airport or Airport System). The Airport is operated as the Department of Aviation, with a Chief Executive Officer appointed by and reporting to the Mayor.

The Airport consists of a landside terminal building, hotel, transit center, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995.

(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 (US GAAP).

(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 were prepared in accordance with US GAAP. As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Cash and Cash Equivalents

City investments attributed to the Airport that have original maturities of three months or less from the purchase date are classified as cash equivalents.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on significant other observable inputs at December 31, 2022 and 2021. The Airport's investments are maintained in pools at the City and include U.S. treasury securities, U.S. agency securities, corporate bonds, multinational fixed income, structured products, commercial paper, local government investment pools, municipal bonds, money market funds, and certificates of deposit. The City's investment policy can be viewed at https://www.denvergov.org/content/dam/denvergov/Portals/344/documents/transparency/investments/Investment_Policy.pdf.

(d) Inventories

Inventories consist of materials and supplies valued at cost or net realizable value.

(e) Capital Assets

Capital assets are recorded at historical cost and consist of buildings, roadways, airfield improvements, machinery and equipment, infrastructure, intangibles, land, and land rights at the Airport. Donated capital assets are reported at their acquisition value as of the date of acquisition. Repairs and maintenance are expensed as incurred, unless they have the effect of improving or extending the life of an asset, in which case they are capitalized as part of the cost of the asset. Costs associated with ongoing construction activities of the Airport are included in construction in progress.

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
Furniture and Furnishings	3 - 5 years
Intangibles	3 - 5 years

(f) Prepaid Bond Insurance, Deferred Gains (Losses) on Bond Refunding, Unamortized Premiums (Discounts),

Bond insurance premiums are recorded as assets and amortized over the life of the insurance policy using the effective interest method. Premiums (discounts) on bonds payable are recorded as liabilities or contra-liabilities and amortized over the life of bonds 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 and vacation leave compensated absences payable.

(h) Advance Rent

Advance rent is recorded when rental payments are received by the Airport, for periods subsequent to the reporting period and prior to when the Airport has a legal right claim to the payments as revenue. Included in advance rent are customer credits and deposits.

(i) Pensions and Other Postemployment Benefits (OPEB)

For purposes of recording the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources relating to pension and OPEB, and pension and OPEB 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) Leases

Lease receivables and lease liabilities are measured at the present value of lease payments expected to be received or paid during the lease term using the Airport's incremental borrowing rate based on interest rates that are stated in 2021-2022 Airport Revenue Bond Issuances. These rates are used as they best reflect the borrowing rates of the Airport, and rates that would be charged to tenants during the lease terms. Variable payments that are based on future performance of the lessee or usage of the underlying assets are not included in the measurement of the lease receivables or lease liabilities. DEN monitors changes in lease terms and circumstances and remeasures lease receivables and lease liabilities if certain changes occur that are expected to significantly affect the carrying amount of the Lease Receivable or Lease Liability.

On January 1, 2021, the Airport adopted Governmental Accounting Standard Board Statement (GASB) No. 87, *Leases* (GASB 87) and the initial implementation was included in the December 31, 2022 Annual Comprehensive Financial Report (ACFR). This resulted in a restated December 31, 2021 ACFR Statement of Net Position and Statement of Cash Flows. For the December 31, 2022 ACFR, the Statement of Revenue, Expenses and Changes in Net Position reflected the implementation, but this statement did not require restatement for the December 31, 2021 because the amounts were determined to not significant. In addition, none of the financial statements with quarter ending periods in 2022 and 2021 were restated to reflect the implementation of GASB 87.

(k) Net Position

As of June 30, 2023

The Airport assets and deferred outflows exceeded liabilities and deferred inflows by $1.7 billion as of June 30, 2023, a $131.5 million, or 8.5%, increase in net position from December 31, 2022.

As of June 30, 2023, total net position is $1.7 billion, of which 37.5% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $612.2 million. This includes bond reserve account, bonds accounts, and the ARPA Act Irrevocable Escrow accounts, which represents $157.2 million for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. As of June 30, 2023 and December 31, 2022, the remaining balance in the ARPA Act Irrevocable Escrow is $157.2 and $154.0, respectively. The net position restricted for capital projects represents $15.7 million.

As of June 30, 2023, the remaining net position consist of unrestricted balance of $1.4 billion and a deficit net investment in capital assets of ($306.4) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

As of December 31, 2022

As Airport's assets and deferred outflows exceeded liabilities and deferred inflows by $1.5 billion as of December 31, 2022, a $27.6 million, or 1.8%, decrease in net position from December 31, 2021.

As of December 31, 2022, total net position is $1.5 billion, of which 31.2% is restricted for future debt service and capital construction. The total net position restricted for future debt service is $463.9 million. This includes the bond reserve account, bonds accounts, and the remaining portion of ARPA Act Irrevocable Escrow accounts, which represents $154.0 million for debt service. On April 22, 2022, the City, for and on behalf of the Airport, executed ARPA Act Irrevocable Escrow. On April 29, 2022, the City, for and on behalf of the Airport, deposited the full $204.3 million into the ARPA Act Irrevocable Escrow. The net position restricted for capital projects represents $17.4 million.

As of December 31, 2022, the remaining net position consists of unrestricted balance of $1.2 billion and a deficit net investment in capital assets of ($169.0) million. Unrestricted net position may be used to meet any of the Airport's ongoing operational needs, as such, management of the Airport has internally designated $65.8 million of its unrestricted net position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt coverage requirements. The deficit in net investment in capital assets results because the outstanding debt exceeds the net book value of the capital assets financed by the related debt.

(l) 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.

(m) 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 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.

(n) 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, and investment income.

(o) 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 operating revenues.

(p) 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.

Under the Use and Lease Agreement with the airlines, the Airport shares 50% of Net Revenues (as defined by the bond ordinance) remaining at the end of the year (Airline Revenue Credit), up to $40.0 million, are to be credited in the following year to the airline rates and charges. Under the 2021 COVID-19 Relief Policy, the Airport will credit up to 25% of the annual $40.0 million through 2026. The annual estimated Airline Revenue Credit for 2023 and 2022 is $50.0 million and $50.0 million, respectively. As of June 30, 2023, and December 31, 2022, the Airline Revenue Credit liability balance is $75.0 million and $50.0 million, respectively, and is reported in the statements of net position as revenue credit payable.

(q) 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.

(r) Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in total net position.

(s) Restatement of Net Position

The Airport adopted Governmental Accounting Standard Board (GASB) Statement No. 87, *Leases*, (GASB 87) effective January 1, 2021. Total effect of the implementation on the fiscal year 2021 Statement of Net Position is summarized below ($ in thousands):

	Statement of Net Position As of December 31, 2021		
	Prior to GASB 87	Post GASB 87	Effect of change
Lease receivable - current	$ -	$ 16,547	$ 16,547
Prepaid expenses and other	6,298	4,430	(1,868)
Lease receivable - noncurrent	-	107,058	107,058
Lease asset	-	5,487	5,487
Other liability - current	(46,735)	(46,746)	(11)
Lease liability - current	-	(3,408)	(3,408)
Lease liability - noncurrent	-	(200)	(200)
Deferred Inflows of Resources	(26,289)	(149,894)	(123,605)
Total effect	$ (66,726)	$ (66,726)	$ -

The Airport did not restate the year ended December 31, 2021 Annual Comprehensive Financial Report (ACFR) Statement of Revenues, Expenses, and Changes in Net Position for GASB 87, since the impact was not significant.

(3) Investment Income (Loss)

Investment income (loss) 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 through June 30, 2023, is comprised of interest income and unrealized gain/loss on investments of $75.2 million and investment income through June 30, 2022, only comprised of interest income on investments of $24.2 million. This increase is primarily a result of an increase in cash and investments due to bond proceeds related to the bond issuance. The increase in investment income was also due to the recognition of net unrealized gain/loss on investments during 2023 which reflects current market conditions.

(4) Accounts and Long-Term Receivables

(a) Allowance for Doubtful Accounts

Management of the Airport reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of June 30, 2023 and December 31, 2022, an allowance of $3.2 million and $3.3 million, respectively, was established.

(b) Long-Term Other Receivables

2021 COVID-19 Rent Relief

Issued in November 2020 and effective in January 2021, the Airport implemented relief policies (2021 COVID-19 Relief Policies) for revenue contracts providing payment deferrals and certain fee waivers. For the signatory airlines, participants must maintain payment compliance through the policy term and for 2021 were required to pay 75% of their fixed and variable rate billings as defined in the Use and Lease Agreements. The remaining 25% of these billings must be paid over the next five years in equal annual installments starting in 2022 with each installment due by September 30th. The outstanding payment deferrals will be charged the U.S. Treasury Note rate is based on the 5-year Daily Treasury Par Yield Curve rate effective on February 1, 2022, which was 1.63%. This rate is fixed over the repayment term. As of December 31, 2022, some of the airlines paid in full the total outstanding deferred balances. The remaining outstanding receivables, as of June 30, 2023 are as follows ($ in thousands):

		Amount
Year:		
2023	$	1,838
2024		3,156
2025		3,813
2026		3,817
Total	$	12,624
Less current portion		(1,838)
Long-term receivables	$	10,786

The equal annual installments due for 2024-2026 are included in long-term other receivables, net of current portion in other receivables on the Statement of Net Position.

Other Receivable (Loan)

Included in long-term receivable is approximately $4.8 million notes receivable related to solar panel installation and approximately $27.0 million loans due from two districts. The districts are reimbursing the Airport for funding the construction and infrastructure of the rail station at 61st Boulevard and Pena Boulevard for infrastructure work around the Airport property. Each loan bears interest at 5.0% with interest compounded and due semiannually on June 1st and December 1st with principal due annually on December 1st. The outstanding loan balance, including compounded interest, is included in the table below, and will be repaid from ad valorem taxes. Total loan payments are capped at $41.6 million. As of December 31, 2022, the projected future principal and interest collections from the districts are as follows ($ in thousands):

	Amount
Year:	
2023	$ 186
2024	293
2025	381
2026	588
2027	1,006
2028-2032	7,559
2033-2037	9,168
2038-2042	10,122
2043-2047	11,175
2048	461
Total	$ 40,939

The installments due for 2023-2048 are included in long-term other receivables, net of current portion on the Statement of Net Position.

(5) Capital Assets

Changes in capital assets for the six months ended June 30, 2023 and December 31, 2022 were as follows ($ in thousands):

	2023				
	January 1, 2023	Additions	Transfers and reclassifications	Reductions	June 30, 2023
Non depreciable capital assets					
Art	$ 7,376	$ -	$ -	$ -	$ 7,376
Capacity rights	12,400	-	-	-	12,400
Construction in progress	553,596	267,958	(118,818)	(180)	702,556
Land, land rights, and air rights	295,766	-	-	-	295,766
Total non depreciable capital assets	869,138	267,958	(118,818)	(180)	1,018,098
Depreciable capital assets					
Buildings and improvements	6,536,900	-	38,553	-	6,575,453
Machinery and equipment	1,312,512	383	79,160	(252)	1,391,803
Infrastructure and land improvements	1,479,756	-	1,105	-	1,480,861
Intangibles	31,161	-	-	-	31,161
Leased assets (GASB 87)	11,007	-	-	-	11,007
Total depreciable capital assets	9,371,336	383	118,818	(252)	9,490,285
Less accumulated depreciation					
Buildings and improvements	(2,538,037)	(92,702)	-	-	(2,630,739)
Machinery and equipment	(835,398)	(31,400)	-	252	(866,546)
Infrastructure and land improvements	(771,027)	(25,429)	-	-	(796,456)
Intangibles	(30,942)	(82)	-	-	(31,024)
Leased assets (GASB 87)	(6,293)	(2,434)	-	-	(8,727)
Total accumulated depreciation	(4,181,697)	(152,047)	-	252	(4,333,492)
Total depreciable capital assets, net	5,189,639	(151,664)	118,818	-	5,156,793
Total capital assets	$ 6,058,777	$ 116,294	$ -	$ (180)	$ 6,174,891

	2022				
	January 1, 2022 (As restated)	Additions	Transfers and reclassifications	Reductions	December 31, 2022
Non depreciable capital assets					
Art	$ 7,376	$ -	$ -	$ -	$ 7,376
Capacity rights	12,400	-	-	-	12,400
Construction in progress	1,747,240	773,923	(1,956,410)	(11,157)	553,596
Land, land rights, and air rights	295,766	-	-	-	295,766
Total non depreciable capital assets	2,062,782	773,923	(1,956,410)	(11,157)	869,138
Depreciable capital assets					
Buildings and improvements	4,865,468	-	1,672,205	(773)	6,536,900
Machinery and equipment	1,154,318	1,878	209,234	(52,918)	1,312,512
Infrastructure and land improvements	1,412,265	-	74,824	(7,333)	1,479,756
Intangibles	32,238	-	154	(1,231)	31,161
Leased assets (GASB 87)	5,487	5,520	-	-	11,007
Total depreciable capital assets	7,469,776	7,398	1,956,417	(62,255)	9,371,336
Less accumulated depreciation and amortization					
Buildings and improvements	(2,370,432)	(168,214)	-	609	(2,538,037)
Machinery and equipment	(834,678)	(49,164)	(7)	48,451	(835,398)
Infrastructure and land improvements	(723,455)	(49,634)	-	2,062	(771,027)
Intangibles	(31,291)	(882)	-	1,231	(30,942)
Leased assets (GASB 87)	-	(6,293)	-	-	(6,293)
Total accumulated depreciation and amortization	(3,959,856)	(274,187)	(7)	52,353	(4,181,697)
Total depreciable capital assets, net	3,509,920	(266,789)	1,956,410	(9,902)	5,189,639
Total capital assets	$ 5,572,702	$ 507,134	$ -	$ (21,059)	$ 6,058,777

(6) Bonds Payable

Changes in long-term debt for the six months ended June 30, 2023 and December 31, 2022 were as follows ($ in thousands):

	2023					
	January 1, 2023	Additions	Refunded debt	Retirements	June 30, 2023	Amounts due within one year
Senior lien bonds	$ 4,132,940	$ -	$ -	$ -	$ 4,132,940	$ 175,715
Subordinate lien bonds	3,119,760	-	-	-	3,119,760	47,030
Direct Placement						
Senior lien bonds	110,755	-	-	-	110,755	5,790
Subordinate lien bonds	175,870	-	-	-	175,870	32,020
Total Airport System revenue bonds	7,539,325	-	-	-	7,539,325	260,555
Plus unamortized net premiums	469,351	-	-	(24,686)	444,665	-
Total bond debt	$ 8,008,676	$ -	$ -	$ (24,686)	$ 7,983,990	$ 260,555
Less current portion					(260,555)	
Noncurrent portion					$ 7,723,435	

	2022					
	January 1, 2022	Additions	Refunded debt	Retirements	December 31, 2022	Amounts due within one year
Senior lien bonds	$ 1,695,365	$ 2,808,120	$ (266,375)	$ (104,170)	$ 4,132,940	$ 175,715
Subordinate lien bonds	3,155,980	-	-	(36,220)	3,119,760	47,030
Direct Placement						
Senior lien bonds	227,155	-	(85,600)	(30,800)	110,755	5,790
Subordinate lien bonds	930,150	-	-	(754,280)	175,870	32,020
Total Airport System revenue bonds	6,008,650	2,808,120	(351,975)	(925,470)	7,539,325	260,555
Plus unamortized net premiums	335,548	193,823	(15,151)	(44,869)	469,351	-
Total bond debt	$ 6,344,198	$ 3,001,943	$ (367,126)	$ (970,339)	$ 8,008,676	$ 260,555
Less current portion					(260,555)	
Noncurrent portion					$ 7,748,121	

The Airport has issued bonds, bearing 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 and variable rate bonds are issued in weekly mode.

The maturity dates, interest rates, and principal amounts outstanding as of June 30, 2023 and December 31, 2022 are as follows ($ in thousands):

Bond	Maturity	Interest rate	Amount outstanding June 30, 2023	Amount outstanding December 31, 2022
Senior lien bonds				
Series 2009B	November 15, 2036 to 2039	6.41%	$ 65,290	$ 65,290
Series 2012A	November 15, 2023, and 2031 to 2043	4.00-5.00%	32,380	32,380
Series 2012B	November 15, 2023 to 2024, 2031, and 2038 to 2043	4.00-5.00%	157,045	157,045
Series 2012C	November 15, 2026	3.59%	30,285	30,285
Series 2016A	November 15, 2023 to 2025, and 2031 to 2032	5.00%	207,020	207,020
Series 2017A	November 15, 2023 to 2024, and 2026 to 2030	5.00%	158,805	158,805
Series 2017B	November 15, 2033	5.00%	21,280	21,280
Series 2019C	November 15, 2026 to 2036	5.00%	120,005	120,005
Series 2020A-1	November 15, 2023 to 2024, 2026, 2029, and 2032	5.00%	42,390	42,390
Series 2020A-2	November 15, 2023 to 2025	5.00%	36,640	36,640
Series 2020B-1	November 15, 2023 to 2025	5.00%	18,930	18,930
Series 2020B-2	November 15, 2025	5.00%	24,060	24,060
Series 2020C	November 15, 2023 to 2037	0.877 - 2.867%	410,690	410,690
Series 2022A	November 15, 2023 to 2053	4.00 - 5.50%	1,465,560	1,465,560
Series 2022B	November 15, 2026 to 2053	5.00 - 5.25%	175,570	175,570
Series 2022C	November 15, 2023 to 2053	5.00 - 5.25%	349,180	349,180
Series 2022D	November 15, 2024 to 2053	5.00 - 5.75%	817,810	817,810
Subordinate lien bonds				
Series 2013A	November 15, 2023 to 2043	4.00-5.50%	290,380	290,380
Series 2013B	November 15, 2023 to 2043	5.00-5.25%	350,100	350,100
Series 2018A	December 1, 2023 to 2048	3.75-5.25%	2,295,930	2,295,930
Series 2018B	December 1, 2023 to 2048	3.50-5.00%	183,350	183,350
Direct Placement				
Senior lien bonds				
Series 2002C	November 15, 2023, and 2026 to 2031	4.65%*	13,800	13,800
Series 2008B	November 15, 2023 to 2031	4.38%*	29,600	29,600
Series 2009C	November 15, 2026 to 2031	4.65%*	45,255	45,255
Series 2021A-B	November 15, 2024 to 2031	4.64%*	22,100	22,100
Subordinate lien bonds				
Series 2015A	November 15, 2023 to 2025	2.20%	99,540	99,540
Series 2019A	November 15, 2024 and 2030	1.37%	76,330	76,330
Total revenue bonds			7,539,325	7,539,325
Less current portion			(260,555)	(260,555)
Net unamortized premiums			444,665	469,351
Total bonds payable noncurrent			$ 7,723,435	$ 7,748,121

* Variable rates are as of June 30, 2023

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport bonds are subject to certain optional redemption provisions. Certain of the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

(a) Bond and Note Issuances

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. The proceeds from the Series 2022C and 2022D Bonds, coupled with Airport bond funds were used to provide project funds to pay a portion of the Vision 100 2023-2027 Capital Program, refund and redeem all or a portion of outstanding principal amounts, pay the costs of terminating a 2006A Swap Agreement with GKB Financial Services Corp. and a 2008A Swap Agreement with Royal Bank of Canada, make necessary deposits to the Bond Reserve Fund, make deposits to the Capitalized Interest Subaccount for the Series 2022C and Series 2022D Bonds, and pay the costs of issuance of the Series 2022C and Series 2022D Bonds. The Series 2022C and Series 2022D Bonds bear interest at various fixed rates, staggered maturities through November 15, 2053 and are subject to redemption prior to maturity. The refunding transactions yielded a net present value savings of $8.1 million.

On July 19, 2022, the Airport issued senior lien Airport System Revenue Bonds Series 2022A (AMT) (Series 2022A) and Airport System Revenue Bonds Series 2022B (non-AMT) (Series 2022B) in the aggregate principal amounts of $1.5 billion and $175.6 million, respectively. The proceeds of the Series 2022A and Series 2022B Bonds were used to redeem and pay the 2021 Interim Note, to fully fund the Airport's 2018-2022 Capital Program, to make deposits to the Bond Reserve Fund and Capitalized Interest Subaccount, and to pay costs of issuance for Series 2022A and Series 2022B Bonds. Both series were issued at premium, bear interest at various fixed rates, and are subject to redemption prior to maturity.

(b) 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 June 30, 2023 and December, 31 2022, $32.2 million and $32.2 million, respectively, of bonds outstanding are considered defeased.

(7) 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, 2022 are as follows ($ in thousands):

					Direct Placement					
	Senior lien bonds		Subordinate lien bonds		Seninor lien bonds		Subordinate lien bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year:										
2023	$ 175,715	$ 196,726	$ 47,030	$ 153,167	$ 5,790	$ 3,732	$ 32,020	$ 3,256	$ 260,555	$ 356,881
2024	164,920	188,903	47,150	150,866	9,800	3,537	57,905	2,545	279,775	345,851
2025	193,410	181,379	45,500	148,498	9,775	3,207	60,025	1,451	308,710	334,535
2026	184,705	171,145	106,885	146,203	13,310	2,878	4,830	477	309,730	320,703
2027	187,235	163,201	112,395	140,705	13,630	2,429	5,030	388	318,290	306,723
2028-2032	981,375	692,213	608,390	613,725	58,450	4,996	16,060	596	1,664,275	1,311,530
2033-2037	617,540	501,783	669,070	453,999	-	-	-	-	1,286,610	955,782
2038-2042	666,065	340,585	691,760	287,631	-	-	-	-	1,357,825	628,216
2043-2047	475,490	183,620	649,950	126,094	-	-	-	-	1,125,440	309,714
2048-2052	404,360	79,263	141,630	6,757	-	-	-	-	545,990	86,020
2053	82,125	4,064	-	-	-	-	-	-	82,125	4,064
Total	$ 4,132,940	$ 2,702,882	$ 3,119,760	$ 2,227,645	$ 110,755	$ 20,779	$ 175,870	$ 8,713	$ 7,539,325	$ 4,960,019

(b) Note Payable

The Airport entered into a $0.4 million financing agreement with Green Industrial Development Group, LLC on June 10, 2022, to finance office furniture purchases, at a rate of 7.0% based on a 30/360 calculation for 2022. Principal and Interest payments are due monthly in the amount of $13.1 thousand The note matures on November 1, 2025. The Airport has pledged no security against the note.

The payment schedule relating to note requirements as of June 30, 2023 is as follows ($ in thousands):

	Principal	Interest
Year:		
2023	$ 68	$ 11
2024	142	15
2025	140	5
Total	$ 350	$ 31

Changes in notes payable for the period ended June 30, 2023 were as follows ($ in thousands):

	Balance January 1, 2023	Additions	Retirements	Balance June 30, 2023	Amounts due within one year
Note payable	$ 415	$ -	$ (65)	$ 350	$ 138
Total	$ 415	$ -	$ (65)	$ 350	$ 138
Less current portion				(138)	
Noncurrent portion				$ 212	

Changes in notes payable for the period ended December 31, 2022 were as follows ($ in thousands):

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Amounts due within one year
Note payable	$ -	$ 425	$ (10)	$ 415	$ 133
Less current portion				(133)	
Noncurrent portion				$ 282	

(8) Direct Placement Bonds and Direct Loans

As of June 30, 2023, the Airport held directly placed debt as detailed below:

Series:	**2008B(2)**	**2009C**	**1992F(3)**	**1992G(3)**
Par Outstanding at 06/30/2023 (000)	$ 29,600	$ 45,255	$ -	$ -
Par Outstanding at 12/31/2022 (000)	$ 29,600	$ 45,255	$ -	$ -
Lien	Senior	Senior	Senior	Senior
Bond Maturity Date	11/15/2031	11/15/2031	11/15/2031	11/15/2031
Facilty and Reimbursement Agreement As of 06/30/2023	Credit	Credit	Credit	Credit
Financial Institution:	Bank of America, N.A.	Bank of America, N.A.	Banc of America Preferred Funding Corporation	Banc of America Preferred Funding Corporation
Terms:				
Execution Date	7/1/2020	4/28/2017	10/24/2014	10/24/2014
Initial Expiration Date	7/1/2023	4/28/2020	9/25/2017	9/25/2017
Amended Expiration Date	n/a	4/28/2023	9/25/2020	9/25/2020
2nd Amended Expiration Date	n/a	4/28/2028	4/28/2023	4/28/2023
3rd Amended Expiration Date	n/a	n/a	n/a	n/a
Index Rate				
06/30/2023	SIFMA Index Rate	SOFR Index Rate	n/a	n/a
12/31/2022	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate	SIFMA Index Rate
Applicable Factor	n/a	80.0%	70.0%	70.0%
Applicable Spread as of 06/30/2023	0.37%	0.52%	n/a	n/a
Applicable Spread as of 12/31/2022	0.37%	0.37%	0.37%	0.37%
Increase in Applicable Spread Due To Credit:				
Rating Downgrade	Yes(1)	Yes(1)	Yes(1)	Yes(1)
Margin Rate Factor	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread
Moody's Rating as of 06/30/2023	Aa3	Aa3	n/a	n/a
Moody's Rating as of 12/31/2022	Aa3	Aa3	n/a	n/a
S&P Rating as of 06/30/2023	AA-	AA-	n/a	n/a
S&P Rating as of 12/31/2022	AA-	AA-	n/a	n/a
Fitch Rating as of 06/30/2023	AA-	AA-	n/a	n/a
Fitch Rating as of 12/31/2022	AA-	AA-	n/a	n/a

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2023 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

Series:	2002C	2007G1(4)	2007G2(4)	2021A
Par Outstanding at 06/30/2023 (000)	$ 13,800	$ -	$ -	$ 12,100
Par Outstanding at 12/31/2022 (000)	$ 13,800	$ -	$ -	$ 12,100
Lien	Senior	Senior	Senior	Senior
Bond Maturity Date	11/15/2031	11/15/2031	11/15/2031	11/15/2031
Facilty and Reimbursement Agreement ' As of 06/30/2023	Credit	Credit	Credit	Credit
Financial Institution:	Banc of America Preferred Funding Corporation	BMO Harris Investment Corp.	BMO Harris Investment Corp.	Banc of America Preferred Funding Corporation
Terms:				
Execution Date	9/25/2014	11/1/2014	11/1/2014	7/1/2021
Initial Expiration Date	9/25/2017	12/1/2023	12/1/2023	4/26/2023
Amended Expiration Date	9/25/2020	n/a	n/a	4/28/2028
2nd Amended Expiration Date	4/28/2023	n/a	n/a	n/a
3rd Amended Expiration Date	4/28/2028	n/a	n/a	n/a
Index Rate				
06/30/2023	SOFR Index Rate	n/a	n/a	SOFR Index Rate
12/31/2022	SIFMA Index Rate	1-month LIBOR Rate	1-month LIBOR Rate	SIFMA Index Rate
Applicable Factor	80.0%	70.0%	70.0%	80.0%
Applicable Spread as of 06/30/2023	0.52%	n/a	n/a	0.52%
Applicable Spread as of 12/31/2022	0.37%	0.90%	0.90%	0.37%
Increase in Applicable Spread Due To Credit:				
Rating Downgrade	Yes(1)	Yes(1)	Yes(1)	Yes(1)
Margin Rate Factor	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread	Rate Formula Index Rate x Applicable Factor + Applicable Spread
Moody's Rating as of 06/30/2023	Aa3	n/a	n/a	Aa3
Moody's Rating as of 12/31/2022	Aa3	n/a	n/a	Aa3
S&P Rating as of 06/30/2023	AA-	n/a	n/a	AA-
S&P Rating as of 12/31/2022	AA-	n/a	n/a	AA-
Fitch Rating as of 06/30/2023	AA-	n/a	n/a	AA-
Fitch Rating as of 12/31/2022	AA-	n/a	n/a	AA-

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2023 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

Series:	**2021B**	**2015A**	**2019A**	**2021C**	**2021 Interim Note**
Par Outstanding at 06/30/2023 (000)	$ 10,000	$ 99,540	$ 76,330	$ -	$ -
Par Outstanding at 12/31/2022 (000)	$ 10,000	$ 99,540	$ 76,330	$ -	$ -
Lien	Senior	Subordinate	Subordinate	Subordinate	Subordinate
Bond Maturity Date	11/15/2031	11/15/2025	11/15/2030	11/15/2022	6/30/2022
Facilty and Reimbursement Agreement As of 06/30/2023	Credit	Credit	Credit	Bond Purchase Agreement	Note Purchase Agreement
Financial Institution:	Banc of America Preferred Funding Corporation	Bank of America, N.A.	State Street Public Lending Corporation	Bank of America, N.A.	Bank of America, N.A.
Terms:					
Execution Date	7/1/2021	11/20/2015	8/27/2019	12/17/2021	12/17/2021
Initial Expiration Date	4/26/2023	11/15/2025	11/15/2025	11/15/2022	6/30/2022
Amended Expiration Date	4/28/2028	n/a	n/a	n/a	n/a
2nd Amended Expiration Date	n/a	n/a	n/a	n/a	n/a
3rd Amended Expiration Date	n/a	n/a	n/a	n/a	n/a
Index Rate					
06/30/2023	SOFR Index Rate	Fixed Rate	Fixed Rate	n/a	n/a
12/31/2022	SIFMA Index Rate	Fixed Rate	Fixed Rate	Fixed Rate	SIFMA Index Rate
Applicable Factor	80.0%	n/a	n/a	n/a	n/a
Applicable Spread as of 06/30/2023	0.52%	n/a	n/a	n/a	n/a
Applicable Spread as of 12/31/2022	0.37%	n/a	n/a	n/a	0.11%
Increase in Applicable Spread Due To Credit:					
Rating Downgrade	Yes(1)	n/a	n/a	n/a	n/a
Margin Rate Factor	n/a	n/a	n/a	n/a	n/a
Rate Formula	Rate Formula Index Rate x Applicable Factor + Applicable Spread	n/a	n/a	n/a	n/a
Moody's Rating as of 06/30/2023	Aa3	n/a	n/a	n/a	n/a
Moody's Rating as of 12/31/2022	Aa3	n/a	n/a	n/a	n/a
S&P Rating as of 06/30/2023	AA-	n/a	n/a	n/a	n/a
S&P Rating as of 12/31/2022	AA-	n/a	n/a	n/a	n/a
Fitch Rating as of 06/30/2023	AA-	n/a	n/a	n/a	n/a
Fitch Rating as of 12/31/2022	AA-	n/a	n/a	n/a	n/a

(1) See Applicable Spread table
(2) New Credit Facility and Reimbursement Agreement was executed in 2023 with Bank of America, N.A.
(3) These bond series were refunded with the 2021A and 2021B series
(4) These bond series were refunded with the 2022C series

On July 29, 2011 and August 8, 2011, the Airport entered into a Liquidity Facility and Reimbursement Agreement (Liquidity 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 July 1, 2020, the Airport entered into a credit facility and reimbursement agreement with Bank of America, N.A., who purchased the Series 2008B Bonds, bearing interest at the SIFMA Index Rate. These agreements expired on July 1, 2023.

On October 28, 2020, the Airport issued the Airport System Revenue Bonds Series 2020A-1 (Non-AMT Private Activity), Series 2020A-2 (Non-AMT Governmental), Series 2020B-1 (AMT), Series 2020B-2 (AMT), and Series 2020C (Taxable) for $95.3 million, $60.5 million, $37.5 million, $24.1 million, and $411.5 million, respectively. This redeemed the 2008C1 bonds outstanding principal balance. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement for the Series 2008B Bonds to extend the expiration date to July 1, 2028, and the floating rate index changed to Secured Overnight Financing Rate (SOFR) effective on the Closing Date, July 1, 2023. See note 21 to the financial statements for additional information.

On October 1, 2012, the Airport entered into a Credit Facility and Reimbursement Agreement (Credit Agreement) with U.S. Bank National Association, who purchased the Series 2009C Bonds at a floating rate indexed to 1-month LIBOR. This agreement was to expire on April 30, 2017. On April 28, 2017, the Airport entered into a Credit Agreement with Bank of America, N.A., who purchased the Series 2009C Bonds at a floating indexed to 1-month LIBOR. This agreement expires on April 28, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023 and the floating rate index changed to SIFMA index rate. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, 2028 and the floating rate index changed to SOFR effective on the Closing Date, April 28, 2023.

On October 24, 2014, the Airport entered into Credit Agreements with Banc of America Preferred Funding Corporation who purchased the Series 1992F, G Bonds at a floating rate indexed to 1-month LIBOR. These agreements expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changed to the SIFMA index rate. On June 15,2020, the Airport converted the index rate from a 1-month LIBOR rate to a SIFMA index rate. On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements and a Credit Facility and Reimbursement Agreement with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively.

On September 25, 2014, the Airport entered into Credit 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 expired on September 25, 2017. These agreements were extended to expire on September 25, 2020. On April 28, 2020, the Airport amended the agreement to extend the expiration date to April 28, 2023. The index shall remain the 1-month LIBOR rate with the option to change to the SIFMA index rate prior to September 25, 2020. On September 25, 2020, the floating rate index changed to the SIFMA index rate. On June 15,2020, the Airport converted the index rate from a 1-month LIBOR rate to a SIFMA index rate. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, 2028, and the floating rate index changed to SOFR effective on the Closing Date, April 28, 2023.

On November 1, 2014, the Airport entered into Credit Agreements with BMO Harris Investment Corp. who purchased the Series 2007G1-G2 Bonds at a floating rate indexed to 1-month LIBOR. This agreement was set to expires on December 1, 2023. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

On November 20, 2015, the Airport entered into Credit Agreement with Bank of America, N.A., who purchased the Series 2015A Bonds at a fixed interest rate. The Series 2015A Bonds mature on November 15, 2025.

On August 20, 2019, the Airport entered into Credit Agreements with State Street Public Leasing Corporation, who purchased the Series 2019A-B Bonds at a fixed interest rate. The Series 2019A (AMT) matures on November 15, 2031 with a Mandatory Tender of $25.9 million due on November 15, 2025, and the Series 2019B (Taxable) matures on November 15, 2020.

On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. On April 1, 2023, the City, for and on behalf of the Airport, amended the agreement to extend the expiration date to April 28, 2028, and the floating rate index changed to SOFR effective on the Closing Date, April 26, 2023.

On December 17, 2021, the City, for and on behalf of the Airport, issued private activity Airport System Subordinate Revenue Bonds, Series 2021C (Series 2021C Bonds) and issued a Note Purchase Agreement (2021 Interim Note) in the amounts of $26.2 million and $700.0 million, respectively. The proceeds from the issuance of the 2021 Interim Note were to assist in funding the 2018-2022 Capital Program and were used to pay for issuance cost. The maturity date of the 2021 Interim Note was June 30, 2022. On June 10, 2022, the 2021 Interim Note maturity was extended to August 31, 2022. The 2021 Interim Note bore interest at a variable rate with payment due at maturity. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds. The Series 2021C Bonds were issued at a fixed interest rate for the purposes of current refunding Series 2011A Bonds maturing on November 15, 2021. The Series 2021C Bonds matured on November 15, 2022.

Some of these Bonds maybe periodically remarketed to banks and the bank owners and can change before reaching maturity or are otherwise paid. These are certain events which could result in a higher interest rate and/or an acceleration of amounts due on these bonds. These events are described in the event filed on the Municipal Securities Rulemaking Boards (MSRB) Electronic Municipal Market Access (EMMA) site using the following links:

Credit Facility Bond Series

2008B	https://emma.msrb.org/SS1490948.pdf	Second Amended and Restated Reimbursement Agreement
2009C	https://emma.msrb.org/P11665303-P11282486-P11711423.pdf	First Amendment to Credit Facility and Reimbursement Agreement
1992F	https://emma.msrb.org/SS1480106.pdf	Second Amended and Restated Reimbursement Agreement
1992G	https://emma.msrb.org/SS1480107.pdf	Second Amended and Restated Reimbursement Agreement
2002C	https://emma.msrb.org/P11665303-P11282486-P11711423.pdf	Amended and Restated Credit Facility and Reimbursement Agreement
2019A	https://emma.msrb.org/ER1380040.pdf	Credit Facility and Reimbursement Agreement
2021A	https://emma.msrb.org/P11665303-P11282486-P11711423.pdf	Credit Facility and Reimbursement Agreement
2021B	https://emma.msrb.org/P11665303-P11282486-P11711423.pdf	Credit Facility and Reimbursement Agreement
2021C	https://emma.msrb.org/P21533161-P11197861-P11616050.pdf	Bond Purchase Agreement
2021 Interim Note	https://emma.msrb.org/P21533161-P11197861-P11616050.pdf	Note Purchase Agreement

For some bond series, the Reimbursement Agreements or Note Purchase Agreements are not available on EMMA. These bonds series have the same event of default requirements as other bond series. Below is a list of the similar event of defaults sections within the Credit Agreements as of June 30, 2022 and December 31, 2022:

Similar Event of Defaults as of June 30, 2023:

Senior Lien				Subordinate Lien		Subordinate Lien	
Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults	
Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Note Purchase Agreement	Note
Section 5.10	2008B(1)	Section 6.10	2021A(1)	Section 5.7	2015A(2)	Section 6.10	2021 Interim Note (Loan)
Section 5.11	1992F(1)	Section 6.12	2021B(1)	Section 5.8	2019A(1)	Section 6.12	2021C
Section 5.13	1992G(1)	Section 6.14(b)		Section 5.10(b)	2019B(1)	Section 6.14(b)	
Section 5.15(b)	2002C(1)	Section 6.16		Section 6.1(a)		Section 6.16	
Section 5.17	2009C(1)	Section 7.1(a)		Section 6.1(b)		Section 7.1(a)	
Section 5.22		Section 7.1(b)		Section 6.1(e)		Section 7.1(b)	
Section 5.25							
Section 5.26							
Section 6.1(a)							
Section 6.1(b)							
Section 6.1(f)							
Section 6.1(j)							

(1) Event of Default Sections of the Credit Agreement can be viewed on EMMA for language.
(2) Although details of the Event of Default sections are not posted on EMMA, the related sections are posted on EMMA for other bond series. There are no difference in the requirements of these bonds.

Similar Event of Defaults as of December 31, 2022:

Senior Lien				Subordinate Lien		Subordinate Lien	
Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults		Similar Event of Defaults	
Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Sections with Credit Agreement	Series	Note Purchase Agreement	Note
Section 5.10	2008B(1)	Section 6.10	2021A(1)	Section 5.7	2015A(2)	Section 6.10	2021 Interim Note (Loan)
Section 5.11	1992F(1)	Section 6.12	2021B(1)	Section 5.8	2019A(1)	Section 6.12	2021C
Section 5.13	1992G(1)	Section 6.14(b)		Section 5.10(b)	2019B(1)	Section 6.14(b)	
Section 5.15(b)	2002C(1)	Section 6.16		Section 6.1(a)		Section 6.16	
Section 5.17	2009C(1)	Section 7.1(a)		Section 6.1(b)		Section 7.1(a)	
Section 5.22		Section 7.1(b)		Section 6.1(e)		Section 7.1(b)	
Section 5.25							
Section 5.26							
Section 6.1(a)							
Section 6.1(b)							
Section 6.1(f)							
Section 6.1(j)							

(1) Event of Default Sections of the Credit Agreement can be viewed on EMMA for language.
(2) Although details of the Event of Default sections are not posted on EMMA, the related sections are posted on EMMA for other bond series. There are no difference in the requirements of these bonds.

As of June 30, 2023 and December 31, 2022, the Airport has not defaulted on any of the events of defaults.

Applicable spread:

The variable rate interest due on these Bonds is contingent on the related index and the related Senior Bond Ratings. If the Airport Senior Bond Rating adjusts so does the applicable spread basis points used to calculate the interest due. Below are the applicable spreads for each variable rate Bond Series.

Applicable spread upon credit ratings downgrade as of June 30, 2023

Credit Facility Bond Series	Moody's	S&P	Fitch	Applicable Spread
2007G1&G2	A1 or higher	A+ or higher	A+ or higher	90 basis points (0.90%)
	A2	A	A	116 basis points (1.16%)
	A3	A-	A-	143 basis points (1.43%)
	Baa1	BBB+	BBB+	172 basis points (1.72%)
	Baa2	BBB	BBB	203 basis points (2.03%)

Refer to the EMMA posting noted above for detailed information regarding the Applicable Spread upon Credit Ratings for each of the following Series: 2008B, 2009C, 1992F, 1992G, and 2002C. Although not posted to EMMA, the Applicable Spread upon Credit Ratings for Series 2021A and 2021B is the same as Series 2008B, 2009C, 1992F, 1992G, and 2002C.

For the Series 2008B, 2009C, 1992F, 1992G, 2002C, 2021A, and 2021B, in the event the Airport maintains Senior Bond ratings from each of Moody's, S&P and Fitch, known as the Rating Agencies, and two of such Senior Bond ratings are equivalent, the Applicable Spread shall be based upon the Level in which the two equivalent Senior Bond ratings appears; if Senior Bond Ratings are assigned by all three Rating Agencies and no two such Senior Bond Ratings are equivalent, the Applicable Spread shall be based upon the Level in which the middle Senior Bond Rating appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are not equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings appears. Any change in the Applicable Spread resulting from a reduction, withdrawal, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating.

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreements for Series 2002C Credit Facility Bonds, and for Series 2021A-B Credit Facility Bonds with Banc of America Preferred Funding Corporation (Banc of America) to extend the terms through April 28, 2028 and the floating rate index changed to SOFR effective on the Closing Date. The Series 2002C and 2021A-B Closing Date is April 28, 2023 and April 26, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreement with Bank of America N.A. for Series 2009C and 2008B Credit Facility Bonds. Bank of America N.A. to extend the terms through April 28, 2028 and July 1, 2028, respectively, and the floating rate index changed to SOFR effective on the Closing Date. The Series 2009C and 2008B Closing Date is April 28, 2023 and July 1, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

For Series 2007G1 and G2, in the event the Airport maintains Senior Bond ratings assigned by all three Rating Agencies, the Applicable Spread shall be based upon the Level in which the lower of the two highest Senior Bond Ratings appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are no equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings Appears. Any change in the Applicable Spread resulting from a reduction, which, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

Through maturity, the 2021 Interim Note had a fixed Applicable Spread rate of 0.11%. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds.

Applicable spread upon credit ratings downgrade as of December 31, 2022

Credit Facility Bond Series	Moody's	S&P	Fitch	Applicable Spread
2007G1&G2	A1 or higher	A+ or higher	A+ or higher	90 basis points (0.90%)
	A2	A	A	116 basis points (1.16%)
	A3	A-	A-	143 basis points (1.43%)
	Baa1	BBB+	BBB+	172 basis points (1.72%)
	Baa2	BBB	BBB	203 basis points (2.03%)

Refer to the EMMA posting noted above for detailed information regarding the Applicable Spread upon Credit Ratings for each of the following Series: 2008B, 2009C, 1992F, 1992G, and 2002C. Although not posted to EMMA, the Applicable Spread upon Credit Ratings for Series 2021A and 2021B is the same as Series 2008B, 2009C, 1992F, 1992G, and 2002C.

For the Series 2008B, 2009C, 1992F, 1992G, 2002C, 2021A, and 2021B, in the event the Airport maintains Senior Bond ratings from each of Moody's, S&P and Fitch, known as the Rating Agencies, and two of such Senior Bond ratings are equivalent, the Applicable Spread shall be based upon the Level in which the two equivalent Senior Bond ratings appears; if Senior Bond Ratings are assigned by all three Rating Agencies and no two such Senior Bond Ratings are equivalent, the Applicable Spread shall be based upon the Level in which the middle Senior Bond Rating appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are not equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings appears. Any change in the Applicable Spread resulting from a reduction, withdrawal, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating.

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreements for Series 2002C Credit Facility Bonds, and for Series 2021A-B Credit Facility Bonds with Banc of America Preferred Funding Corporation (Banc of America) to extend the terms through April 28, 2028 and the floating rate index changed to SOFR effective on the Closing Date. The Series 2002C and 2021A-B Closing Date is April 28, 2023 and April 26, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreement with Bank of America N.A. for Series 2009C and 2008B Credit Facility Bonds. Bank of America N.A. to extend the terms through April 28, 2028 and July 1, 2028, respectively, and the floating rate index changed to SOFR effective on the Closing Date. The Series 2009C and 2008B Closing Date is April 28, 2023 and July 1, 2023, respectively. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

For Series 2007G1 and G2, in the event the Airport maintains Senior Bond ratings assigned by all three Rating Agencies, the Applicable Spread shall be based upon the Level in which the lower of the two highest Senior Bond Ratings appears; and if the Senior Bond Ratings are assigned by only two Rating Agencies and such Senior Bond Ratings are no equivalent, the Applicable Spread shall be based upon the Level in which the lower Senior Bond Ratings Appears. Any change in the Applicable Spread resulting from a reduction, which, suspension or unavailability of a Senior Bond Rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such Senior Bond Rating. On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to fully redeem the 2007G1 and 2007G2 outstanding principal amounts.

Through maturity, the 2021 Interim Note had a fixed Applicable Spread rate of 0.11%. The 2021 Interim Note was fully redeemed and paid in full by the Series 2022A and Series 2022B bond proceeds.

(9) Bond Ordinance Provisions

(a) Additional Bonds

The Airport may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport.

(b) Airport Revenue Bonds

Under the terms of the Bond Ordinance, all bond series (the Senior Bonds) are collateralized by a first lien on the Net Revenues of the Airport. Under the terms of the Subordinate Bond Ordinance, outstanding Commercial Paper is collateralized by Net Revenues of the Airport subordinate to the Senior Bonds.

The Airport is required by the Bond Ordinance to set and collect rates and charges sufficient, together with other available funds, to provide for the payment of all operating and maintenance expenses for the current fiscal year plus 125% of the aggregate principal and interest payments of the Senior Bonds for such fiscal year prior to the issuance of additional bonds. Also, the Airport is required to maintain Minimum Bond Reserves for both senior and subordinate lien bonds. On July 14, 2021, the City, for and on behalf of the Airport, entered into a Bond Purchase and Exchange Agreements with Banc of America Preferred Funding Corporation for the Series 1992F-G for the Series 2021A-B, respectively. With the execution of this Bond Purchase and Exchange Agreement there were no longer any outstanding Airport System Revenue Bonds issued prior to August 1, 2000. This adjusted the calculation of the Minimum Bond Reserve as defined within the General Bond Ordinance and reduced the Minimum Bond Reserve amount as it applies to the senior lien system revenue bonds. On July 27, 2021, the City, for and on behalf of the Airport, filed a Voluntary Notice on EMMA (see https://emma.msrb.org/P21480842-P21148170-P21561857.pdf). The Airport is in compliance with the bond covenants listed in the bond ordinance.

(10) Swap Agreements

The Airport had entered into interest rate swap agreements in order to protect against rising interest rates. The 1999 and 2009A swap agreements all paid 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 were 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 was recognized in accordance with GASB 53. The City did not enter into derivative transactions for investment purposes, nor did the City Charter allow for the investment in derivative investments.

On November 15, 2022, the City, for and on behalf of the Airport, issued the Airport System Revenue Bonds Series 2022C (Non-AMT) Bonds (Series 2022C) and Airport System Revenue Bonds Series 2022D (AMT) Bonds (Series 2022D) for $349.2 million and $817.8 million, respectively. A portion of proceeds from the Series 2022C and 2022D Bonds, were used to terminate the 2006A Swap Agreement with GKB Financial Services Corp. and the 2008A Swap Agreement with Royal Bank of Canada.

On December 16, 2022, the Airport fully terminated the 2005 and 2006B Swap Agreements with JP Morgan Chase Bank, N.A. There was no cost to the Airport for the termination and it yielded a de minimis net cash inflow.

As of December 31, 2022, the Airport had no outstanding derivative instruments and on December 16, 2022, all outstanding derivative instruments were fully terminated.

The fair value balances and notional amounts of the swaps outstanding at December 31, 2022 and the changes in the fair value of such swaps for the periods then ended, are as follows ($ in thousands):

Counterparty	Effective date	Notional amount (in millions)	Bond/swap maturity/ termination date	Associated debt series	Payable swap rate	Receivable swap rate	Changes in fair value Classification	Changes in fair value Amount	Fair value 12/31/2022	
1999 Swap Agreements										
Goldman Sachs Capital Markets, L.P.	10/4/2001	$ 16	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	$ (362)	$ -	(6)
							Investment Income	$ (398)		
Merrill Lynch Capital Services, Inc.	10/4/2001	$ 8	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	$ (181)	-	(6)
							Investment Income	$ (194)		
2005 Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2006	$ 35	11/15/2025	2016A(3)	3.6874%	70% LIBOR	Investment Income	$ (2,228)	-	(5)
2006A Swap Agreements										
GKB Financial Services Corp.	11/15/2007	$ 24	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (1,670)	-	(4)
2006B Swap Agreements										
JP Morgan Chase Bank, N.A.	11/15/2006	$ 35	11/15/2025	2016A	SIFMA	4.0855%	Investment Income	$ 2,439	-	(5)
2008A Swap Agreement										
Royal Bank of Canada	12/18/2008	$ 48	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	$ (3,340)	-	(4)
2009A Swap Agreement										
Loop Financial Products I LLC	1/12/2010	$ 8	11/1/2022	(1)	5.6229%	SIFMA	Deferred Outflow	$ (232)	-	(6)
							Investment Income	$ (154)		
Total									$ -	

(1) Swaps associated with Series 2009C, 2008B and a portion of the 2002C Bonds
(2) A portion of the Series 2002C bonds are additionally associated with these swaps
(3) Previously associated with 2007D and 2017A
(4)Swaps were terminated 11/15/2022
(5)Swaps were terminated 12/16/2022
(6) Swaps matured 11/01/2022

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. Fair values were calculated using the mid-market LIBOR and SIFMA swap curves as of December 31, 2021. 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, 2021. 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.

(11) Denver International Airport Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at the Airport, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport, and accordingly, have not been reported in the accompanying financial statements. In October 2017, the City issued Special Facility Revenue Bonds (Series 2017) on a current refunding of the Special Facilities Airport Revenue Bonds (Series 2007A). The Series 2017 proceeds were used to pay off the outstanding balance of the Series 2007A series and closing costs. At June 30, 2023 and December 31, 2022, Special Facility Revenue Bonds outstanding totaled to $250.6 million.

(12) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets by the Airport that applies to future periods. Deferred inflows of resources represent an acquisition of net assets by the Airport that applies to future periods. 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 and OPEB related deferrals. Deferred inflows of resources are comprised of deferred gain on refundings, leases, and certain pension and OPEB related deferrals.

The composition of deferred outflows and inflows are as follows as of December 31 ($ in thousands):

	June 30, 2023	December 31, 2022
Accumulated decrease in fair value of hedging activities	$ -	$ -
Deferred loss on refunding of debt	30,769	35,592
GASB 68 pension deferred outflow	25,625	25,625
GASB 75 deferred outflow		
DERP OPEB	1,513	1,513
DERP implicit rate	4,975	4,975
Total deferred outflows	$ 62,882	$ 67,705
Deferred gain on refunding of debt	$ 13,628	$ 14,252
GASB 68 pension deferred inflow	31,518	31,518
GASB 75 deferred inflow		
DERP OPEB	2,208	2,208
DERP implicit rate	1,321	1,321
GASB 87 deferred lease	428,344	459,477
Total deferred inflows	$ 477,019	$ 508,776

(13) 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). The net pension liability is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year. The most recent period presented in this disclosure is as of December 31, 2022, which are unaudited. Since the June 30, 2023 financial statements are unaudited, they do not reflect any updated Pension Plan information for 2023.

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 September 1, 2004, and retire at or after age 65 (or at age 55 if the sum of their age and credited service is at least 75) are entitled to an annual retirement benefit, in an amount equal to 2.0% of their final average salary for each year of credited service, payable monthly for life. Effective for employees hired after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during a 36 consecutive month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or 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 annual comprehensive financial report that can be obtained at https://www.derp.org/

Funding Policy – For the measurement period of 2021 and 2020, the City contributed 15.75% and 15.75%, respectively, of covered payroll and employees made a pre-tax contribution of 9.25% and 9.25%, respectively, in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2022 and 2021, were $125.2 million and $102.3 million, respectively, which equaled the required contributions. The Airport's share of the total contributions is $16.7 million and $13.8 million for the years ended December 31, 2022 and 2021 respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At December 31, 2022 and 2021, the Airport reported a liability of $166.2 million and $187.8 million, respectively, for its proportionate share of the net pension liability related to DERP. The net pension liabilities were measured as of December 31, 2021 and 2020, 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.

As of the measurement date at December 31, 2021, the Airport's proportion was 12.23856%, which was an increase of 0.17495% from its proportion measured as of December 31, 2020. At December 31, 2020, the Airport's proportion was 12.06361%, which was a decrease of 1.672430% from its proportion measured as of December 31, 2019.

The components of the Airport's net pension liability related to DERP as of December 31, 2022 and 2021, respectively, are presented below ($ in thousands):

	2022	2021
Total pension liability	$ 492,322	$ 473,283
Plan fiduciary net position	(326,163)	(285,507)
Net pension liability	$ 166,159	$ 187,776

The change in net pension liability for the year ended December 31, 2022 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 187,776	$ 47,181	$ (68,798)	$ 166,159

The change in net pension liability for the year ended December 31, 2021 was ($ in thousands):

Beginning balance	Additions	Reductions	Ending balance
$ 199,878	$ 39,522	$ (51,624)	$ 187,776

For the years ended December 31, 2022 and 2021, pension expense recognized by the Airport was $14.4 million and $21.4 million, respectively. At December 31, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 2,944	$ -
Changes of assumptions or other inputs	3,932	-
Net difference between projected and actual earnings on pension plan investments	-	23,767
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,060	7,751
Contributions subsequent to the measurement date	16,689	-
Total	$ 25,625	$ 31,518

At December 31, 2021, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources ($ in thousands):

Sources:	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 4,042	$ -
Changes of assumptions or other inputs	8,863	-
Net difference between projected and actual earnings on pension plan investments	-	3,267
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,500	15,529
Contributions subsequent to the measurement date	13,778	-
Total	$ 32,183	$ 18,796

At December 31, 2022 and 2021, the Airport reported $16.7 million and $13.8 million, respectively, as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented below ($ in thousands):

Year:		Deferred inflows/ outflows of resources
2023	$	(4,157)
2024		(7,059)
2025		(5,851)
2026		(5,516)
2027		-
Thereafter		-
Total	$	(22,583)

The total pension liability in the December 31, 2021 and 2020 actuarial valuations were determined using the actuarial assumptions as follows:

2021	**DERP**
Investment rate of return	7.25%
Salary increases	3.00% to 7.00%
Inflation	2.50%

2020	**DERP**
Investment rate of return	7.25%
Salary increases	3.00% to 7.00%
Inflation	2.50%

Mortality rates were based on the Adjusted RP-2014 Mortality Tables, with general projections using Ultimate MP Scale (changed in 2018 from RP-2000 Combined Mortality Projected with Scale AA to 2020). The latest experience study was conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017.

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, 2021 and 2020 these best estimates are summarized in the following table:

2021

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.10%
Small cap	4.00%	7.60%
International equity	**22.00%**	
Developed markets	14.00%	7.80%
Emerging markets	8.00%	8.80%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.10%
Private debt	4.00%	6.10%
Distress debt	2.50%	6.70%
Emerging market debt	2.00%	4.30%
Real estate	**10.00%**	7.00%
Absolute return	**5.00%**	4.30%
Infrastructure	**3.00%**	6.40%
Alternatives	**12.50%**	
Private equity	9.00%	9.10%
Natural resources	3.50%	7.70%
Total	**100.00%**	

2020

Asset class	Target allocation	Long-term expected real rate of return
US equity	**22.00%**	
Large cap	18.00%	7.20%
Small cap	4.00%	7.90%
International equity	**22.00%**	
Developed markets	14.00%	7.90%
Emerging markets	8.00%	9.10%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.60%
Private debt	4.00%	6.20%
Distress debt	2.50%	7.00%
Emerging market debt	2.00%	4.80%
Real estate	**8.00%**	7.50%
Absolute return	**5.00%**	4.90%
MLP	**5.00%**	8.50%
Alternatives	**12.50%**	
Private equity	7.00%	9.40%
Natural resources	5.50%	8.80%
Total	**100.00%**	

Discount Rate - A single discount rate of 7.25% was used to measure the total pension liability at December 31, 2021 and 2020. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 7.25%, 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):

2022	1 % decrease 6.25%	Current discount rate 7.25%	1% increase 8.25%
Proportionate share of net pension liability	$ 220,225	$ 166,159	$ 120,816

2021	1 % decrease 6.25%	Current discount rate 7.25%	1% increase 8.25%
Proportionate share of net pension liability	$ 239,814	$ 187,776	$ 144,116

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/.

(14) Plan Postemployment Healthcare Benefits under GASB Statement No. 75

The Airport has two Other Postemployment Healthcare Benefit (OPEB) plans: Denver Employees Retirement Plan (DERP) and DERP Implicit Rate Subsidy. The liability associated with these plans is calculated annually, based on the measurement date, for the citywide financial statements and is allocated to the Airport as of the end of the fiscal year as follows:

	2022	2021
DERP OPEB plan net OPEB liability	$ 10,516	$ 11,725
DERP implicit rate subsidy OPEB plan total OPEB liability	11,430	11,745
Total/Net OPEB liability	$ 21,946	$ 23,470

The most recent period presented in this disclosure is as of December 31, 2022 which are unaudited. Since the June 30, 2023 financial statements are unaudited, they do not reflect any updated OPEB information for 2023.

(a) DERP OPEB Plan

DERP OPEB Plan Description - The Denver Employees Retirement Plan (the Plan) administers a cost-sharing multiple-employer defined benefit plan providing pension and postemployment health benefits to eligible members. The Plan was established in 1963 by the City. During 1996, the Denver Health and Hospital Authority (DHHA) was created and joined the Plan as a contractual entity. In 2001, the Plan became closed to new entrants from DHHA. All risks and costs are shared by the City and DHHA. There is a single actuarial evaluation performed annually that covers both the pension and postemployment health benefits. All assets of the Plan are funds held in trust by the Plan for its members for the exclusive purpose of paying pension and postemployment health benefits.

Sections 18-401 through 18-430.7 of the City's Revised Municipal Code should be referred to for complete details of the Plan. DERP issues a publicly available annual comprehensive financial report that can be obtained at https://www.derp.org/.

Benefits Provided - The Plan provides retirement, death, and disability benefits for its members and their beneficiaries. Members who were hired before September 1, 2004 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 on or after September 1, 2004, the formula multiplier was reduced to 1.5%. Final average salary is based on the member's highest salary during consecutive 36-month period of credited service. Members with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

For members who were hired on or 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 consecutive 60-month period of credited service. Five-year vesting is required for 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 the Denver City Council.

The health benefits account was established by City Ordinance in 1991 to provide, beginning January 1, 1992, post-employment health care benefits in the form of a premium reduction to retired members, their spouses and dependents, spouses and dependents of decreased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2021 and 2020, the monthly health insurance premium reduction was $12.50 per year of service for retired participants not yet eligible for Medicare, and $6.25 per year of service for retirees eligible for Medicare. The health insurance premium reduction can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

Contributions - For the measurement period of 2021 and 2020, the Airport was required to contribute at a rate of 1.30% and 1.28% of annual covered payroll, respectively. The contribution requirements for the Airport are established under the City's Revised Municipal Code. For the year ended December 31, 2022 and 2021, contributions to the DERP OPEB plan were \$0.8 and \$0.7 million, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At December 31, 2022, the Airport reported a liability of \$10.5 million for its proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability. The net OPEB liability for DERP was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2021 relative to the total contributions of participating employers to the DERP.

At December 31, 2021, the Airport reported a liability of \$11.7 million for its proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability. The net OPEB liability for DERP was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Airport's proportion of the net OPEB liability was based on contributions to DERP for the calendar year 2020 relative to the total contributions of participating employers to the DERP.

At December 31, 2021, the Airport's proportion was 12.23476% percent for OPEB, which was an increase of 0.15448% from its proportion measured as of December 31, 2020. At December 31, 2020, the Airport's proportion was 12.08028% percent for OPEB, which was a decrease of 1.70204% from its proportion measured as of December 31, 2019.

The components of the Airport's proportionate share of the net OPEB liability, excluding implicit rate subsidiary liability, related to DERP as of December 31, 2022 and 2021 are presented below (\$ in thousands):

OPEB plan	2022	2021
Total OPEB liability	\$ 20,880	\$ 20,786
Plan fiduciary net position	(10,364)	(9,061)
Net OPEB liability	\$ 10,516	\$ 11,725

For the year ended December 31, 2022 and 2021, the Airport recognized OPEB expense for the DERP plan of (\$0.5) million and (\$0.2) million, respectively.

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2022, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Difference between expected and actual experience	$ 7	$ 502
Changes of assumptions or other inputs	323	-
Net difference between projected and actual earnings on OPEB plan investments	-	747
Changes in proportion and differences between contributions recognized and proportionate share of contributions	354	959
Contributions subsequent to the measurement date	829	-
Total	$ 1,513	$ 2,208

A summary of the Airport's deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2021, is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
OPEB plan:		
Difference between expected and actual experience	$ 24	$ 487
Changes of assumptions or other inputs	654	-
Net difference between projected and actual earnings on OPEB plan investments	-	105
Changes in proportion and differences between contributions recognized and proportionate share of contributions	586	1,409
Contributions subsequent to the measurement date	725	-
Total	$ 1,989	$ 2,001

At December 31, 2022 and 2021, the Airport reported $0.8 million and $0.7 million, respectively, as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as presented below ($ in thousands):

Year	Deferred inflows and outflows of resources
OPEB plan:	
2023	$ (343)
2024	(764)
2025	(242)
2026	(175)
2027	-
Thereafter	-
	$ (1,524)

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	DERP
Valuation date	January 1, 2021
Measurement date	December 31, 2021
Experience study	Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
Actuarial method	Entry age method.
Long-term investment rate of return	7.25%
Discount rate	7.25%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

OPEB plan	DERP
Valuation date	January 1, 2020
Measurement date	December 31, 2020
Experience study	Conducted in 2018 covering the 5-year period of January 1, 2013 to December 31, 2017
Actuarial method	Entry age method. Credit method.
Long-term investment rate of return	7.25%
Discount rate	7.25%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Adjusted RP-2014 Mortality Tables, with generational projections using Ultimate MP Scale

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below as of December 31, 2021 and 2020:

2021		
Asset class	**Target allocation**	**Long-term expected real rate of return**
US equity	**22.00%**	
Large cap	18.00%	7.10%
Small cap	4.00%	7.60%
International equity	**22.00%**	
Developed markets	14.00%	7.80%
Emerging markets	8.00%	8.80%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.10%
Private debt	4.00%	6.10%
Distress debt	2.50%	6.70%
Emerging market debt	2.00%	4.30%
Real estate	**10.00%**	7.00%
Absolute return	**5.00%**	4.30%
Infrastructure	**3.00%**	6.40%
Alternatives	**12.50%**	
Private equity	9.00%	9.10%
Natural resources	3.50%	7.70%
Total	**100.00%**	

2020		
Asset class	**Target allocation**	**Long-term expected real rate of return**
US equity	**22.00%**	
Large cap	18.00%	7.20%
Small cap	4.00%	7.90%
International equity	**22.00%**	
Developed markets	14.00%	7.90%
Emerging markets	8.00%	9.10%
Fixed income	**25.50%**	
Core fixed income	17.00%	2.60%
Private debt	4.00%	6.20%
Distress debt	2.50%	7.00%
Emerging market debt	2.00%	4.80%
Real estate	**8.00%**	7.50%
Absolute return	**5.00%**	4.90%
MLP	**5.00%**	8.50%
Alternatives	**12.50%**	
Private equity	7.00%	9.40%
Natural resources	5.50%	8.80%
Total	**100.00%**	

Discount Rate - At December 31, 2022 and 2021, a single discount rate of 7.25% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.25%. The projection of cash flows used to determine this single rate assumed that plan member and employer contributions will be made at the current contribution rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Airport's proportionate share of the net OPEB liability to changes in the Discount Rate - Below presents the net OPEB liability, excluding implicit rate subsidiary liability, as of December 31, 2022 and 2021 using the current discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2022	**1% decrease**	**Current discount rate**	**1% increase**
DERP OPEB plan			
Discount rate	6.25%	7.25%	8.25%
Proportionate share of net liability	$ 12,604	$ 10,516	$ 8,746

2021	**1% decrease**	**Current discount rate**	**1% increase**
DERP OPEB plan			
Discount rate	6.25%	7.25%	8.25%
Proportionate share of net liability	$ 13,809	$ 11,725	$ 9,957

As the Plan is paid at a fixed dollar value, there is not an actuarially adjusted value for healthcare costs and thus Health Cost Trend Rates are not applicable to this Plan.

OPEB Plan Fiduciary Net Position - Detailed information about the DERP's fiduciary net position is available in DERP's comprehensive annual financial report which can be obtained at https://www.derp.org/.

(b) DERP Implicit Rate Subsidy OPEB Plan

DERP Implicit Subsidy Plan Description - The City acts in a single-employer capacity by providing health insurance to eligible Career Service retirees and their qualified dependents through the City's group insurance plans. The claims experience of active employees and pre-Medicare retirees is co-mingled in setting premium rates for the plans in which City employees and retirees participate. 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 Medicate age.

Benefit Payments – DERP retirees are responsible for 100.00% of the blended premium rate. The Airport's required contribution toward the implicit rate subsidy is based on a pay-as-you-go financing. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay benefits. For the year ended, December 31, 2022 and 2021, benefit payments were $0.8 million and $0.9 million, respectively.

Participation Rate DERP Implicit Subsidy Plan - As authorized by section 18-412 of the City's Revised Municipal Code, DERP retirees are allowed to participate in the health insurance programs offered to active employees.

Participating active employees: 50% of active DERP employees currently covered in the City's medical plans are assumed to continue their current medical plan election in retirement.

Actives not currently participating: 25% of active DERP employees not currently covered by a City healthcare plan are assumed to elect coverage in the Kaiser HDHP plan at or before retirement.

Vested terminated employees: 40% of vested terminated employees with 16 or more years of City/County service are assumed to elect coverage in the Kaiser HDHP plan when they retire and begin their pension benefits.

Retired participants: Existing medical plan elections are assumed to be continued through retirement until the earlier of the retiree's death or the date he or she becomes eligible for Medicare.

Spouse Coverage

Active participants: 25% of those assumed to elect coverage in retirement are assumed to be married participants electing coverage for their spouse until their death. Husbands are assumed to be three years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained through retirement. Actual spouse information is used where available; otherwise the assumptions for spouses of active employees are applied.

Employees covered by benefit terms at December 31, 2021 and December 31, 2020, the date of the latest actuarial valuations:

	2021	2020
Inactive employees currently receiving benefit payments	1,086	1,086
Inactive employees entitled to but not yet receiving benefit payments	264	264
Active employees	8,586	8,586
Total	9,936	9,936

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The Airport's proportionate share is determined by the Airport's contributions for the measurement period divided by total contributions of all employer entities for the measurement period. The Airport's proportionate share of the implicit rate subsidy total OPEB liability related to DERP as of December 31, 2022 and 2021 are as follows ($ in thousands):

Implicit rate subsidy	2022	2021
Total OPEB liability	$ 11,430	$ 11,745

For the year ended December 31, 2022 the Airport recognized OPEB expense of $0.3 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2022 is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
Implicit rate subsidy:		
Difference between expected and actual experience	$ 42	$ 614
Changes of assumptions - future economic or demographic factors	2,037	-
Changes in proportion	2,103	707
Benefit payments subsequent to the measurement date	793	-
Total	$ 4,975	$ 1,321

For the year ended December 31, 2021, the Airport recognized OPEB expense of $0.3 million for the implicit rate subsidy. A summary of the Airport's deferred outflows of resources and deferred inflow of resources related to OPEB as of December 31, 2021 is presented below ($ in thousands):

Sources	Deferred outflows of resources	Deferred inflows of resources
Implicit rate subsidy:		
Difference between expected and actual experience	$ 52	$ 719
Changes of assumptions - future economic or demographic factors	2,356	-
Changes in proportion	2,423	720
Benefit payments subsequent to the measurement date	865	-
Total	$ 5,696	$ 1,439

As of December 31, 2022 and 2021, the $0.8 million and $0.9 million, respectively, reported as deferred outflows of resources related to the implicit rate subsidy, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total implicit rate subsidy OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of recourses and deferred inflows of resources related to OPEB for the implicit rate subsidy will be recognized as presented below ($ in thousands):

Year	Deferred inflows and outflows of resources
Implicit rate subsidy:	
2023	453
2024	453
2025	453
2026	469
2027	470
Thereafter	563
	$ 2,861

The implicit rate subsidy liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2020
Measurement date	December 31, 2021
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	2.06% as of December 31, 2021 2.12% as of December 31, 2020
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Projected salary increases	3.00% per year
Inflation	2.50%
Mortality	DERP 2021 actuarial valuation projected with MW Scale 2022
Healthcare cost trend rates	5.8% in 2023, fluctuating down to 3.9% by 2076
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality

The implicit rate subsidy liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs presented below:

Implicit rate subsidy	DERP
Valuation date	December 31, 2019
Measurement date	December 31, 2020
Actuarial method	Entry age normal
Asset valuation method	Market value of assets
Discount rate	2.12% as of December 31, 2020 2.74% as of December 31, 2019
Participants valued	Only current active employees under age 65, non-Medicare retired participants and covered spouses are valued. No future entrants are considered in this valuation
Projected salary increases	3.00% per year
Inflation	2.50%
Mortality	DERP 2021 actuarial valuation projected with MW Scale 2022
Healthcare cost trend rates	5.8% in 2023, fluctuating down to 3.9% by 2076
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicate Parts A and B at age 65.
Demographic assumptions	Based on the 2018 experience study of the Denver Employee Retirement Plan using data from the five-year period ending December 31, 2017, except for a different basis used to project future mortality improvement.

Discount Rate - When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). As such, a 2.06% and 2.12% discount were used to measure the implicit rate liability as, of December 31, 2021 and 2020, based on the published rates of the applicable municipal bond index.

Sensitivity of the Airport's Proportionate Share of the Implicit Rate Subsidy OPEB Total Liability to Changes in the Discount Rate - Below presents total OPEB liability as of December 31, 2022 and 2021 using the discount rate applicable to the DERP benefit structure, as well as if it were calculated using a discount rate that is one percentage point lower or one percentage point higher ($ in thousands):

2022	**1% decrease**	**Current discount rate**	**1% increase**
Implicit rate subsidy:			
Discount rate	1.06%	2.06%	3.06%
Proportionate share of total liability	$ 12,454	$ 11,430	$ 10,515

2021	**1% decrease**	**Current discount rate**	**1% increase**
Implicit rate subsidy:			
Discount rate	1.12%	2.12%	3.12%
Proportionate share of total liability	$ 12,792	$ 11,745	$ 10,811

Sensitivity of the total implicit rate subsidy OPEB liability to changes in the healthcare cost trend rates as of December 31, 2022 and 2021 presented below ($ in thousands):

2022			
Change in healthcare cost trend rates:	**1% decrease**	**Current trend rate**	**1% increase**
Total OPEB liability	$ 10,379	$ 11,430	$ 12,662

2021			
Change in healthcare cost trend rates:	**1% decrease**	**Current trend rate**	**1% increase**
Total OPEB liability	$ 10,665	$ 11,745	$ 13,011

(15) 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. The Plan's publicly available financial report can be obtained by contacting the City of Denver Controller's Office at 201 West Colfax Avenue, Department 1109, Denver, Colorado, 80202.

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.

The City can at any time elect to amend, modify, or terminate the Plan. However, notice must be given to all participants at least 45 days prior to the effective date of an amendment. No amendments will deprive the participants of any benefits they were entitled to prior to the change. If the Plan is terminated, all amounts then credited to the participants are to be paid out by the administrators under the normal withdrawal requirements and procedures.

(16) Leases

(a) Lessor Arrangements

The Airport is a lessor for certain land, buildings and other capital assets. In accordance with GASB 87, the Airport recognizes lease receivables and deferred inflow of resources at commencement of the lease term for agreements that cover more than 12 months, with exceptions for certain regulated leases and short-term leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings such as the U.S. Department of Transportation and the Federal Aviation Administration. Short-term leases are certain leases that, at commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less. The Airport adopted GASB 87 as of January 1, 2021.

Regulated Leases

Regulated leases comprise certain agreements with airline and airline support tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, automated gate transportation system (AGTS) and other aeronautical uses. These agreements, including the Airline Use and Lease Agreements (ULAs) are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight, that set limits on lease rates and require fair, consistent, and equitable terms to tenants. The Airport operates under ULAs with signatory carriers and permits for non-signatory airlines. These agreements define the responsibilities of the Airport, and the airlines, and establish a cost-recovery structure to operate airfield and a compensatory method for terminal facilities through a system of rates and charges to the airlines. These rates and charges include landing fees, terminal rents, gate and apron fees, AGTS fees and federal inspection service fees. These fees are set annually based on calculations for residual and compensatory methods and communicated to the airlines and associated tenants through the publication under Airport Rules and Regulations Rule 120 (Part 120). The signatory carriers are responsible for cost recovery, through the rates and charges, plus Senior Lien debt service coverage (125%) for these facilities until the termination date of the ULA. The ULAs are regulated leases as defined in GASB 87. The Airport recognizes lease payments related to regulated leases as inflows of resources (revenues) based on the payment provisions of these agreements.

In addition to leases with airlines, the Airport has determined that operators functioning within the airport providing services directly to the airlines for the movement of passengers, baggage, mail and cargo and others are also covered under the regulated lease exception. These other regulated leases are also excluded from the calculation of the lease receivable and the deferred inflows of resources.

The Airport considers all airline fees as variable because they are based on future usage of airfield and terminal facilities. The Airport also considers airline support and other agreements, based on annually determined rates as published in Part 120, to be variable. As of June 30, 2023, the Airport recorded approximately $93.7 million in revenue related to regulated leases. Due to the variable nature of the annual rates associated with regulated leases and revenues from the airlines from year to year, expected future minimum payments are indeterminable.

Certain airport assets are subject to preferential or exclusive use by the airlines under these regulated leases. As of June 30, 2023, the airlines exclusive, in square footage, within the Jeppesen Terminal and all concourses totals approximately 0.1 million and 0.5 million, respectively, and combined preferential space on all concourses totals approximately 0.4 million. Also included in the exclusively used space is the cargo facilities, hangars and related grounds which totaled approximately 10.1 million square feet.

In addition, the following table shows the allocation of airline gates to preferential and non-preferential use:

Gate type	Number of gates
Preferential	142
Non-Preferential	15
Total	157

Non-regulated Leases

The Airport leases portions of its terminal, concourses and landside facilities to concessions, passenger user clubs, rental car and other tenants under non-cancelable operating leases. Lease terms vary from 1 to 30 years. Leases with concession service providers and rental car companies generally include minimum annual lease amounts paid monthly and variable payments based on the concession and rental car company provider's monthly volume of business. Lease receivable calculations include a fixed in substance "not to go below" Minimum Annual Guarantee (MAG) payments, but the variable payments based on monthly volume of business are excluded. Other variable payments excluded from the calculation of the lease receivables and deferred inflows, include reimbursable costs and other variable fees based on performance. During 2021 concessions and rental car agreements MAG provisions were waived in accordance with the 2021 COVID-19 Rent Relief policies and the Airport only required variable payments based on the tenants' monthly volume of business for 2021. These leases were not included in the measurement of the lease receivables and deferred inflows until those fixed in substance component of the MAG payments were re-instated in 2022.

Leases for other tenants such as solar facilities companies, farms and the passenger user clubs are based on stated rental rates in those contracts over the term of the agreements. These leases are included in the calculation of lease receivables and deferred lease inflows.

The Airport has lease agreements with certain non-aeronautical tenants that are based on rates per square footage, set annually based on calculations of cost recovery methods and published in the *Application of Rates by Airport Location* document. These leases fall under the criteria for GASB 87, however the calculation of the lease receivables and deferred inflows is not determinable because the future payments are based on a variable calculation of the applicable rates. These leases are excluded from the calculation of lease receivables and deferred inflows.

Revenue from other service providers include, but are not limited to a hotel and Transportation Network Companies (TNCs) such as ride shares, and other ground transportations, (i.e. taxis and tour buses, etc.). Each of these agreements have a component within them that require payments from the service provider based on a future activity level and does not include a fixed in substance component. All payments for these providers tied to an activity level have been excluded from the measurement of the lease receivables and deferred inflows.

The expected future lease payments that are included in the measurement of the lease receivable as of June 30, 2023, are as follows (in thousands):

Year	Principal reduction of lease receivable	Interest income	Total lease payments
2023	$ 33,274	$ 4,602	$ 37,876
2024	86,069	8,333	94,402
2025	82,696	6,479	89,175
2026	78,213	4,691	82,904
2027	74,599	2,981	77,580
2028-2032	68,957	5,468	74,425
2033-2037	9,935	334	10,269
2038-2042	602	115	717
2043-2048	714	47	761
Total	$ 435,059	$ 33,050	$ 468,109

During the period ended June 30, 2023, the Airport recognized the following inflows related to its lessor agreements (in thousands):

	Amortization of lease deferred inflows	Inflows related to regulated leases	Inflows related to short-term leases and variable lease payments	Total revenue
Concessions	$ 19,674	$ 75	$ 36,740	$ 56,489
Car rentals	24,413	-	19,986	44,399
Pipeline land rent [1]	47	146	-	193
Solar facilities and farms rent [2]	997	-	81	1,078
Total inflows for lessor agreements	$ 45,131	$ 221	$ 56,807	$ 102,159

[1] Included in facility rents

[2] Included in other sales and charges

(b) Lessee Arrangements

The Airport classifies leases as those agreements in which the Airport controls the right to use a tangible asset over a period of time. At the commencement of these agreements, the Airport recognizes a lease liability and an intangible right-to-use lease asset based on the net present value of the future expected lease payments. This right-to-use asset is amortized over the life of the lease or useful life of the asset whichever is shorter. For those leases that are less than one year the lease payments are recognized as lease expense in the current period.

The Airport leases certain assets from various third parties. The assets leased can be classified into two general categories: office space and general operating equipment. Payments are fixed monthly or annually, and variable payments are not included in the measurement of the lease liability.

On June 10, 2022, the Airport entered a 120-month lease with Green Industrial Development Group, LLC, for office space at the JAG Logistics Center. An initial lease liability and right to use asset was recorded in the amount of $2.4 million, respectively. The lease period commenced on December 1, 2022, and as of June 30, 2023, the lease liability was $2.4 million and accumulated amortization of the right to use asset was $0.14 million. The Airport is required to make monthly escalating fixed payments over the lease term, including interest expense at the discount rate of 4.979%. The Airport has two extension options, each for 60 months.

On September 1, 2015, the Airport entered a lease with Aero Snow Removal Corp. (CO), for heavy equipment used in the Airport's snow removal program. The second amendment, executed on August 12, 2020, extended the contract through August 31, 2023, and resulted in an initial lease liability and right to use asset was recorded in the amount of $8.2 million, respectively. The Airport made the full final lease payment prior to the commencement of the 2022-2023 snow season, so at December 31, 2022, the lease liability was $0.0 million and accumulated amortization was $8.2 million. The Airport was required to make annual fixed payments over the lease term, including interest expense at a discount rate of 2.134%.

On December 3, 2013, the Airport entered into a lease with United Airlines, Inc. for use of the Concourse B Ramp Tower. The third amendment, executed on March 3, 2022, extended the contract through October 1, 2023 and resulted in an initial lease liability and right to use asset that was recorded in the amount of $0.4 million, respectively. The Airport made the full final lease payment in the first quarter of 2023, so at June 30, 2023, the value of the lease liability was $0.0 million and accumulated amortization was $0.37 million. The Airport was required to make annual fixed payments over the lease term, including interest expense at a discount rate of 2.134%.

Principal and interest requirements to maturity for leases in effect on June 30, 2023, are as follows ($ in thousands):

	Total leased assets	
Year	**Principal**	**Interest**
2023	$ 73	$ 59
2024	161	112
2025	197	103
2026	216	93
2027	237	82
2028-2032	1,507	200
Total	$ 2,391	$ 649

The Airport also has lease and rental payments that are expensed during the reporting period and are not included in the lease liability. These leases are for equipment or materials for which the quantity leased varies on a monthly or daily basis. The leases primarily include copiers, document finishers, postal machines, and other supplies used in routine operations. During the period ended June 30, 2023, the Airport recognized the outflows of $0.3 million as a result of variable items that were properly excluded from the initial measurement of the lease liability.

(17) Asset Retirement Obligations

On June 6, 2022, the City, for and on behalf of the Airport, executed a contract to plug and abandon all oil wells on the Airport property and decommission associated tank batteries. The execution of the contract triggered mitigation requirements under the state of Colorado, and the recognition of a liability and deferred outflow of resources under GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83).

As of June 30, 2023 and December 31, 2022, asset retirement obligation liability was $1.0 million and $6.0 million, respectively. The liability is calculated based on percentage of project completion and average cost per unit completed as of June 30, 2023 and December 31, 2022. The liability is included in other liabilities – restricted. Oil field assets were disposed, effective June 30, 2022, and an associated loss on disposal was recognized on the ACFR Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2022, therefore the disposal was not recognized in the June 30, 2022 quarterly financial report. As required under GASB 83, the deferred outflows of resources associated with the asset retirement obligation should be amortized over the entire estimated useful life of the capital asset. Since the oil field assets were disposed in 2022, the deferred outflow of resources, $9.9 million, was recognized as repairs and maintenance in 2022.

Asset Retirement Obligations Liability

Asset	Obligating event	Timeframe required for decommissioning	January 1, 2023	Additions	Payments	June 30, 2023
Oil wells and tank batteries	Signed decommissioning contract	June 6, 2022 - December 31, 2023	$ 5,967	$ -	$ (4,944)	$ 1,023
Total assets retirement obligation liability			**$ 5,967**	**$ -**	**$ (4,944)**	**$ 1,023**

(18) Commitments and Contingencies

(a) Commitments

As of June 30, 2023, the Airport had remaining construction project contract capacity totaling $3.0 billion, of which $0.7 billion has been encumbered but not yet incurred, with the remaining $2.3 billion expected to be committed and incurred to complete current approved capital projects.

(b) Noise Violation

The City and Adams County entered into an intergovernmental agreement for the Airport 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.

Currently, the Airport has not received any notices for any penalties for 2022, 2021 and 2020. On August 27, 2020, the City received notices of violations for 2019. The Airport is reviewing these notices but has not made any determination of their validity. As of June 30, 2023 and December 31, 2022, the Airport had claim litigation reserves of $30.4 million and $29.3 million for the penalties and estimated interest for the 2017-2019 noise violations.

(c) Claims and Litigation

On July 2, 2018, the Board of County Commissioners of Adams County filed a civil complaint against the City, related to the Airport, in the Jefferson County District Court of Colorado (the "Court"), which was amended on July 20, 2018 to include the City of Aurora and the City of Brighton as plaintiffs (as amended, the "Complaint"). The Complaint sought, among other things, a declaration from the Court that the City is in breach of the 1988 Adams County Intergovernmental Agreement (the "IGA") as a result of the City's continued use of noise modeling system known as ARTSMAP, which the plaintiffs alleged is not sufficient to measure compliance with certain noise standards (the "Noise Standards") agreed to under the IGA. The Complaint also alleged between 93 and 108 Class II violations of Noise Standards in 2014 through 2016 that remained uncured in the succeeding calendar year and sought (i) a mandatory Court order requiring the City to implement reasonable, non-discriminatory rules and regulations concerning Airport operations to achieve and maintain compliance with the Noise Standards and (ii) if the Court does not make such order, an award of liquidated damages of $500,000 for each Class II violation that occurred during 2014, 2015 and 2016 that remained uncured in the succeeding calendar year. On June 19, 2020, the Court issued a ruling (the "Ruling") (i) finding, among other things, that the use of ARTSMAP system does not comply with the IGA and (ii) awarding plaintiffs liquidated damages in the amount of $500,000 for each of the 67 uncured Class II violations for 2014, 2015, and 2016 for a total amount of $33.5 million plus interest. On September 1, 2020, the Court ruled on the method of calculating interest for each violation.

On October 16, 2020, the City filed a notice of appeal with the Colorado Court of Appeals (the "Appellate Court") appealing the Ruling. On March 3, 2022, the Court issued a decision affirming the Appellate Court Ruling and the method of calculating interest. On April 12, 2022, the City filed a petition for certiorari with the Colorado State Supreme Court and asked the court to clarify certain rulings of the Appellate Court, including the method of calculating interest and accrual of cause of action related to breach of contract. On October 24, 2022, the Colorado Supreme Court granted the petition only on the issue of whether the Appellate Court erred when it determined that a cause of action does not accrue for breach of contract until the extent of damages is fully ascertainable. The City's opening brief was filed January 23, 2023, Adams County's Response Brief was filed March 27, 2023, and the City filed a Reply Brief on May 8, 2023. The Court has scheduled oral argument for September 20, 2023. The City is not able to predict the outcome the Colorado Supreme Court review of this issue.

As of June 30, 2023 and December 31, 2022, the outstanding amount due to plaintiffs for 67 uncured Class II violations for 2014, 2015, and 2016, including interest, was $59.9 million and $57.6 million, respectively. To the extent the City ultimately is obligated to pay amounts ordered by the Court, or additional amounts claimed by Adams County for violations occurred in years 2017-2019 discussed in note 18(b) to the financial statements, the City currently expects to fund these payments from the Airport unrestricted Capital Fund.

(d) Use and Lease Agreement

The United Use and Lease agreement 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 2021. 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.

(e) Federal Grants

Under the terms of the federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(19) 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 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.

The Airport utilizes Rolling Owner Controlled Insurance Programs (ROCIP) for selected Capital Improvement Projects. Overall ROCIP program experience has generated cost savings to the Department of Aviation.

(20) Significant Concentration of Credit Risk

The Airport derives a substantial portion of its operating revenue from facility rental fees and airline landing fees (airline operating revenue). For the six months ended June 30, 2023 and December 31, 2022, the United Airlines group represented approximately 46.8% and 46.7% of the Airport's airline operating revenue, respectively. Southwest Airlines represented 25.7% and 25.3% for the same periods, respectively. No other airline represented more than 10% of the Airport's airline operating revenue. The Airport requires performance bonds or other financial instruments to support airlines and concession accounts receivables.

(21) Subsequent Events

Credit Facility and Reimbursement Agreement

On April 1, 2023, the City on behalf of the Airport amended and restated credit facility and reimbursement agreement with Bank of America N.A. for Series 2008B Credit Facility Bonds. The agreement extended the term through July 1, 2028 and changed the floating rate index to SOFR effective July 1, 2023. For additional information, see the Electronic Municipal Market Access posting https://emma.msrb.org/P11711423.pdf.

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APPENDIX F

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 Subordinate Revenue Bonds, Series 2023A" in the aggregate principal amount of $316,050,000 (the "**Series 2023A Subordinate Bonds**") and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B" in the aggregate principal amount of $270,785,000 (the "**Series 2023B Subordinate Bonds**" and together with the Series 2023A Subordinate 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 Amended and Restated Airport System General Subordinate Bond Ordinance effective June 28, 2013, as amended and supplemented, and the Supplemental Subordinate Ordinance, Ordinance No. 1454, Series of 2023, adopted by the City Council of the City (collectively, the "**Subordinate Bond Ordinance**").

In consideration of the purchase of the Bonds by the Participating Underwriters (as defined below), the City covenants and agrees as follows:

Section 1. Definitions. The definitions set forth in the Subordinate Bond Ordinance apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section. As used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means (a) with respect to the City, the financial information or operating data with respect to the City and the Airport System, delivered at least annually pursuant to Section 2 hereof, substantially similar to the type set forth in the Official Statement as described in Schedule 1 hereto and (b) with respect to each Obligated Person other than the City, the SEC Reports, provided that if such Obligated Person is no longer required to file the SEC Reports, information substantially equivalent to that required to be contained in the SEC Reports. Annual Financial Information may, but is not required to, include Audited Financial Statements and may be provided in any format deemed convenient by the City.

"*Audited Financial Statements*" means the annual financial statements for the Airport System, prepared in accordance with generally accepted accounting principles as in effect from time to time, audited by a firm of certified public accountants.

"*Bondowner*" or "*Owner of the Bonds*" means the registered owner of the Bonds, and so long as the Bonds are required to be registered through the Securities Depository in accordance with the Subordinate Bond Ordinance, any beneficial owner of Bonds on the records of said Securities Depository or its participants, or any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to the Bonds, which includes the power to dispose, or direct the disposition, of the Bonds identified to the satisfaction of the City.

"*Commission*" means the Securities and Exchange Commission.

"*Event*" or "*Events*" means any of the events listed in Sections 3(a) and 3(b) of this Disclosure Undertaking.

"*Financial Obligation*" means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at http://emma.msrb.org. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

"*Obligated Person*" means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of Gross Revenues of the Airport System for each of the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated November 8, 2023, 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, 2023, and each Fiscal Year thereafter while the Bonds remain outstanding under the Subordinate Bond Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System. No such provision of any Annual Financial Information shall be deemed an official act of the City without the approval of the Treasurer.

(b) Such Annual Financial Information with respect to the Airport System shall be provided not later than 270 days after the end of each Fiscal Year. If not provided as a part of the Annual Financial Information, the Audited Financial Statements with respect to the Airport System will be provided when available, but in no event later than 270 days after the end of each Fiscal Year.

(c) The Treasurer may provide or cause to be provided Annual Financial Information and Audited Financial Statements with respect to the City and the Airport System by specific cross-reference to other documents which have been submitted to the MSRB or other repositories in accordance with the

Rule or filed with the Commission. If the document so referenced is a final official statement within the meaning of the Rule such final official statement must be available from the MSRB. The Treasurer shall clearly identify each such other document provided by cross reference.

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;

(9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person; and

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

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;

(6) appointment of a successor or additional trustee or a change in the name of a trustee; and

(7) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for owners of Bonds. If the Treasurer determines that such event would constitute material information for owners of Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

(c) At any time the Bonds are outstanding under the Subordinate Bond Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 2 hereof. No such notice shall be deemed an official notice from the City without the approval of the Treasurer.

Section 4. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (a) the date all principal and interest on the Bonds shall have been deemed paid pursuant to the terms of the Subordinate Bond Ordinance; (b) the date that the City or the Department shall no longer constitute an "Obligated Person" with respect to the Bonds within the meaning of the Rule; and (c) the date on which those portions of the Rule which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, which determination shall be evidenced by an Attorney's Opinion selected by the City, a copy of which opinion shall be given to the representative of the Participating Underwriters. The Treasurer shall file or cause to be filed a notice of any such termination with the MSRB.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, (a) if such amendment occurs prior to the actual original issuance and delivery of the Bonds and the Participating Underwriters consent thereto, (b) if such amendment is consented to by the owners of no less than a majority in aggregate principal amount of the Bonds obtained in the manner prescribed by the Subordinate Bond Ordinance, or (c) if such amendment or waiver is otherwise required by the Rule or permitted by the Rule without Bondowner consent. Written notice of any such amendment or waiver shall be provided by the Treasurer to the MSRB, and the Annual Financial

Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

Section 6. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. No such information shall be deemed an official notice from the City without the approval of the Treasurer. If the City chooses to include any information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or notice or include its disclosure in any future annual filing or notice of occurrence of an Event.

Section 7. Default and Enforcement. If the City or the Treasurer fail to comply with any provision of this Disclosure Undertaking, any Bondowner may take action in the District Court for the Second Judicial District of the State of Colorado to seek specific performance by court order to compel the City or the Treasurer to comply with its obligations under this Disclosure Undertaking; provided that any Bondowner seeking to require compliance with this Disclosure Undertaking shall first provide to the Treasurer at least thirty (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 thirty (30) days to comply. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Subordinate Bond Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Treasurer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 8. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 9. Filing. The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

Section 10. Obligated Persons. 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 financial or operating 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 as contemplated by Section 2 hereof and notice of certain events related to such Obligated Person as contemplated by Section 3 hereof, substantially equivalent to that contained in the SEC Reports to the MSRB, through EMMA, as contemplated by this Disclosure Undertaking. 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 any future Obligated Person.

[Date 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 FOR THE SERIES 2023A-B SUBORDINATE BONDS—Capital Fund," (ii) Table 2 (2023-2027 Capital Program Total Cost) under the heading "CAPITAL PROGRAM," (iii) Tables 3 (History of Enplaned Passengers at the Airport by Traffic Type), 4 (Enplaned Passengers by Airline Type), 5 (Percentage of Enplaned Passengers by Airline), and 6 (Summary of Selected Aviation Activity) under the heading "AVIATION ACTIVITY AND AIRLINES—Aviation Activity," and (iv) Tables 8-A (City and County of Denver Airport System Statement of Revenues, Expenses and Changes in Net Assets), 9 (Outstanding Senior Bonds), 10 (Credit Facility Obligations Related to Senior Bonds), 11 (Outstanding Subordinate Bonds), and 13 (PFC Revenues) under the heading "FINANCIAL INFORMATION."

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

November 22, 2023

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Wellington E. Webb Municipal Office Building
201 West Colfax Avenue, Dept. 1004
Denver, Colorado 80202

Samuel A. Ramirez & Co., Inc.
100 Cambridge Street, Suite 1400
Boston, MA 02114
as Representative of the Underwriters

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Subordinate Revenue Bonds
Series 2023A – $316,050,000 (Non-AMT)
Series 2023B – $270,785,000 (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 $316,050,000 aggregate principal amount of the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023A (Non-AMT) (the "Series 2023A Subordinate Bonds") and $270,785,000 aggregate principal amount of the City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2023B (AMT) (the "Series 2023B Subordinate Bonds" and together with the Series 2023A Subordinate Bonds, the "Series 2023A-B Subordinate Bonds"), pursuant to Ordinance No. 302, Series of 2013, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 1454, Series of 2023, with respect to the Series 2023A-B Subordinate Bonds (collectively, the "Subordinate Ordinance"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Subordinate Ordinance.

The Series 2023A-B Subordinate Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2023A-B Subordinate Bonds mature, bear interest, are payable and are subject to redemption, prior to maturity, in the manner and upon the terms set forth therein and in the Subordinate Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2023A-B Subordinate Bonds, a certified transcript of the record of proceedings of the City Council of the City taken preliminary to and in the authorization of the Series 2023A-B Subordinate Bonds, the forms of the Series 2023A-B Subordinate Bonds, and certificates of officers of the City (specifically including one or more tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2023A-B Subordinate Bonds.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2023A-B Subordinate Bonds, and we express no opinion herein relating to such matters. As to questions of fact material to our opinion, we have relied upon the representations of the City and other parties contained in the Subordinate Ordinance, certified proceedings, reports, certificates and other instruments (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us) without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The City validly exists as a body corporate and politic and political subdivision of the State of Colorado (the "State"), with the power to adopt the Subordinate Ordinance and issue the Series 2023A-B Subordinate Bonds for and on behalf of the Department.

2. The Subordinate Ordinance has been duly adopted by the City and constitutes a valid and binding obligation of the City, for and on behalf of the Department, enforceable against the City in accordance with its terms.

3. The Series 2023A-B Subordinate Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Subordinate Ordinance.

4. The Subordinate Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2023A-B Subordinate Bonds, on a parity with the lien thereon of other Subordinate Bonds (and any obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2023A Subordinate Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts and estates. The interest on the Series 2023B Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2023B Subordinate Bonds are held by a person who is a "substantial user" of the Airport System or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), but is an item of tax preference in calculating the federal alternative minimum tax

liability of individuals, trusts and estates. 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 2023A-B Subordinate Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2023A-B Subordinate Bonds to be includable in gross income for federal income tax purposes, or could otherwise adversely affect the foregoing opinions, retroactive to the date of issuance of the Series 2023A-B Subordinate Bonds. We observe that, for tax years beginning after December 31, 2022, interest on the Series 2023A-B Subordinate Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2023A-B Subordinate Bonds.

6. To the extent interest on the Series 2023A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other state or local tax consequences arising with respect to the Series 2023A-B Subordinate Bonds, including whether interest on the Series 2023A-B Subordinate Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2023A-B Subordinate Bonds and the enforceability of the Series 2023A-B Subordinate Bonds and the Subordinate Ordinance may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Subordinate Ordinance are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the City, for and on behalf of the Department, to pay the principal of, and premium, if any, and interest on, the Series 2023A-B Subordinate Bonds from the Net Revenues of the Airport System.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2023A-B Subordinate Bonds.

Respectfully submitted,

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APPENDIX H

ECONOMIC AND DEMOGRAPHIC INFORMATION

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Introduction

Colorado and the Denver metropolitan area recovered from the COVID recession at a faster pace than the nation, as Colorado had restored all jobs lost by January 2022 and the Denver metropolitan area surpassed its pre-pandemic employment peak in December 2021, six months faster than it took the U.S. to restore employment. While that set a solid foundation for employment growth in 2022, the year was not without challenges. There were numerous global low points with the start of the Russia-Ukraine war, rapidly rising gasoline prices, improved but still persistent supply chain disruptions, and inflation that continued despite the interest rate hikes undertaken by several countries.

Employment in the Denver metropolitan area increased 4.4 percent with 76,100 jobs added in 2022, bringing total employment to 1.79 million. While all supersectors added jobs over-the-year, the fastest rates of job growth occurred in the leisure and hospitality, other services, and professional and business services supersectors. The Denver metropolitan area experienced net out-migration of 7,900 residents in 2021, which had last occurred at a more minor level in 2005. Population growth strengthened in 2022 but the number of new residents remained below historic averages. These residents spent their dollars at a brisk pace in 2021 and 2022, with retail trades sales increasing 16 percent and 10 percent, respectively. However, activity tempered in the latter half of 2022 as consumers responded to rising interest rates and navigated high inflation. The residential real estate market suffered the greatest challenges of the region's economic base as home sales declined by 20.8 percent in 2022 due to rapidly rising mortgage rates. Commercial real estate fundamentals were mixed in the Denver metropolitan area in 2022 as vacancy rates increased for industrial space but declined in office and retail.

The Denver metropolitan area is comprised of seven counties – Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson. The Denver metropolitan area economy strongly influences the economy statewide as the area accounts for 63 percent of Colorado's jobs and 56 percent of the state's total population. The City and County of Denver represents 22 percent of the total Denver metropolitan area population and 31 percent of the area's jobs, the largest portions of the seven counties in the region. Indeed, with nearly 556,000 workers, the City and County of Denver has the state's largest job base. As the region's central employment core, job losses were more severe in the City and County of Denver in 2020 compared with the rest of the Denver metropolitan area, but the 7.5 percent increase in employment in 2022 was the fastest pace of the seven counties.

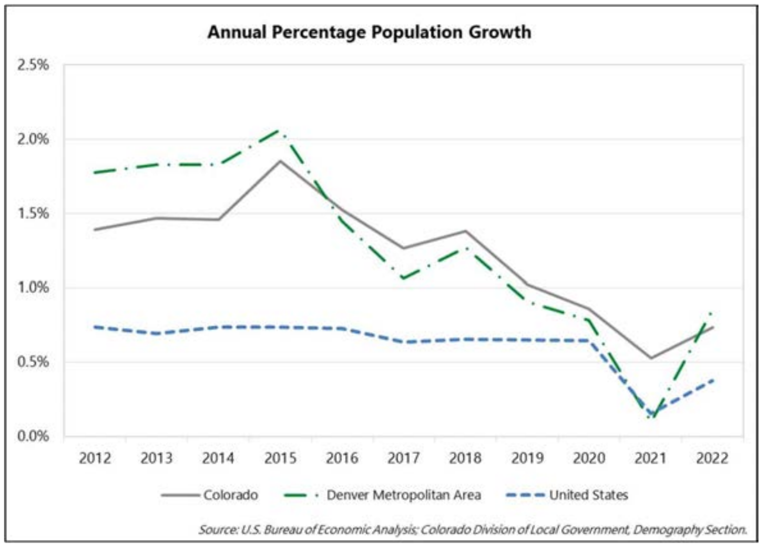
Population

Colorado

The population in Colorado increased by 42,806 people from 2021 to 2022 to 5.86 million. According to data from the U.S. Census Bureau, Colorado ranked 19th for its population growth rate during the period. From 2012 to 2022, Colorado's population grew at an average annual rate of 1.2 percent, higher than the national average of 0.6 percent during the period. Population growth has remained consistently above the national growth rate since 1990.

Population growth is comprised of both natural increase and net migration. Natural increase is the difference between births and deaths, and typically changes only gradually as the population ages. Net migration reflects the number of people moving into the state minus the number leaving, and it tends to be more volatile as economic cycles, housing costs, and other less-predictable factors tend to influence population mobility. Natural increase accounted for 37.5 percent of Colorado's total population change between 2012 and 2022, and net migration accounted for 62.5 percent.

Like many of the fastest growing states, net migration contributed the most to Colorado's population growth. Demographers expect this trend to continue and will be the major contributing factor to Colorado's population growth over the next 10 years.

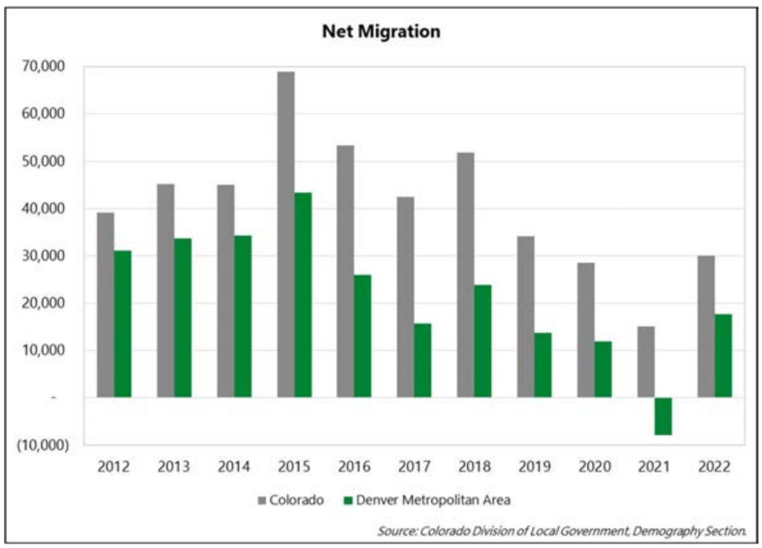


Source: U.S. Bureau of Economic Analysis; Colorado Division of Local Government, Demography Section.

Colorado is experiencing two major demographic shifts in the state's population. First, in 2012, the largest generational group residing in the state became the millennials (born 1981-1996), surpassing the baby boomers (born 1946-1964). Second, Colorado's share of the population 65 years and older is increasing rapidly. Between 2012 and 2022, the 65 years and older population increased by nearly 324,000 or an annual average growth rate of 4.3 percent. In comparison, the population under 65 years increased by 0.7 percent per year over the same period. The State Demography Office projects that by 2032, Colorado's population 65 years and older will comprise 18.6 percent of the population, rising from about 935,000 in 2022 to over 1.2 million people.

Denver Metropolitan Area

The Denver metropolitan area is home to 3.27 million people. The area's population increased 0.9 percent from 2021 to 2022 and averaged 1.2 percent per year between 2012 and 2022, matching the average annual growth rate in Colorado (+1.2 percent) and double the national average annual growth rate (+0.6 percent).



Source: Colorado Division of Local Government, Demography Section.

Between 2012 and 2022, net migration represented about 57 percent of total Denver metropolitan area population growth, and natural increase represented 43 percent. However, migration patterns have varied over the last 10 years. After peaking at 69.8 percent in 2015, net migration accounted for just 47.5 percent of the area's population growth in 2020. From 2020 to 2021, the Denver metropolitan area's population increased just 0.1 percent as 7,900 more people moved out of the region than moved in, the first negative net migration for the area since 2005 and the largest net movement out of the area since 1990. Indeed, in the Denver metropolitan area, only Douglas and Broomfield counties posted positive net migration in 2021. While individuals moved to areas offering lower density in 2021, the situation changed in 2022 as 17,700 more people moved into the region than moved out and net migration once again accounted for 63.7 percent of the area's total population change.

Millennials are the largest generational group in the Denver metropolitan area, totaling 811,400 in 2022 and accounting for 25 percent of the area's population. The Denver metropolitan area is an attractive location for young professionals and working populations. CBRE ranked Denver as the third most concentrated millennial market in their "2022 Scoring Tech Talent" report, and SmartAsset ranked Denver the second-highest city where millennials were moving in 2022. Looking forward to the next generational group, ThinkAdvisor ranked Boulder as the 13th most popular destination out of 152 cities for Gen Z movers (born 1997-2012).

Individuals ages 16 to 64 years, which is considered the prime potential working age population, made up 67.2 percent of the population in the Denver metropolitan area in 2022, while those 65 years and over accounted for 14.6 percent of the population.

Denver Metropolitan Area Population by County

Area	2012	2017	2022	Avg. Annual Population Growth 2012-2017	Avg. Annual Population Growth 2017-2022
Adams	460,468	503,706	527,064	1.8%	0.9%
Arapahoe	596,228	642,976	659,120	1.5%	0.5%
Boulder	305,881	325,414	330,319	1.2%	0.3%
Broomfield	59,271	69,655	76,473	3.3%	1.9%
Denver	632,924	693,134	721,163	1.8%	0.8%
Douglas	298,733	335,933	377,015	2.4%	2.3%
Jefferson	546,631	575,923	580,774	1.0%	0.2%
Denver Metropolitan Area	2,900,136	3,146,741	3,271,928	1.6%	0.8%
Colorado	5,194,662	5,599,589	5,857,513	1.5%	0.9%

Source: Colorado Division of Local Government, Demography Section.

Of the seven Denver metropolitan area counties, the City and County of Broomfield and Douglas County reported the fastest population growth over the past five years. Three of the seven counties reported population growth rates that were either equal to or higher than the state, and five of the seven counties met or exceeded the national average growth rate of 0.5 percent between 2017 and 2022.

City and County of Denver

The City and County of Denver represents 22 percent of the total Denver metropolitan area population, the largest share of the seven counties in the region. Millennials represent the largest portion of the City and County of Denver's working age population, representing 43.3 percent of the population 16 to 64 years, or 6.4 percentage points higher than the Denver metropolitan area. The City and County of Denver has a median age of 37.1, about 0.8 years younger than the surrounding area.

Between 2012 and 2022, total population growth averaged 1.3 percent per year. Over this 10-year period, net migration represented 51 percent of the population growth, while 49 percent was attributed to natural increase. Even though the City and County of Denver posted a 0.8 percent decline in the population from 2020 to 2021 due to negative net migration of 8,900 people, the situation was short-lived as the population increased 1.3 percent and 6,400 more people moved into the City and County of Denver than moved out from 2021 to 2022.

Employment

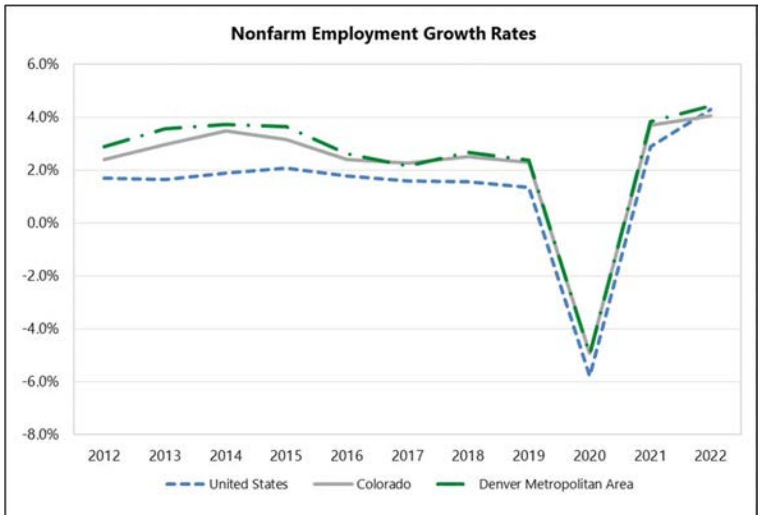
The U.S. Bureau of Labor Statistics releases employment data based on two different surveys. The household survey – also called the Current Population Survey (CPS) – reflects employment characteristics by place of residence and is the data source for statistics on labor force, employment and self-employment, and unemployment by county. This data is discussed in the Labor Force & Unemployment section of this report.

The "establishment" survey is the data source for the Current Employment Statistics (CES) series, which includes detailed information on employment, hours, and earnings by industry. Although the survey does not count the self-employed, the CES data are the most closely watched and widely used gauges of employment trends.

Industry employment data in the CES series are grouped according to North American Industry Classification System (NAICS) codes. This coding structure includes 20 detailed industry sectors that are combined to form 11 "supersectors."

Colorado

Colorado employment increased 4 percent in 2022 compared with 2021, rising by 111,400 employees, to reach a total of 2.86 million. While this was the fastest rate of growth for the state since 1997, it was slower than the 4.3 percent national increase, which was the fastest growth rate for the nation since 1984. These results demonstrate how swift job losses resulting from pandemic-induced mass business closures in 2020 followed by rapid employment increases in 2021 and 2022 have distorted typical business trends.

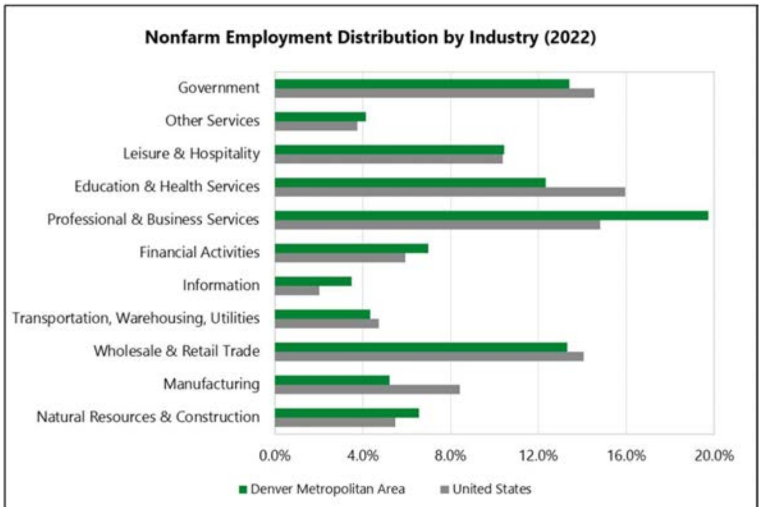


Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment.

Over 58 percent of the state's total employment is concentrated in four supersectors consisting of professional and business services, government, wholesale and retail trade, and education and health services. From 2012 through 2022, employment increased in transportation, warehousing, and utilities at an average annual rate of 4.4 percent, followed by natural resources and construction (+3.4 percent) and professional and business services (+3.1 percent). After employment increased in only one of the 11 supersectors in 2020, employment in 2022 increased in all supersectors, with the largest increases reported in leisure and hospitality (+10.8 percent, +33,000 jobs), transportation, warehousing, and utilities (+6.9 percent, +7,200 jobs), and professional and business services (+6.7 percent, +30,200 jobs). Despite swift gains, 2022 employment in government, leisure and hospitality, and natural resources and construction remains below the pre-pandemic levels recorded in 2019.

Denver Metropolitan Area

The U.S. Bureau of Labor Statistics compiles CES data for a number of Metropolitan Statistical Areas (MSAs), including the Denver-Aurora-Lakewood MSA (Denver MSA) and the Boulder MSA. The Denver MSA consists of 10 counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties. Because CES data are not available for the counties individually, data in this section of the report reflects the Denver MSA and Boulder MSA (Boulder County) combined.



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

This 11-county region has a nonfarm employment base of nearly 1.8 million workers, which accounted for 62.6 percent of the state's employment in 2022. Average annual employment increased 4.4 percent in 2022 compared with 2021, representing 76,100 more employees during the period. From

2012 through 2022, the region's employment growth averaged 2.4 percent per year, higher than the state average of 2.2 percent.

All 11 industry supersectors in the Denver metropolitan area reported increases in employment between 2021 and 2022. Similar to the state, leisure and hospitality reported the largest over-the-year increase of 12.8 percent, or the addition of 21,200 jobs, followed by other services (+9.2 percent, +6,300 jobs) and professional and business services (+7.2 percent, +23,900 jobs). Financial activities reported the slowest increase of 1.4 percent, or 1,800 jobs added. The same as Colorado, four supersectors represented nearly 60 percent of employment throughout the Denver metropolitan area: professional and business services, government, wholesale and retail trade, and education and health services. From 2012 through 2022, employment growth was driven by transportation, warehousing, and utilities as well as natural resources and construction, posting average annual increases of 4.8 percent and 4.2 percent, respectively.

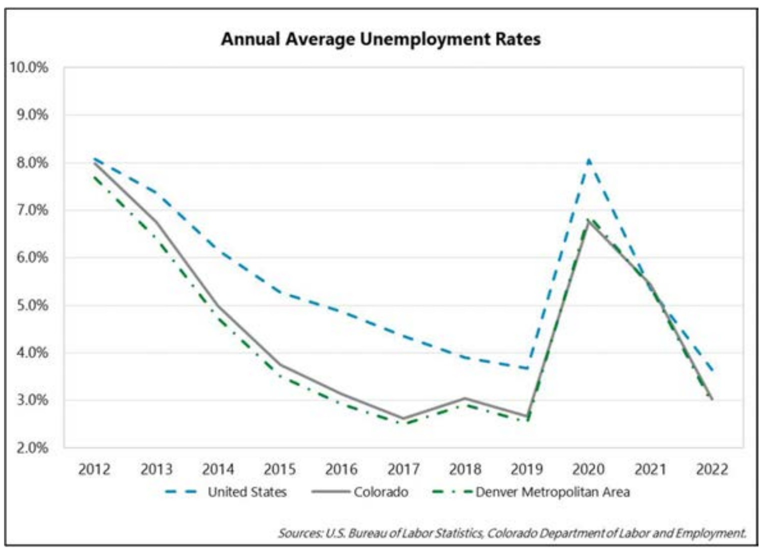
City and County of Denver

The City and County of Denver is the employment center for the Denver metropolitan area and currently accounts for 31 percent of the employment in the region. The Central Business District is the core of many of Denver's largest sectors such as high technology, banking, energy, and law, among a variety of other businesses. With nearly 556,000 workers, the City and County of Denver is the state's largest job base and employment increased 7.5 percent between 2021 and 2022, a faster pace of employment growth than posted in the Denver metropolitan area and the state.

The City and County of Denver's three largest industry supersectors in 2022 were professional and business services (22.8 percent), government (12.4 percent), and education and health services (11.9 percent). Total employment increased in 10 of the 11 industry supersectors from 2021 to 2022, with the largest increases in leisure and hospitality (+20.1 percent, +10,400 jobs), transportation/warehousing/utilites (+11.4 percent, +3,600 jobs), and professional and business services (+11.4 percent, +13,000 jobs). The manufacturing supersector posted a modest decrease (-0.2 percent, -50 jobs).

Labor Force & Unemployment

The annual average U.S. unemployment rate rose to 8.1 percent in 2020, its highest point since 2012. The coronavirus pandemic upended business conditions as the unemployment rate skyrocketed to 14.4 percent in April 2020 as business restrictions introduced to combat COVID-19 resulted in company closures and severe job losses. As the economy recovered and businesses were able to reopen, national unemployment declined to an average of 3.6 percent in 2022, the lowest average annual rate since 1969. After a 1.7 percent decline in the labor force between 2019 and 2020, the number of people employed or looking for a job increased 1.9 percent from 2021 to 2022.



Colorado

Colorado's unemployment rate averaged 3 percent in 2022, a decrease of 2.4 percentage points from 2021 and a rate that is consistent with the pre-pandemic period from 2016 through 2019. The labor force throughout the state increased 2.2 percent in 2021 and 1.3 percent in 2022 after falling 0.5 percent in 2020. There were 95,000 more people employed or looking for work in 2022 compared with the state's pre-pandemic labor force in 2019. Colorado's unemployment rate fell below the national rate once again in 2022, after being 0.1 percentage points higher than the national level in 2021, the first time in 16 years that the state rate surpassed the national rate.

Denver Metropolitan Area

The unemployment rate spiked to 12 percent in May 2020, a record level in the Denver metropolitan area. The annual average rate increased to 6.9 percent in 2020 but fell to 5.4 percent in 2021 and 2.9 percent in 2022. Prior to the pandemic-induced recession, the unemployment rate reached a record low of 2.5 percent in 2019 in the Denver metropolitan area and had been below the statewide and nationwide rates since 2011.

City and County of Denver

As an urban center, the City and County of Denver typically records higher unemployment than the Denver metropolitan area. The unemployment rate has generally matched or been slightly higher than the metropolitan area since 2012, averaging about 0.2 percentage points above the Denver metropolitan area over this period of time. The annual average unemployment rate in the City and County of Denver peaked at 9.5 percent in 2010, but steadily declined each year through 2017. After a slight uptick in 2018, the unemployment rate fell to 2.6 percent in 2019, which was the lowest rate posted in the City and County of Denver based on data going back to 1984. The unemployment rate averaged 7.6 percent in 2020 before falling to 3.1 percent in 2022.

Major Employers

Nearly all private businesses in Colorado, or 99.8 percent, are considered small businesses that employ fewer than 500 workers, according to data from the U.S. Census Bureau. In the Denver metropolitan area, data from the U.S. Census Bureau show that 99.8 percent of businesses employed fewer than 500 workers and 97.8 percent of businesses employed fewer than 100 workers. A significant share of Colorado's employment base is proprietors' employment, indicating a high level of entrepreneurial activity. In 2021, proprietors comprised 27 percent of the state's total employment, the sixth-highest share in the nation. Colorado has ranked among the top 10 for the share of sole proprietors since 2000.

While small businesses and the self-employed are vitally important to the Denver metropolitan area economy, larger firms are key providers of jobs and income. According

Metro Denver Largest Private Sector Employers

Company	Product/Service	Employment
Amazon	Warehousing & Distribution Services, General Merchandise	15,490
King Soopers	Grocery	14,480
UCHealth	Healthcare, Research	13,190
HealthONE Corporation	Healthcare	12,160
Wal-Mart	General Merchandise	11,800
Centura Health	Healthcare	10,740
Intermountain Healthcare (formerly SCL Health System)	Healthcare	10,000
Lockheed Martin Corporation	Aerospace & Defense Related Systems	9,320
Comcast	Telecommunications	8,080
United Airlines	Airline	7,130
Kaiser Permanente	Healthcare	7,100
Children's Hospital Colorado	Healthcare	7,000
DISH Network	Satellite TV & Equipment	6,300
Safeway Inc.	Grocery	6,180
Ball Corporation	Aerospace, Containers	6,150
Lumen Technologies	Telecommunications	6,100
Target Corporation	General Merchandise	5,790
United Parcel Service	Logistics	5,640
Southwest Airlines	Airline	4,740
Charter Communications	Telecommunications	4,000

Source: Development Research Partners, May 2022.

to the most recent data from the U.S. Census Bureau, 75 firms with 1,000 or more employees were operating in the Denver metropolitan area in 2021 and 33.3 percent of these large businesses were located in the City and County of Denver.

Ten companies headquartered in Colorado were included on the June 2023 *Fortune 500* list. Arrow Electronics was the highest ranked Colorado company at #109 with $37.1 billion in revenue. The remaining nine companies on the list were Dish Network (#249), Ball (#269), DCP Midstream (#276), Ovintiv (#329), Liberty Media (#340), Qurate Retail (#342), Newmont (#348), VF (#349), and DaVita (#357).

While private sector businesses account for the majority of employment in the Denver metropolitan area, the public sector also represents a sizeable portion of the area's job base. As the capital of Colorado, the City and County of Denver has a large concentration of government employees. Specifically, public sector employment in Denver consisted of 13,100 federal government employees, 14,900 state government employees, and 41,100 employees in local government entities in 2022, including Denver Public Schools (15,000 employees) and the City and County of Denver (13,800 employees).

International Trade

The Denver metropolitan area's central U.S. location just west of the nation's geographic center makes it a strategic choice for companies conducting international business. The area is one of the nation's premier transportation hubs located at the crossroads of major interstate highways that serve a critical function in supporting interstate and international commerce. Shipping businesses can access the Denver metropolitan area via all transportation modes except water, and the region's location midway between Canada and Mexico is another asset for trade-focused companies.

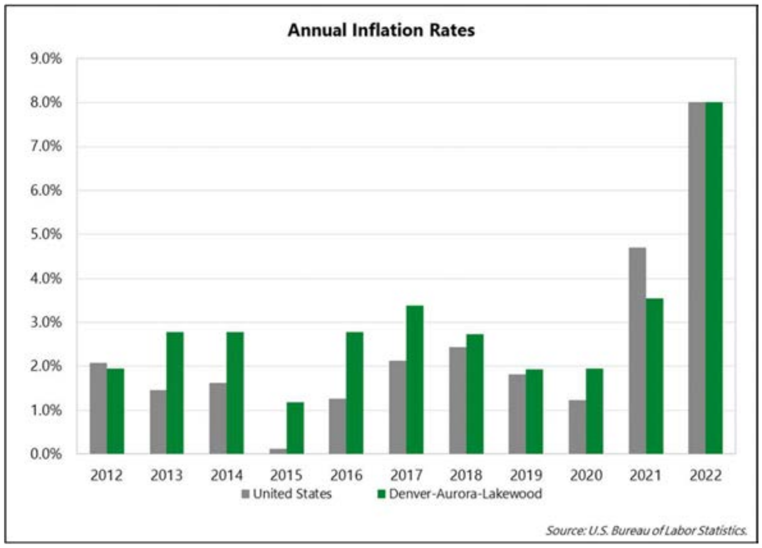
Colorado exports totaled $10.3 billion in 2022, a 13.4 percent increase from 2021, driven by rising inflation and increased activity. The top five export destinations accounted for 54 percent of the total value of export shipments from Colorado in 2022, with the top two, Canada and Mexico, accounting for 30.6 percent alone. Canada is the state's largest export market, accounting for 16.6 percent of Colorado's exports in 2022. Mexico was the second-largest recipient of exports from Colorado, accounting for 14 percent of output, followed by China (8.9 percent), South Korea (7.4 percent), and Switzerland (7.1 percent).

Four key products comprised 62.3 percent of exports from Colorado in 2022, including processed foods (22.6 percent), computer and electronic products (19.3 percent), machinery (11 percent), and chemicals (9.4 percent). Among the top 15 export products, primary metal manufactures, which represented 4.4 percent of all exports, reported the largest over-the-year increase of 95.1 percent in 2022, followed by minerals and ores (+56.2 percent) and transportation equipment (+42.1 percent).

Inflation

The U.S. Bureau of Labor Statistics measures inflation – or deflation – as a change in the Consumer Price Index (CPI). The CPI is a compilation of price measures for items in eight broad categories, the most heavily weighted of which are housing, transportation, and food and beverages. Housing carries the most weight of these three categories.

Changes in the Denver-Aurora-Lakewood MSA CPI have often reflected changes in the national CPI. Since 2012, inflation in the Denver-Aurora-Lakewood MSA has outpaced the U.S. for all years except 2012 and 2021. The rapid increase in home prices in the Denver metropolitan area from 2013 to 2018 and rising medical care costs were major drivers of price increases in recent years. The housing component in the Denver-Aurora-Lakewood MSA increased at an average annual rate of 4.5 percent between 2013 and 2018, while housing costs across the U.S.



rose 2.6 percent per year during the same period. Since 2012, prices rose a total of 35.6 percent in the Denver-Aurora-Lakewood MSA, compared with 27.5 percent across the U.S.

The nation entered a period of over-the-year price increases of 6 percent or more during the third quarter of 2021, reaching a peak increase of 9.1 percent in June 2022. While price increases have slowed consistently since that point, the national CPI increased an average of 8 percent in 2022, the highest annual increase since 1981. The Denver-Aurora-Lakewood CPI also increased 8 percent from 2021 to 2022, matching the national increase and representing the highest annual price increase in the region since 1982. Core inflation, which is all items except food and energy, rose 7.1 percent in the Denver metropolitan area compared with 6.2 percent nationally. Core inflation, which is a more stable indicator of price changes over time due to the volatility of food and energy prices, also revealed a challenging environment of rapidly rising prices in 2022.

The CPI is calculated based on price changes in eight main categories of goods and services. Between 2021 and 2022, prices increased in all eight categories at the national level and increased in all categories except education and communication at the local level. Inflation was fueled early in 2022 by high oil and gas prices as global tensions and sanctions in Europe due to the Russia-Ukraine war were introduced and supply chain issues continued. The rising energy prices then permeated all categories as transportation costs are a part of about every good and service sold. In 2022, the transportation category posted the fastest increase of the eight categories in Denver-Aurora-Lakewood (+12.7 percent), followed by food and beverage (+9.9 percent) and medical care (+9.7 percent). Nationally, the transportation index also rose the fastest (+15.5 percent), followed by food and beverage (+9.6 percent) and housing (+7.2 percent).

Income

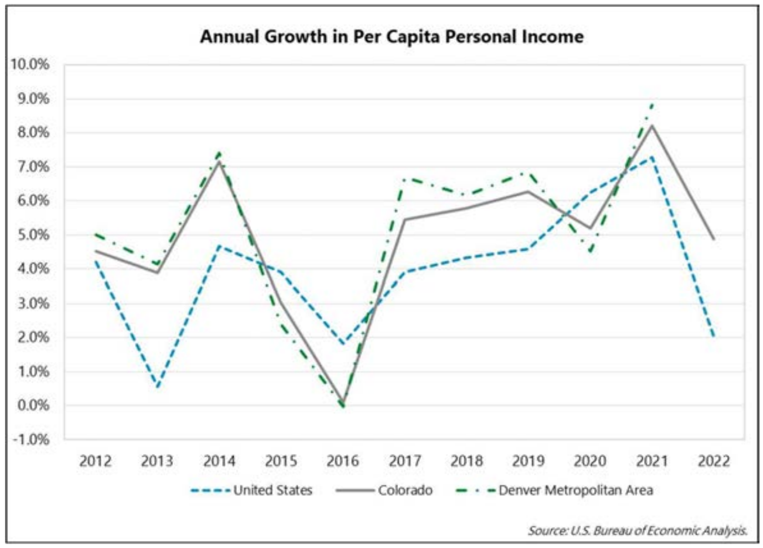
Colorado

The largest component of personal income is earnings from work, meaning personal income trends can be affected by the labor market and wage growth. Total personal income in Colorado increased 5.4 percent from 2021 to 2022, 3 percentage points faster than the national rate of growth. Between 2012 and 2022, total personal income increased at an average annual rate of 6.2 percent in Colorado, 1.7 percentage points above the national average rate of 4.5 percent during the period.

Per capita personal income – or total personal income divided by population – increased nationally each year since 2010, with the fastest over-the-year growth recorded in 2021 (+7.3 percent) as federal and state policy responses to the pandemic resulted in a large boost to personal income. Colorado's per capita personal income increased by 5.2 percent or more each year from 2017 to 2021 until slowing to a 4.9 percent increase in 2022. Colorado had the eighth-highest per capita personal income in the nation, averaging $74,167 in 2022, which was 13.4 percent higher than the national average of $65,423.

Denver Metropolitan Area

Personal income in the Denver metropolitan area grew rapidly over the past decade, generally exceeding statewide and U.S. growth rates. Total personal income increased an average of 6.5 percent per year in the Denver metropolitan area between 2012 and 2021, which was 0.2 percentage points above the statewide average growth rate and 1.7 percentage points higher than the U.S. average growth rate during the same period. From 2020 to 2021, personal income in the Denver metropolitan area rose 8.8 percent, which was slightly above the statewide growth rate of 8.7 percent and higher than the national growth rate of 7.5 percent. Data for 2022 is not available yet for counties and metropolitan statistical areas.



Higher wages and salaries in the Denver metropolitan area tend to keep per capita personal income above the national average. The Denver metropolitan area per capita personal income in 2021 ($79,517) was 24 percent higher than the U.S. average.

City and County of Denver

Per capita personal income in the City and County of Denver is significantly higher than the U.S., averaging 143 percent of the national number between 2012 and 2021. The income differential reached its highest level in 2021, when per capita personal income ($99,133) reached 155 percent of the national average. The 2021 value was 10.5 percent higher than the per capita personal income level of $89,736 reached in 2020, a higher increase than posted at the national, state, or Denver metropolitan area levels.

Retail Trade

National

Consumer spending accounts for about two-thirds of the nation's total economic output and is a useful indicator of overall consumer health. National retail trade sales declined significantly during the Great Recession, falling 1.1 percent in 2008 and decreasing 7.4 percent in 2009. In contrast, overall retail activity was impacted only slightly during the COVID-19 recession, increasing 0.9 percent from 2019 to 2020. Between 2020 and 2021, retail activity increased at a record 18.4 percent, bolstered by

National Retail Trade Sales ($millions)

Industry	2021	2022	Percent Change
Retail Trade:			
Motor Vehicle / Auto Parts	$1,484,108	$1,530,125	3.1%
Furniture and Furnishings	$140,586	$141,261	0.5%
Electronics and Appliances	$93,511	$92,046	-1.6%
Building Materials / Nurseries	$480,946	$514,478	7.0%
Food/Beverage Stores	$889,145	$961,502	8.1%
Health and Personal Care	$387,000	$399,366	3.2%
Gasoline Stations	$566,086	$738,645	30.5%
Clothing and Accessories	$290,652	$307,923	5.9%
Sporting/Hobby/Books/ Music	$102,493	$102,797	0.3%
General Merchandise/ Warehouse	$797,704	$852,380	6.9%
Misc. Store Retailers	$159,503	$179,300	12.4%
Non-Store Retailers	$1,130,875	$1,275,204	12.8%
Total Retail Trade	$6,522,609	$7,095,027	8.8%
Food / Drinking Services	$843,605	$975,918	15.7%
TOTAL	$7,366,214	$8,070,945	9.6%

Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding and data suppression. Source: U.S. Census Bureau.

government stimulus checks, rising wages, and pent up demand after the lockdown period in 2020, although some of the growth in retail sales can be attributed to an increase in prices as opposed to an increase in the amount of goods purchased. The change in retail trade activity moderated in 2022 as sales increased 9.6 percent compared with the prior year, which was still significantly higher than the ten-year average growth rate of 5.3 percent.

Amid these increases in sales activity, there was a significant shift in spending by category. Comparing total retail trade sales in 2020 to 2021, all 13 retail trade categories reported increases, led by clothing and clothing accessories stores, gasoline stations, and food services and drinking places. These three trade categories also reported the largest declines between 2019 and 2020.

From 2021 to 2022, retail sales increased in 12 of the 13 categories. The largest increase of 30.5 percent was recorded in gasoline stations due to the increase in the price of gas and increased commuting activity. Sales activity at food/drinking places posted the second-highest increase of 15.7 percent as consumers faced higher prices as they returned to restaurants and bars. Non-store retailers, which includes businesses engaged in electronic shopping among other things, increased 12.8 percent over-the year and is consistent with the longer-term trend of consumers increasing their online purchasing patterns. On the down side, purchases of electronics and appliances declined by 1.6 percent while activity was relatively stagnant at sporting goods/hobby/books/music stores (+0.3 percent) and furniture and home furnishings stores (+0.5 percent).

Colorado

Despite the pandemic's influence, retail trade sales in Colorado increased 4.9 percent from 2019 to 2020, outpacing the national sales increase by 4 percentage points. Indeed, the annual increase in retail trade sales in Colorado surpassed that of the nation each year between 2012 and 2020 but lagged slightly behind the national increase in 2021 and 2022.

Similar to the national level, retail sales in Colorado increased sharply between 2020 and 2021, rising 17 percent as consumers used government stimulus payments to purchase more goods and less services. Sales activity moderated in 2022 to a 9.4 percent increase, which was still higher than the historic sales pace of 6.7 percent per year from 2012 to 2022.

Denver Metropolitan Area

Retail trade sales growth across the Denver metropolitan area outpaced national sales growth in seven of the past 10 years. The average annual growth rate from 2012 to 2022 in the area was 6.3 percent, below the state average of 6.7 percent but higher than the national average of 5.3 percent. Retail sales in 2021 increased 16 percent over-the-year, a slower rate of growth than the state by 1 percentage point. Similar to the U.S. and Colorado, sales activity moderated in 2022, but not by as much as the other areas. Retail trade sales increased 10 percent in the Denver metropolitan area in 2022.

The NAICS codes that are used to track employment activity are also used to classify retail activity by industry. The NAICS codes are revised every five years, and the latest revisions resulted in multiple changes to the retail sector such that the 2022 data by industry provided by the Colorado Department of Revenue is not comparable with prior years. The largest retail trade category in the Denver metropolitan area in 2022 was general merchandise (21.3 percent), followed by motor vehicle and parts dealers (18.8 percent) and food and beverage retailers (15.3 percent).

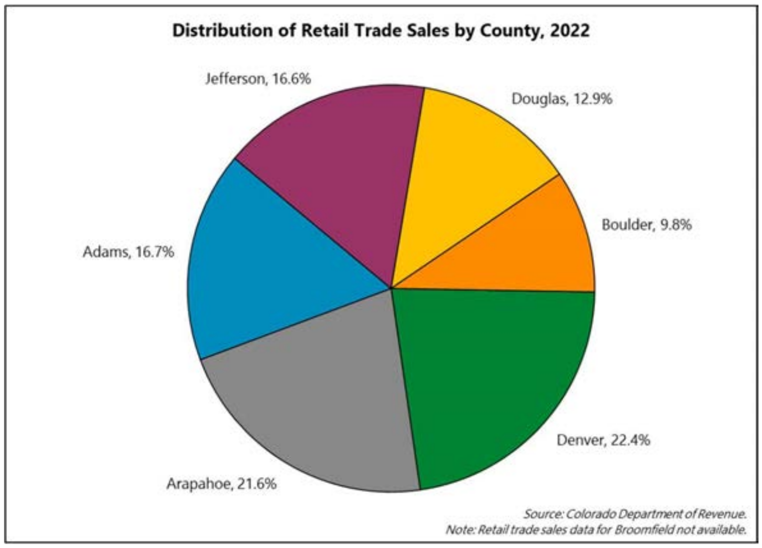
Denver Metropolitan Area
Retail Trade Sales ($millions)

Industry	2022	Share
Retail Trade:		
Motor Vehicle/Parts Dealers	$16,157	18.8%
Building Material/Garden Equip & Supplies	$5,791	6.7%
Food and Beverage Retailers	$13,147	15.3%
Furniture/Furnishings/Electronics/Appliances	$4,932	5.7%
General Merchandise Retailers	$18,330	21.3%
Health and Personal Care Retailers	$4,164	4.8%
Gasoline Stations and Fuel Dealers	$2,689	3.1%
Clothing/Accessories/Shoes/Jewelry	$3,490	4.1%
Sporting/Hobby/Music/Book/Misc.	$7,371	8.6%
Total Retail Trade	$76,070	88.4%
Food Services/Drinking Places	$10,025	11.6%
TOTAL	**$86,096**	**100.0%**

Note: Data are not adjusted for inflation. Sales by industry may not add to totals due to rounding. Source: Colorado Department of Revenue.

City and County of Denver

Prior to the pandemic, the City and County of Denver generally had the largest share of retail trade activity in the Denver metropolitan area. Due to the decline in the number of workers located in the central business district, the closure of the majority of the entertainment venues, and a general lack of visitors, especially in the downtown core, retail trade sales in the City and County of Denver declined 2.6 percent from 2019 to 2020. The City and County of Denver was the only Denver metropolitan area county to post a decline in retail trade sales in 2020, resulting in Arapahoe County moving into the top position for its share of retail activity. Arapahoe County continued to post the highest share of retail activity in 2021, but the City and County of Denver regained its position as the county with the highest level of retail activity in 2022. Retail trade sales in the City and County of Denver increased 16.9 percent in 2021 and 11.6 percent in 2022.



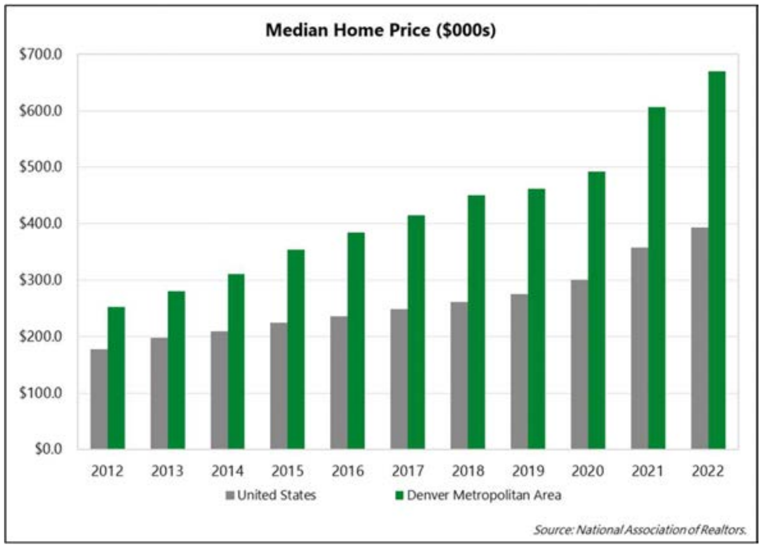
Residential Real Estate

Combined, all aspects of the housing market – from new home construction to money spent on mortgage and rental payments, furnishings, and home improvements – contribute significantly to the nation's economy. According to the U.S. Census Bureau, homeownership rates across the U.S. increased significantly from a recent annual low of 63.4 percent reported in 2016 to 66.6 percent in 2020, the highest annual rate since 2010. Low interest rates and the desire for more or different space due to the pandemic created strong home purchasing patterns in 2020 and 2021. A substantial retreat in home buying patterns occurred in 2022 due to rising mortgage rates, a continued lack of inventory, and high home prices, resulting in a decline in the home ownership rate to 65.8 percent.

The homeownership rate in Colorado was below the national level in 2020 at 64.9 percent but surpassed the nation in 2021 (65.9 percent) and in 2022 (67.4 percent). However, homeownership in the Denver-Aurora-Lakewood MSA tends to track below the national and state rates. After reaching a recent peak of 63.5 percent in 2019, homeownership had declined to 62.8 percent in 2021 before rebounding to a new peak of 64.6 percent in 2022. This new peak for the region was still only high enough to rank the Denver-Aurora-Lakewood MSA No. 43 for homeownership out of the 75 largest MSAs.

Residential Home Prices

Home prices increased steadily from 2012 to 2020, and then posted double-digit growth throughout 2021 and most of 2022. According to the S&P/Case-Shiller Home Price Index, the national index posted over-the-year increases of 18 percent or higher from June 2021 through June 2022, peaking at 20.8 percent in March and April 2022. Price increases moderated by the end of the year, with the national index posting a 5.6 percent over-the-year increase in December 2022.



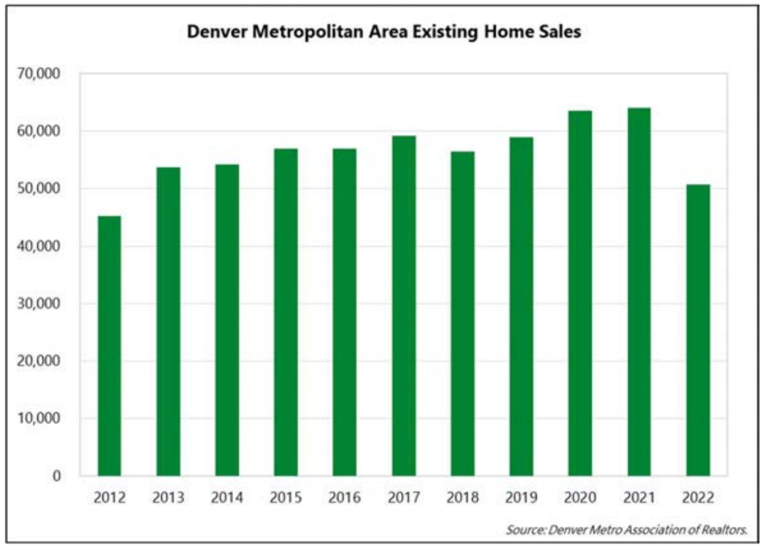
Among the metropolitan statistical areas included in the 20-City Composite Index, the Denver metropolitan area had the 13th-highest home price increase over-the-year, rising just 3.5 percent from December 2021 to December 2022. This represented a dramatic change from the situation earlier in the year as the region's annual home appreciation rate had reached 23.6 percent in March and April 2022.

The National Association of Realtors (NAR) provides a different measure of home price appreciation. The NAR tracks median home prices each month at the national level and quarterly for metropolitan statistical areas. According to the quarterly data series, home prices in the Denver MSA have increased every year since 2009, with the exception of 2011 when home prices fell 0.4 percent over-the-year after the Great Recession. The median home price in the Denver MSA increased at a faster pace than the nation from 2014 to 2018, and then slowed to below the national growth rate in 2019 and 2020. Home price appreciation rates accelerated in 2021 due to supply/demand mismatches and the Denver MSA's median home price reached $607,100, up 23.2 percent from 2020. This increase outpaced the national increase of 19 percent achieved during the same time. Home price increases started to moderate in the middle of 2022, but the national median home price still increased 10 percent from 2021 to 2022 to reach $392,800. The median home price increased 10.4 percent to $670,100 in the Denver MSA in 2022.

Residential Home Sales

After a brisk sales pace in 2020 during which time 63,516 homes traded hands, home sales in the Denver metropolitan area increased just 0.9 percent in 2021. The number of unsold homes on the market fell 42 percent from December 2020 to December 2021, suggesting a contraction in supply despite strong housing demand. Despite the slower sales pace in 2021, it was the second consecutive year that the Denver metropolitan area surpassed 60,000 home sales in a year.

Home sales were stymied by rapidly rising mortgage rates in 2022 with the 30-year fixed rate mortgage averaging 5.34 percent throughout the year, up from 2.96 percent in 2021. Denver metropolitan area home sales in the first quarter of 2022 were well below 2021 levels, and after a brief rally in May and June, home sales ended the year 20.8 percent lower than the 2021 sales level. Increasing material costs and increasing mortgage rates pushed both buyers and sellers out of the residential market in 2022.



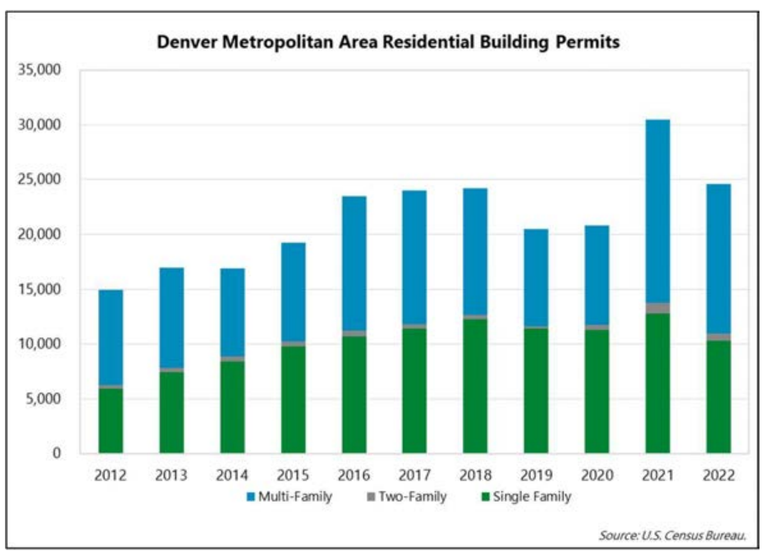
Foreclosures

The government's foreclosure moratorium and mortgage forbearance programs kept foreclosures low for most of 2020 and 2021. When the foreclosure moratorium ended August 31, 2021, the Consumer Financial Protection Bureau enacted guidelines that allowed foreclosures to resume under limited circumstances. In 2022, foreclosures in the Denver metropolitan area increased by 392 percent to 2,519 filings by year end, which was still 8.3 percent below the number of filings in 2019. The count of new foreclosure filings reported in the City and County of Denver declined 60.8 percent from 2019 to 2020 and then fell another 49.6 percent from 2020 to 2021 to a record low of just 115 filings. As the foreclosure moratorium ended, the number of filings increased 327 percent to 491.

Residential Building Permits

Residential building permit activity in Colorado decreased 13.6 percent from 2021 to 2022 to an estimated 48,800 new residential units permitted in 2022. Data from the U.S. Census Bureau indicate that permits for all housing types decreased from 2021 to 2022, with single-family detached units declining 21.5 percent, single-family attached units declining 23.3 percent, and multi-family units falling 2.9 percent. Material shortages and ongoing production bottlenecks as well as inflation, worker shortages, and high interest rates were major concerns for builders in 2022.

The number of residential units permitted in the Denver metropolitan area had generally increased each year from 2012 through 2018. However, total units permitted fell 15.4 percent from 2018 to 2019 and were relatively flat from 2019 to 2020. In 2021, residential building permit activity reached a new high of more than 30,500 units.



Building permit activity in the Denver metropolitan area decreased 19.4 percent in 2022 compared with 2021, falling to 24,585 units. Multi-family development reported the smallest decrease, falling 18.4 percent, followed by single family detached units (-19.8 percent), and single family attached units (-32.9 percent). Fifty percent of total residential permitting activity in the state was in the Denver metropolitan area, whereas 58 percent of the multi-family units permitted were located in the area.

While residential building permits were down in 2022, permitting activity remained above prepandemic levels, and represented the second most permits issued since 2001. According to data from the U.S. Census Bureau, Boulder (+32.7 percent) and Broomfield (+7.4 percent) counties were the only counties in the Denver metropolitan area to report an increase in permitted units for the year as rebuilding began of the over 1,100 homes destroyed or damaged in the Marshall fire at the end of December 2021. Adams County reported the largest drop in permitting activity, with permits issued falling by 40 percent from 2021 to 2022.

In the City and County of Denver, residential building permit activity peaked at 10,525 units permitted in 2017 before falling in each of the next three years. The trend reversed between 2020 and 2021, and permit activity nearly doubled to 10,000 units permitted in 2021 as the number of multi-family units permitted increased from 3,892 in 2020 to 8,446 in 2021, a 117 percent increase. Residential building permit activity declined 17 percent from 2021 to 2022 as single-family detached units fell 14.6 percent to 1,323 and multi-family units declined 17.6 percent to 6,958 units. Permits in the City and County of Denver comprised 33.7 percent of the permit activity in the Denver metropolitan area in 2022, up from 24.3 percent in 2020.

Apartment Market

The apartment market in 2021 was defined by a dramatic rise in the cost of rent across the country as demand for rental units far outpaced supply. Soaring home purchase prices added to the problem as many first-time home buyers became priced out of homebuying options and were forced to remain in the rental market. According to rent data from the CoStar Group, the national market asking rent increased 10.8 percent from the fourth quarter of 2020 to the same period in 2021. Rental prices moderated throughout 2022 as consumer confidence fell, new household formation slowed, and individuals put off moves as they waited to get a clearer economic picture. As a result, the national market asking rent increased just 3.8 percent from the fourth quarter of 2021 to the same period in 2022.

The *Denver Metro Apartment Vacancy and Rent Survey* found that rental rates followed a similar trend in the Denver metropolitan area. Rental rates increased 15.8 percent from the fourth quarter of 2020 to the fourth quarter of 2021, rising to an average of $1,726 per month. Rental rate increases moderated in 2022 to a 6.5 percent pace from the fourth quarter of 2021 to the same period in 2022, averaging $1,838 per month. Douglas County reported the highest average rental rate during the fourth quarter of 2022 of $1,966 per month and Adams County reported the lowest rental rate of $1,679 per month. Jefferson County reported the largest over-the-year increase of 8.2 percent and Adams and Douglas counties reported the most modest increases of 5.9 percent.

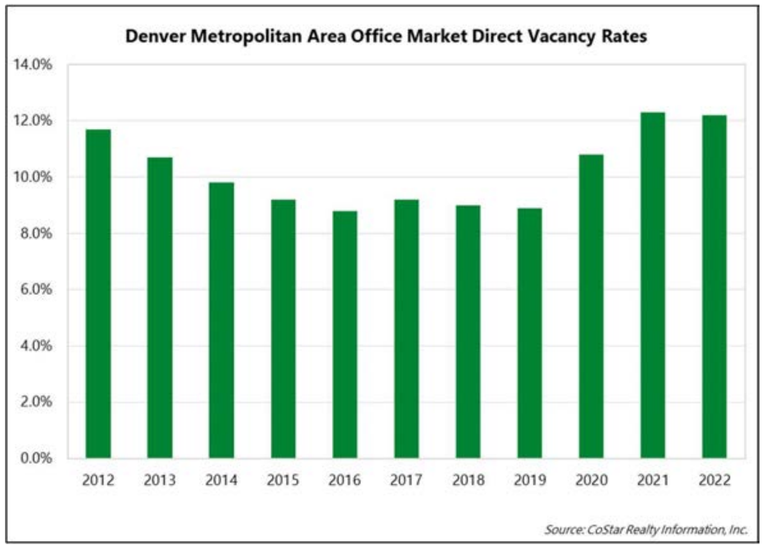
The apartment rental rate averaged $1,900 in the City and County of Denver during the fourth quarter of 2022, a 6 percent increase compared with last year.

The apartment vacancy rate in the Denver metropolitan area averaged 5.6 percent in the fourth quarter of 2022, up from 4.7 percent in the year prior. All counties in the Denver metropolitan area reported over-the-year increases in vacancies with vacancy rates ranging from 5.3 percent in Jefferson County to 6.1 percent in Douglas County. The apartment vacancy rate averaged 6 percent in the City and County of Denver, up from 4.8 percent in the fourth quarter of 2021.

Commercial Real Estate

Office Activity

The Denver metropolitan area direct office vacancy rate remained in the 9 to 10 percent range between 2014 and 2019. Data from the CoStar Group showed that direct vacancy for office space increased sharply in 2021 as businesses continued their remote and hybrid work arrangements that began at the start of the pandemic and more sublease space was listed as companies evaluated their current and future space needs. The direct vacancy rate averaged 12.3 percent in the Denver metropolitan area in the fourth quarter of 2021, up from 10.8 percent in the fourth quarter of 2020.



While remote work and the re-evaluation of space needs continued throughout 2022, the direct vacancy rate declined slightly to 12.2 percent by the end of the fourth quarter of 2022. However, the vacancy rate including sublease space increased 0.3 percentage points over-the-year, rising from 13.9 percent in the fourth quarter of 2021 to 14.2 percent in fourth quarter 2022. This included almost 4.2 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

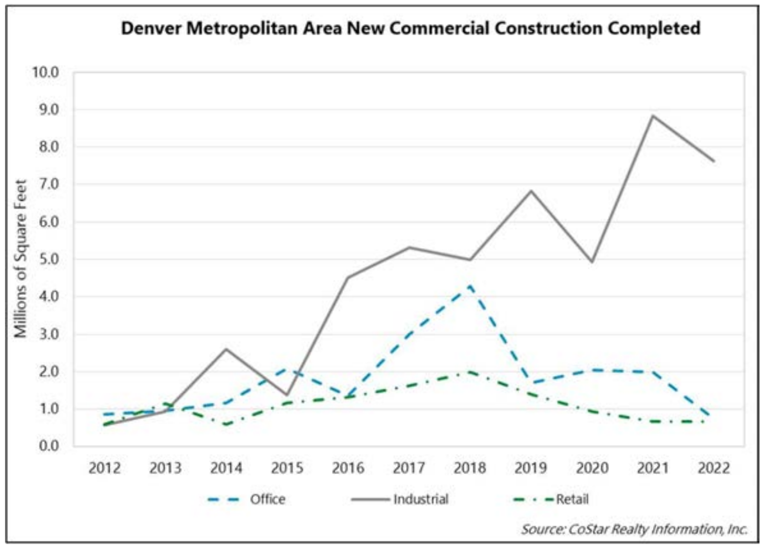
Office lease rates have steadily increased since the fourth quarter of 2011. The average lease rate increased 5.2 percent between the fourth quarters of 2021 and 2022 to $30.99 per square foot.

There were 14 office buildings completed in 2022, delivering 750,000 square feet to the Denver metropolitan area. This was the smallest amount of new office space added to the market since 2011. The largest building completed was the 250,402-square-foot One Platte office building located in downtown Denver. Despite construction continuing to taper off amid uncertainty related to future office demand, the Denver metropolitan area had 3.3 million square feet of office space in 24 buildings under construction as of the end of the fourth quarter of 2022. The largest buildings under construction were 1900 Lawrence (704,036 SF in downtown Denver) and the 351,222-square-foot Westray Tower 1 in Centennial. As has been the trend in recent years, the largest share of office construction (59 percent in 2022) is found in the City and County of Denver.

Industrial Activity

The industrial market in the Denver metropolitan area has been the most active commercial real estate segment due to rapid growth in e-commerce requiring the expansion of distribution space and the general health of the manufacturing sector. CoStar Group data revealed that the direct vacancy rate for the industrial market in the Denver metropolitan area increased 0.4 percentage points between the fourth quarters of 2021 and 2022 to 5.3 percent. The average lease rate increased to $9.70 per square foot, a 5.2 percent increase over the same time last year.

Despite strong industrial space demand, the vacancy rate increased over-the-year due to the staggering amount of new space that has been added in the Denver metropolitan area over the last few years. Forty-two industrial buildings providing 7.63 million square feet of space were completed in 2022, the sixth consecutive year that 5 million square feet or more was added to the market. The largest building completed was the 1.3 million-square-foot Shamrock Food Regional HQ at 22000 East 38th Ave in Aurora. The next largest buildings were the 588,085-square-foot FACC Building E and the 541,840-square-foot HighPoint Building in Aurora.



The Denver metropolitan area's industrial construction pipeline remains robust with 7.8 million square feet of space under construction in 41 buildings as of the end of 2022. Over 72 percent of the industrial space under construction is located in Adams County, including the largest buildings under construction, the 919,000-square-foot Dollar General warehouse and the 625,000-square-foot DIA Logistics Park. Of the buildings under construction, 40 are slated to be completed in 2023.

Retail Activity

Retail activity struggled in 2020 due to mass store closures and bankruptcies from national and small retailers. Even with lingering effects of the health crisis and increased challenges due to supply chain bottlenecks and worker shortages, retail activity rebounded at record levels in 2021. Consumer confidence improved considerably between 2020 and 2021 both nationally and in the Mountain Region, which includes Colorado. In the Mountain Region, consumer confidence in 2021 increased an average of 10.2 percent over the 2020 level.

Retail activity continued at a strong clip throughout the first half of 2022, although headwinds prevailed in the latter half of the year due to rising interest rates and recession concerns that slowed consumer spending patterns. As a result, consumer confidence declined 7.3 percent nationally and 8.2 percent in the Mountain Region in 2022. Nonetheless, the retail real estate market was regarded as the most stable market and continued to trend toward equilibrium levels of vacancy, lease rates, and new construction.

Strong population and housing growth in the Denver metropolitan area supported the retail market throughout the past ten years. In addition, many retail sites diversified their tenant mix with more experiential, entertainment, fitness, grocery, and food and beverage options. These changes helped owners and investors mitigate disruption in the market from national closures and e-commerce. The direct vacancy rate for retail space in the Denver metropolitan area decreased 0.4 percentage points over-the-year to 4.1 percent in 4Q 2022 and the average lease rate increased 4.8 percent to $20.22 per square foot, according to CoStar.

New retail construction activity continues to be limited. As of the end of 2022, 80 retail buildings totaling 663,600 square feet were completed, roughly the same amount of new space as was added as of the end of 2021. An additional 58 buildings with more than 860,000 square feet of space were under construction at the end of 2022 and all are expected to be completed in 2023. Of the space under construction, Adams County has the most with 44 percent of the total while the City and County of Denver ranked second with 20 percent of the total.

Transportation

Highways

Colorado's public transportation network includes nearly 1,000 miles of Interstate highway, about 350 miles of other freeways and expressways, and about 87,900 miles of arterials, collectors, and local roads. The Denver-Aurora area is home to almost 1.4 million auto commuters who logged 23.9 million vehicle-miles of freeway travel and over 20 million arterial street daily vehicle-miles as of 2020, according to the Texas Transportation Institute's most recent mobility data. Commuters in the Denver-Aurora area also observe 26 hours of traffic congestion annually per commuter, ranking Denver as the 16th highest level of traffic congestion among the 32 large metropolitan areas.

As of February 2023, $3.1 billion in Bipartisan Infrastructure Law funding, as enacted in the Infrastructure Investment and Jobs Act of 2021, had been announced for Colorado with over 128 specific projects identified for funding. Colorado will receive approximately $2.1 billion for transportation to invest in roads, bridges, public transit, ports, and airports and roughly $198 million for clean water. According to Colorado Public Radio, the state had received over $1 billion of the funding as of April 2023.

Major transportation projects aimed at improving travel and accessibility throughout the Denver metropolitan area were either completed or underway in 2022. The Colorado Department of Transportation is tracking progress on 34 state projects in or near the Denver metropolitan area and six interstate projects. Two of the larger projects included the Interstate 25 South Gap project and the Central 70 Project. The $419 million Interstate 25 South Gap project was completed in November 2022. The project added a toll lane in each direction of an 18-mile stretch between Castle Rock and Monument. The Central 70 Project reconstructed a 10-mile stretch of I-70 between Brighton Boulevard and Chambers Road, added one new express lane in each direction, removed the aging 57-year-old viaduct, lowered the interstate between Brighton and Colorado boulevards, and placed a 4-acre park over a portion of the lowered interstate. Final punch-list items related to the $1.2 billion Central 70 Project are slated for completion in 2023.

Mass Transit

The Regional Transportation District (RTD), funded by a 1 percent sales tax, oversees the Denver metropolitan area's mass transit system. As of December 31, 2022, RTD operated 1,059 fixed-route transit buses, 201 light rail vehicles, 373 Access-a-Ride paratransit vehicles and Flex Ride vehicles, and 66 commuter rail vehicles on 141 rail and bus routes. The District operates 96 Park-n-Rides, 57 active rail stations on 12 rail lines (A, B, C, D, E, F, G, H, L, N, R and W), and 9,720 bus stops. In 2020, the District faced an approximate 60 percent decline in ridership as a result of the pandemic. RTD had 52.6 million boardings in 2020, compared with over 100 million in 2019. Boardings rebounded to 61.6 million in 2022.

RTD's FasTracks program is a multibillion-dollar comprehensive transit expansion plan to build 122 miles of new commuter rail and light rail, extend existing rail routes, and expand the regional bus network across the eight-county district. The first FasTracks rail line opened in 2013 (the W Line) and was followed in recent years by the A Line to Denver International Airport (DEN), the R Line in Aurora, the G Line to Arvada and Wheat Ridge, and the N Line to Thornton. In addition, the intermodal hub at Union Station in downtown Denver opened in 2014 and the Flatiron Flyer bus rapid transit service began operations in 2016. Future expansions of the rail lines depend upon funding options and include the L Line extension that will connect the existing downtown rail service to the A Line and act as a loop around downtown, the C and D Line extensions into Highlands Ranch, and the completion of the B Line to Longmont and the N Line in Thornton.

Air

Denver International Airport (DEN) is owned and operated by the City and County of Denver and is the primary airport serving the Denver metropolitan area and the state of Colorado. DEN's strategic location near the geographic center of the U.S. makes it a convenient transcontinental connecting point and is the only major hub airport within a 500-mile radius.

DEN has 25 airlines that offer nonstop service to 215 destinations, including 190 domestic airports in 46 states and 25 international destinations across 13 countries. Further, DEN was the largest hub in terms of seats for Frontier, Southwest, and United airlines. DEN has grown from serving 31 million passengers in 1995 to 69.3 million in 2022, surpassing the number served in 2019. DEN ranked as the third-busiest airport in the world in 2022 due to its strong domestic network and connections, according to the annual rankings issued by the Airports Council International trade group.

DEN is the largest airport site in North America and the second largest in the world with six non-intersecting runways and three concourses. DEN has the space to double its runways and facilities to serve 100 million passengers a year, with an additional 16,000 acres of land available for commercial development. To accommodate current and future passenger needs, the Gate Expansion Program completed in 2022 constructed 39 new gates across all three DEN concourses, increasing gate capacity by 30 percent. In addition, the continuing Great Hall Project is enhancing security and improving operational efficiency. The project includes ticketing/check-in space for some of the airlines, one new security checkpoint, and the development of critical infrastructure needs and expansion in Jeppesen Terminal. The entire Great Hall Project is on schedule to be completed in summer 2028 with segments opening along the way. DEN is also planning to build the Center of Equity and Excellence in Aviation to train workers in a variety of aviation-related roles and is planning the development of a consolidated rental car facility.

DEN is home to several world-class cargo movers and support facilities, including DHL, UPS, FedEx, and United Airlines cargo. Thirteen cargo airlines and 13 major and national carriers provide cargo service at DEN, handling nearly 723.9 million pounds of cargo in 2022, a 7.5 percent increase from 2021. There are no operation curfews, making DEN a 24-hour cargo operation. The layout of the airfield and a 39-acre cargo ramp make freight handling efficient.

Six regional airports complement DEN's operations. There are three reliever airports: Centennial Airport, which serves the southeast metropolitan area; Colorado Air and Space Port is located six miles southeast of DEN in Adams County and serves the northeast Denver metropolitan area; and Rocky Mountain Metropolitan Airport serves Jefferson, Broomfield, and Boulder Counties in the northwest area. Three general aviation airports – Boulder Municipal Airport, Erie Municipal Airport, and Vance Brand Municipal Airport in Longmont – also serve the Denver metropolitan area.

Rail

Rail infrastructure is the backbone of the Denver metropolitan area's intermodal network and serves as a critical component to help the region compete in global markets. Currently, 14 privately owned railroads operate in Colorado on 2,545 miles of track, according to the Association of American Railroads (AAR). The AAR estimated that 15.2 million tons of commodities originated on rail in Colorado and 27 million tons of commodities terminated on rail in Colorado in 2021. The Denver metropolitan area serves as a major hub for the Burlington Northern Santa Fe and Union Pacific railroads. Combined, these railroads operate more than 80 percent of freight track miles and carry most freight by volume and by value in the state. Coal is the predominant commodity by weight for trips originating and terminating in Colorado.

The primary passenger rail system in the Denver metropolitan area includes light rail, commuter rail, and intercity passenger rail. Amtrak's California Zephyr route offers area residents transportation through the Rocky Mountains west of Denver and connects Chicago to the Bay Area. The Southwest Chief route passes through Lamar, La Junta, and Trinidad, providing transportation between Chicago and Los Angeles. Amtrak also offers a seasonal transportation alternative between Denver and Winter Park Resort on the Amtrak Winter Park Express or "Ski Train." Plans are also underway for the proposed new passenger rail line connecting Fort Collins to Pueblo that could accommodate two dozen roundtrips each weekday with stops in Boulder, Denver, Castle Rock, Colorado Springs, and Fort Carson, serving a projected 6,900 riders by 2045.

Tourism

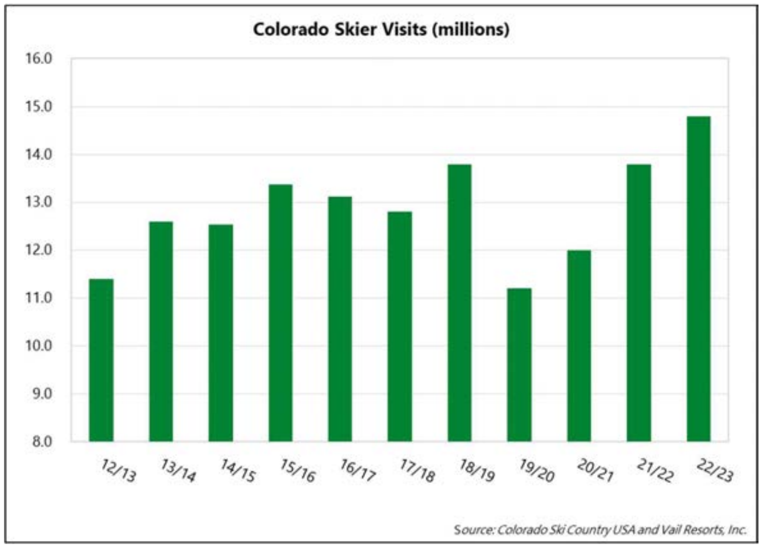
The travel and tourism industry was hit particularly hard in the Denver metropolitan area at the start of the pandemic but is recovering as businesses reopened or increased capacity as consumer demand increased. Despite these challenges, the Denver metropolitan area's vast recreational opportunities, entertainment and convention venues, and cultural attractions attract business and leisure travelers alike. With the nation's largest public parks system, 42 state parks, four national parks, and 11 world-class ski resorts in the Denver metropolitan area's backyard, prime recreation opportunities abound. The area is the cultural capital of the Rocky Mountain region and is home to the Denver Performing Arts Complex, the nation's largest arts complex under one roof. Visitors can attend symphony, ballet, opera, theatre, and touring productions throughout the area. Arts and cultural economic activity reached a peak in 2019, totaling a record $2.3 billion in 2019, but lost a decade of growth in 2020 due to the pandemic.

According to Longwoods International, Denver welcomed a record 36.3 million visitors in 2022 who spent $9.4 billion on such things as lodging, restaurant food and beverages, recreation and entertainment, transportation, and retail purchases. This represented a 15 percent increase in visitors and a 42.5 percent increase in spending compared with 2021, suggesting that visitor activity has returned from the pandemic's influence. Top Denver entertainment and shopping areas included the Lower Downtown Historic District, the 16th Street Mall, and the Cherry Creek area. The city's top visitor attractions included Red Rocks Park & Amphitheatre, the Denver Zoo, the Downtown Aquarium, the Denver Museum of Nature and Science, the Denver Botanic Gardens, Meow Wolf, and the Denver Art Museum.

The Denver metropolitan area is world-renowned for its recreational opportunities including skiing, hiking, running, climbing, biking, and camping. The region's outdoor recreation industry contributes significantly to economic activity. In Colorado, outdoor recreation supported 125,200 workers and contributed $11.6 billion to the state's economy in 2021. Colorado ranked No. 10 among all states in outdoor recreation employment and ranked 12th among all states in outdoor recreation spending annually. According to the U.S. Bureau of Economic Analysis, winter sports was the largest contributor to total outdoor activity in Colorado, representing 10.9 percent of the total.

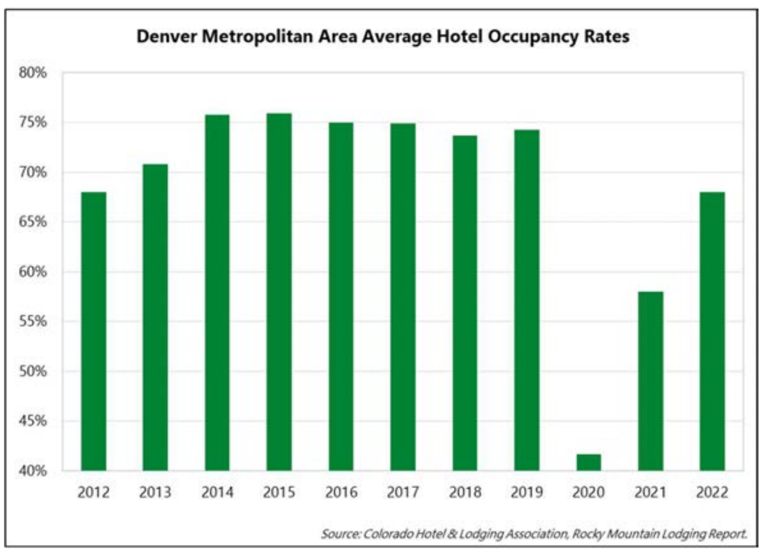
The Denver metropolitan area is within two hours or 100 miles of 11 Colorado ski resorts. The state's 31 ski areas recorded 14.8 million skier visits—or the count of persons skiing or snowboarding for any part of one day—in the 2022-2023 ski season, an 8 percent increase from the prior season and a new industry record, according to Colorado Ski Country USA. Colorado is home to some of the nation's best ski resorts and is among the top ski and snowboard states. *Ski Magazine* named three Colorado resorts among the "Best Ski Resorts in the U.S." in 2022. Further, a ranking by *USA Today* declared that Colorado was home to two of the top 10 ski towns in North America in 2022, with Telluride coming in at number eight and Aspen ranked number nine. Colorado was the only U.S. state to notch more than one space on the list.

AN ECONOMIC & DEMOGRAPHIC OVERVIEW OF THE DENVER METROPOLITAN AREA



Colorado and the Denver metropolitan area are popular destinations for business, leisure, and convention travel. Notable Broadway shows, concerts, cultural events, and other attractions lured significant visitors in 2022. Further, annual events such as the Great American Beer Festival, Fan Expo Denver, and the National Western Stock Show drive demand and support economic activity in the area. The National Western Stock Show annually attracts over 700,000 attendees from over 40 states and 30 countries, generating an economic impact of $120 million annually. The National Western Center redevelopment is making progress on the 246-acre site that will preserve the National Western Stock Show & Rodeo as Denver's largest event for the next 100 years and add state-of-the-art spaces for the site to be activated throughout the year.

The Colorado Convention Center, special event and sporting complexes, tourism, and major corporate office parks represent the primary sources of lodging demand in the Denver metropolitan area. The Colorado Convention Center is the third-most popular convention center in the U.S. based on visitor reviews and was the 12th largest in the U.S., according to a January 2023 ranking by Quality Logo Products. The Colorado Convention Center is currently undergoing a $233 million expansion that includes a new 80,000-square-foot ballroom, lobby renovations, 150,000 square feet of meeting space, 600,000 square feet of exhibit space, and a 5,000-seat theatre. When complete in late 2023, the expansion will generate an additional $85 million in annual economic impact, which was already generating an economic impact of $600 million to $700 million a year before the pandemic.



The pandemic significantly affected the Denver metropolitan area's lodging market. Most notably, the downtown Denver market experienced substantial losses in demand given the large presence of full-service hotels that rely heavily on meeting and group demand. However, capacity limits on meetings and events were lifted in June 2021 and the lodging market has since continued to recover. Furthermore, continued commercial development and ongoing renovation and expansion of the Colorado Convention Center will continue to positively impact the lodging market. Hotel occupancy throughout the Denver metropolitan area averaged 58 percent in 2021, up 16.3 percentage points from 41.7 percent occupancy in 2020, according to the *Rocky Mountain Lodging Report*. The market further normalized in 2022 as the hotel occupancy rate averaged 68 percent in 2022. Although occupancy is still lower than pre-pandemic levels, the hotel room rate rose from $125.87 per night in 2021 to $151.49 in 2022, a 20.4 percent over-the-year increase.

According to a *U.S. News & World Report* ranking released in February 2023, five Colorado hotels ranked among the top 100 luxury hotels and resorts in the nation. The Broadmoor in Colorado Springs was ranked at No. 19 in the U.S., followed by The Little Nell in Aspen (No. 49), the Four Seasons Resort and Residences in Vail (No. 58), the Hotel Jerome in Aspen (No. 64), and the Four Seasons Hotel Denver (No. 99).

Summary

While many had hoped that 2022 would be a year that was "back to normal," instead it was filled with imbalances and uncertainty due to the start of the Russia-Ukraine war, rapidly rising gasoline prices, improved but still persistent supply chain disruptions, and stubborn inflation.

On the plus side, employment in the Denver metropolitan area increased 4.4 percent with 76,100 jobs added in 2022, bringing total employment to 1.79 million. While all supersectors added jobs over-the-year, the fastest rates of job growth occurred in the leisure and hospitality, other services, and professional and business services supersectors. The unemployment rate fell from 5.4 percent in 2021 to 2.9 percent in 2022, with businesses struggling to find and retain the workers needed for efficient operations due to the tight labor market conditions.

The Denver metropolitan area experienced net out-migration of 7,900 residents in 2021, which had last occurred at a more minor level in 2005. While individuals moved to areas offering lower density in 2021, the situation changed in 2022 as 17,700 more people moved into the region than moved out, causing a 0.9 percent increase in the region's population to 3.27 million. These residents spent their dollars at a brisk pace in 2021 and 2022, with retail trade activity increasing 16 percent and 10.4 percent, respectively. Retail activity tempered in the latter half of the year as consumers responded to rising interest rates and dealt with high inflation.

The residential real estate market suffered the greatest challenges of the region's economic base as home sales declined by 20.8 percent in 2022 due to rapidly rising mortgage rates. Median home prices increased 10.4 percent in 2022 following the 23.2 percent increase that occurred in 2021. The median home price of $670,100 in the Denver MSA ranked as one of the top 15 most expensive metropolitan statistical areas in 2022.

Commercial real estate fundamentals were mixed in the Denver metropolitan area as the industrial vacancy rate increased and office and retail rates declined. There was 9 million square feet of new office, industrial, and retail space completed in 2022, a 21.2 percent decline in the amount of space completed compared with 2021. The industrial market remained active as 2022 marked the sixth consecutive year that 5 million square feet or more of new industrial space was added to the market.

Transportation options and improvements support the region's quality of life and the needs of businesses, workers, and residents. Strong job growth combined with vibrant natural, cultural, and historical assets contribute to the attractiveness of the Denver metropolitan area as a preferred business, resident, and visitor location.

Prepared By:
Development Research Partners, Inc.
8138 West Caley Place
Littleton, Colorado 80123
Phone: 303-641-8841

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
POPULATION (July 1)											
United States (thousands)	313,878	316,060	318,386	320,739	323,072	325,122	327,252	329,382	331,512	332,032	333,288
Colorado	5,194,662	5,270,884	5,347,654	5,446,593	5,529,629	5,599,589	5,676,913	5,734,913	5,784,156	5,814,707	5,857,513
Denver Metropolitan Area	2,900,136	2,953,169	3,007,185	3,069,273	3,113,687	3,146,741	3,186,733	3,215,705	3,240,971	3,244,165	3,271,928
City and County of Denver	632,924	645,302	658,632	675,534	686,468	693,134	702,679	710,143	717,488	711,973	721,163
POPULATION GROWTH RATE											
United States	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.6%	0.2%	0.4%
Colorado	1.4%	1.5%	1.5%	1.9%	1.5%	1.3%	1.4%	1.0%	0.9%	0.5%	0.7%
Denver Metropolitan Area	1.8%	1.8%	1.8%	2.1%	1.4%	1.1%	1.3%	0.9%	0.8%	0.1%	0.9%
City and County of Denver	2.0%	2.0%	2.1%	2.6%	1.6%	1.0%	1.4%	1.1%	1.0%	-0.8%	1.3%
NET MIGRATION											
Colorado	39,143	45,109	45,062	68,844	53,295	42,395	51,761	34,161	28,583	15,074	30,006
Denver Metropolitan Area	31,158	33,675	34,280	43,316	25,942	15,646	23,921	13,797	11,997	(7,938)	17,683
City and County of Denver	7,676	7,333	8,236	11,860	5,984	2,027	5,036	3,264	3,770	(8,903)	6,400
NONAGRICULTURAL EMPLOYMENT											
United States (millions)	134.2	136.4	138.9	141.8	144.3	146.6	148.9	150.9	142.2	146.3	152.6
Colorado (thousands)	2,311.7	2,380.5	2,463.6	2,541.0	2,601.7	2,660.3	2,727.3	2,790.1	2,652.7	2,750.9	2,862.3
Denver Metropolitan Area (thousands)	1,417.6	1,468.2	1,522.8	1,578.2	1,619.3	1,654.1	1,698.2	1,738.4	1,651.8	1,715.0	1,791.1
City and County of Denver	434,090	441,426	460,715	478,275	494,890	506,049	519,092	529,083	491,687	516,793	555,611
NONAGRICULTURAL EMPLOYMENT GROWTH RATE											
United States	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%
Colorado	2.4%	3.0%	3.5%	3.1%	2.4%	2.3%	2.5%	2.3%	-4.9%	3.7%	4.0%
Denver Metropolitan Area	2.9%	3.6%	3.7%	3.6%	2.6%	2.2%	2.7%	2.4%	-5.0%	3.8%	4.4%
City and County of Denver	2.7%	1.7%	4.4%	3.8%	3.5%	2.3%	2.6%	1.9%	-7.1%	5.1%	7.5%

NONFARM EMPLOYMENT DISTRIBUTION BY INDUSTRY (2022)

	United States	Colorado	Denver Metropolitan Area	City & County of Denver
Natural Resources & Construction	5.5%	7.1%	6.6%	5.5%
Manufacturing	8.4%	5.4%	5.2%	3.6%
Wholesale & Retail Trade	14.1%	13.6%	13.3%	11.1%
Transportation, Warehousing, Utilities	4.7%	3.9%	4.4%	6.3%
Information	2.0%	2.7%	3.5%	3.6%
Financial Activities	5.9%	6.3%	7.0%	8.4%
Professional & Business Services	14.8%	16.9%	19.7%	22.8%
Education & Health Services	16.0%	12.3%	12.3%	11.9%
Leisure & Hospitality	10.4%	11.8%	10.4%	11.2%
Other Services	3.7%	4.3%	4.2%	3.2%
Government	14.5%	15.7%	13.4%	12.4%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
UNEMPLOYMENT RATE											
United States	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%
Colorado	8.0%	6.7%	5.0%	3.7%	3.1%	2.6%	3.0%	2.7%	6.8%	5.4%	3.0%
Denver Metropolitan Area	7.7%	6.4%	4.7%	3.5%	2.9%	2.5%	2.9%	2.5%	6.9%	5.4%	2.9%
City and County of Denver	7.9%	6.5%	4.8%	3.6%	3.0%	2.5%	2.9%	2.6%	7.6%	5.9%	3.1%
CONSUMER PRICE INDEX (CPI-U, 1982-84=100)											
United States	229.6	233.0	236.7	237.0	240.0	245.1	251.1	255.7	258.8	271.0	292.7
Denver-Aurora-Lakewood	224.6	230.8	237.2	240.0	246.6	255.0	262.0	267.0	272.2	281.8	304.4
INFLATION RATE											
United States	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%
Denver-Aurora-Lakewood	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PERSONAL INCOME (millions, except as noted)											
United States (billions)	$14,003	$14,189	$14,970	$15,681	$16,093	$16,837	$17,671	$18,575	$19,812	$21,289	$21,805
Colorado	$236,759	$249,513	$271,410	$284,837	$289,673	$309,417	$331,851	$356,341	$378,051	$410,948	$433,128
Denver Metropolitan Area	$146,205	$155,054	$169,601	$177,268	$179,802	$193,880	$208,442	$224,750	$236,836	$257,788	N/A
City and County of Denver	$36,283	$39,714	$44,804	$45,378	$44,083	$51,672	$55,644	$61,386	$64,397	$70,529	N/A
TOTAL PERSONAL INCOME GROWTH RATE											
United States	5.0%	1.3%	5.5%	4.8%	2.6%	4.6%	5.0%	5.1%	6.7%	7.5%	2.4%
Colorado	5.9%	5.4%	8.8%	4.9%	1.7%	6.8%	7.3%	7.4%	6.1%	8.7%	5.4%
Denver Metropolitan Area	6.9%	6.1%	9.4%	4.5%	1.4%	7.8%	7.5%	7.8%	5.4%	8.8%	N/A
City and County of Denver	9.1%	9.5%	12.8%	1.3%	-2.9%	17.2%	7.7%	10.3%	4.9%	9.5%	N/A
PER CAPITA PERSONAL INCOME											
United States	$44,548	$44,798	$46,887	$48,725	$49,613	$51,550	$53,786	$56,250	$59,763	$64,117	$65,423
Colorado	$45,630	$47,404	$50,797	$52,339	$52,390	$55,251	$58,453	$62,124	$65,352	$70,715	$74,167
Denver Metropolitan Area	$50,438	$52,524	$56,417	$57,769	$57,758	$61,620	$65,420	$69,906	$73,069	$79,517	N/A
City and County of Denver	$57,457	$61,655	$68,124	$67,264	$64,287	$74,615	$79,256	$86,539	$89,736	$99,133	N/A
PER CAPITA PERSONAL INCOME GROWTH RATE											
United States	4.2%	0.6%	4.7%	3.9%	1.8%	3.9%	4.3%	4.6%	6.2%	7.3%	2.0%
Colorado	4.5%	3.9%	7.2%	3.0%	0.1%	5.5%	5.8%	6.3%	5.2%	8.2%	4.9%
Denver Metropolitan Area	5.0%	4.1%	7.4%	2.4%	0.0%	6.7%	6.2%	6.9%	4.5%	8.8%	N/A
City and County of Denver	6.8%	7.3%	10.5%	-1.3%	-4.4%	16.1%	6.2%	9.2%	3.7%	10.5%	N/A
RETAIL TRADE SALES (millions, except as noted)											
United States (billions)	$4,826	$5,003	$5,218	$5,351	$5,506	$5,733	$5,983	$6,169	$6,223	$7,366	$8,071
Colorado	$80,073	$84,240	$90,507	$94,951	$98,568	$104,137	$109,154	$114,287	$119,916	$140,314	$153,514
Denver Metropolitan Area	$46,861	$49,299	$53,245	$56,200	$57,682	$60,352	$62,893	$65,433	$67,477	$78,274	$86,096
City and County of Denver	$10,388	$10,992	$12,409	$12,956	$13,224	$13,814	$14,527	$15,203	$14,813	$17,314	$19,315

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
RETAIL TRADE SALES GROWTH RATE											
United States	5.0%	3.7%	4.3%	2.6%	2.9%	4.1%	4.4%	3.1%	0.9%	18.4%	9.6%
Colorado	6.0%	5.2%	7.4%	4.9%	3.8%	5.6%	4.8%	4.7%	4.9%	17.0%	9.4%
Denver Metropolitan Area	7.3%	5.2%	8.0%	5.5%	2.6%	4.6%	4.2%	4.0%	3.1%	16.0%	10.0%
City and County of Denver	9.9%	5.8%	12.9%	4.4%	2.1%	4.5%	5.2%	4.6%	-2.6%	16.9%	11.6%
MEDIAN HOME PRICE (thousands)											
United States	$177.2	$197.4	$208.9	$223.9	$235.5	$248.8	$261.6	$274.6	$300.2	$357.1	$392.8
Denver Metropolitan Area	$252.4	$280.6	$310.2	$353.6	$384.3	$414.7	$449.9	$462.1	$492.7	$607.1	$670.1
EXISTING HOME SALES											
Denver Metropolitan Area	45,210	53,711	54,183	56,900	56,936	59,253	56,509	58,902	63,516	64,105	50,743
NEW RESIDENTIAL UNITS											
DENVER METROPOLITAN AREA											
Single Family	5,947	7,396	8,396	9,786	10,663	11,419	12,248	11,401	11,307	12,807	10,272
Two-Family	299	399	440	422	532	384	400	192	451	987	662
Multi-Family	8,679	9,145	8,074	9,061	12,301	12,218	11,561	8,896	9,036	16,724	13,651
Total Units	14,925	16,940	16,910	19,269	23,496	24,021	24,209	20,489	20,794	30,518	24,585
OFFICE VACANCY RATE											
Denver Metropolitan Area	11.7%	10.7%	9.8%	9.2%	8.8%	9.2%	9.0%	8.9%	10.8%	12.3%	12.2%
HOTEL OCCUPANCY RATE											
Denver Metropolitan Area	68.0%	70.8%	75.8%	75.9%	75.0%	74.9%	73.7%	74.3%	41.7%	58.0%	68.0%
SKIER VISITS	**12/13**	**13/14**	**14/15**	**15/16**	**16/17**	**17/18**	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Colorado (millions)	11.4	12.6	12.5	13.4	13.1	12.8	13.8	11.2	12.0	13.8	14.8

N/A: Not Available

Sources: U.S. Department of Commerce, Bureau of the Census; Colorado Division of Local Government, Demography Section; U.S. Department of Labor, Bureau of Labor Statistics; Colorado Department of Labor and Employment, Labor Market Information; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Bureau of the Census; Colorado Department of Revenue; National Association of REALTORS; Denver Metro Association of REALTORS; U.S. Department of Commerce, Bureau of the Census; CoStar Realty Information, Inc.; Rocky Mountain Lodging Report; Vail Resorts, Inc. and Colorado Ski Country USA.

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CITY AND COUNTY OF DENVER, COLORADO FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2023A (NON-AMT) AND SERIES 2023B (AMT)

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